

FIRST MERCHANTS CORP
Form 424B3
December 21, 2018
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FIRST MERCHANTS CORPORATION
YOUR VOTE IS VERY IMPORTANT

MBT FINANCIAL CORP.

**PROSPECTUS OF FIRST MERCHANTS CORPORATION FOR UP TO
6,442,260 SHARES OF COMMON STOCK AND
PROXY STATEMENT OF MBT FINANCIAL CORP.**

The Board of Directors of First Merchants Corporation (First Merchants) and the Board of Directors of MBT Financial Corp. (MBT) have approved an Agreement and Plan of Reorganization and Merger (the Merger Agreement), pursuant to which MBT will merge with and into First Merchants (the Merger). This proposed strategic business combination will combine two like-minded, high performing community banks and further each of their strategic objectives. Following the Merger, the combined company will have 136 full-service branch locations in four states (namely, Indiana, Michigan, Ohio and Illinois) and approximately \$11.3 billion in assets, \$7.8 billion in loans, \$8.8 billion in deposits, and total shareholders equity of \$1.6 billion.

If the Merger Agreement is approved by shareholders holding at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of MBT and the Merger is subsequently completed, each share of MBT common stock owned by an MBT shareholder will be converted into the right to receive a 0.2750 (the Exchange Ratio) share of First Merchants common stock. First Merchants will pay cash for any fractional shares resulting from application of the Exchange Ratio. The Exchange Ratio is subject to adjustments for stock splits, stock dividends, recapitalization, or similar transactions.

First Merchants common stock is listed on The NASDAQ Global Select Market under the symbol FRME. On October 9, 2018, the last business day prior to the public announcement of the Merger, the closing price of a share of First Merchants common stock was \$45.71, which, after giving effect to the Exchange Ratio of 0.2750, results in an implied value of approximately \$12.57 per share of MBT common stock as of such date. On December 18, 2018, the latest practicable date before the date of this proxy statement and prospectus, the closing price of a share of First Merchants common stock was \$35.86, which, after giving effect to the Exchange Ratio of 0.2750, results in an implied value of approximately \$9.86 per share of MBT common stock as of such date. You should obtain a current market quotation for First Merchants before you vote.

We cannot complete the Merger unless shareholders holding at least sixty-six and two-thirds percent (66 2/3%) of the issued and outstanding shares of common stock of MBT vote to approve the Merger Agreement. MBT will hold a special meeting of its shareholders to vote on this merger proposal. Your vote is very important. Whether or not you plan to attend the shareholder meeting, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope. **If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the Merger Agreement. Not returning your card will have the same effect as a vote against the Merger Agreement.**

The date, time and place of the meeting are as follows:

February 14, 2019, 10:00 a.m., local time

10 Washington Street
Monroe, Michigan 48161

This proxy statement and prospectus provides you with detailed information about the special meeting and the proposed Merger. It also contains or references information about MBT and First Merchants. You can also get information about First Merchants from publicly available documents that have been filed with the Securities and Exchange Commission.

We strongly support the Merger of our companies. **The Board of Directors of MBT recommends that you vote in favor of the Merger Agreement.**

/s/ Michael C. Rechin
President and Chief Executive Officer
FIRST MERCHANTS CORPORATION

/s/ H. Douglas Chaffin
President and Chief Executive Officer
MBT FINANCIAL CORP.

For a discussion of certain risk factors which you should consider in evaluating the Merger, see Risk Factors beginning on page 23. We encourage you to read this entire document carefully.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued pursuant to this proxy statement and prospectus or determined if this proxy statement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

These securities are not savings or deposit accounts or other obligation of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other federal or state governmental agency.

Proxy statement and prospectus dated December 21, 2018, and first mailed to MBT shareholders on or about December 26, 2018.

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about First Merchants from other documents filed by First Merchants with the Securities and Exchange Commission (SEC) that are not delivered with or included in this document. This information (including the documents incorporated herein by reference) is available to you without charge upon your written or oral request. You may request these documents in writing or by telephone at the following addresses and telephone numbers:

First Merchants Corporation
200 East Jackson Street
Muncie, Indiana 47305
Attention: Brian T. Hunt,
Corporate Secretary
Telephone: (765) 747-1500

To ensure timely delivery, shareholders must request the documents containing the information described above no later than five (5) business days prior to the date of the special meeting of the MBT shareholders. Accordingly, if you would like to make such a request, please do so by February 7, 2019, in order to receive the requested information before the meeting.

You can also obtain copies of the documents incorporated by reference in this document through the SEC's website at www.sec.gov. See WHERE YOU CAN FIND ADDITIONAL INFORMATION on page 71.

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MBT FINANCIAL CORP.

**10 Washington Street
Monroe, Michigan 48161**

**NOTICE OF SPECIAL MEETING OF
SHAREHOLDERS TO BE HELD ON
FEBRUARY 14, 2019**

To Our Shareholders:

We will hold a special meeting of the shareholders of MBT Financial Corp. (MBT) on February 14, 2019, at 10:00 a.m., local time, at 10 Washington Street, Monroe, Michigan 48161.

The purposes of the special meeting are the following:

- Merger Proposal.* To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization and Merger, dated October 9, 2018 (the Merger Agreement), between First Merchants Corporation (First Merchants) and MBT, and to approve the transactions contemplated thereby, as discussed under the section titled Merger Proposal beginning on page 32 (the Merger Proposal). Pursuant to the Merger Agreement, MBT will merge with and into First Merchants (the Merger) and, immediately thereafter, Monroe Bank & Trust will be consolidated and merged with and into First Merchants Bank (First Merchants Bank), a wholly-owned banking subsidiary of First Merchants (the Bank Merger).
- Merger-Related Compensation Proposal.* To consider and vote upon a proposal to approve, on an advisory (non-binding) basis, the compensation to be paid to MBT's named executive officers that is based on or otherwise relates to the Merger, as discussed under the section titled Merger-Related Compensation Proposal beginning on page 32 (the Merger-Related Compensation Proposal).
- Adjournment Proposal.* To approve one (1) or more adjournments of the MBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal (the Adjournment Proposal).
- Other Matters.* To vote upon such other matters which may properly be presented at the special meeting or any adjournment or postponement of the special meeting. MBT's Board of Directors is not aware of any such other matters.

The proxy statement and prospectus describes the Merger Agreement and the proposed Merger in detail and includes, as Annex A, the complete text of the Merger Agreement. We urge you to read these materials for a description of the Merger Agreement and the proposed Merger. **In particular, you should carefully read the section captioned Risk Factors beginning on page 23 of the accompanying proxy statement and prospectus for a discussion of certain risk factors relating to the Merger.** The Board of Directors of MBT has fixed the close of business on December 18, 2018, as the record date for determining those shareholders who are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. Approval of the Merger Proposal requires the affirmative vote of shareholders holding at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of MBT common stock. Approval of the Merger-Related Compensation Proposal and the Adjournment Proposal only requires the affirmative vote of at least a majority of the shares of MBT common stock voting at the meeting, in person or by proxy, so long as a quorum is present.

The MBT Board of Directors recommends that you vote FOR (1) approval of the Merger Proposal; (2) approval of the Merger-Related Compensation Proposal; and (3) approval of the Adjournment Proposal.

Whether or not you plan to attend the special meeting in person, please submit your proxy by completing, signing, and dating the enclosed proxy card and returning it as soon as possible using the enclosed postage-prepaid envelope. If you attend the special meeting, you may vote in person if you wish, even if you

have previously submitted your proxy. Not submitting your proxy will have the same effect as a vote against the Merger Proposal.

By Order of the Board of Directors

Michael J. Miller
Chairman

H. Douglas Chaffin
President and Chief Executive Officer

December 21, 2018
Monroe, Michigan

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FORWARD-LOOKING STATEMENTS

This document, and the information included or incorporated by reference into it, contain forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like believe, continue, pattern, estimate, project, intend, anticipate, expect and similar expressions, or future or conditional verbs such as will, should, could, might, can, may, or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the benefits of the proposed Merger between First Merchants and MBT, including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of First Merchants' goals, intentions and expectations; statements regarding First Merchants' business plan and growth strategies; statements regarding the asset quality of First Merchants' loan and investment portfolios; and estimates of First Merchants' risks and future costs and benefits, whether with respect to the Merger or otherwise.

These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: the risk that the businesses of the First Merchants and MBT will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame; revenues following the Merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the Merger; the ability to obtain required regulatory and shareholder approvals, and the ability to complete the Merger on the expected time frame; possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to banks and bank holding companies; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rate risks associated with First Merchants' and MBT's business; and other risks and factors identified in First Merchants' filings with the SEC.

Neither First Merchants nor MBT undertakes any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed herein unless required to under the federal securities laws. In addition, First Merchants' and MBT's past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger is effectuated or not.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER
AND THE SHAREHOLDER MEETING**

Q: What am I voting on?

A: You are being asked to vote to approve the Merger Agreement, pursuant to which MBT will merge with and into First Merchants, and to approve the transactions contemplated by the Merger Agreement, as discussed under the heading **MERGER PROPOSAL** beginning on page 32 (the **Merger Proposal**). First Merchants would be the surviving entity in the Merger, and MBT would no longer be a separate company. You are also being asked to vote on two other proposals (completion of the Merger is not conditioned upon approval of these additional proposals):

- a proposal to approve, on an advisory (non-binding) basis, the compensation that certain executive officers of MBT (which we refer to as the **Merger-Related Compensation Proposal**) may receive in connection with the Merger pursuant to existing agreements or other arrangements with MBT, as discussed under the heading **MERGER-RELATED COMPENSATION PROPOSAL** beginning on page 32; and
- a proposal to adjourn the MBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal (which we refer to as the **Adjournment Proposal**).

Finally, while your Board of Directors is unaware of any matter for action by shareholders at the special meeting other than the Merger Proposal and the Adjournment Proposal, the enclosed proxy will give discretionary authority to the persons named in the proxy with respect to other matters which may properly come before the special meeting. It is the intention of the persons named in the proxy to vote with respect to such matters in accordance with the recommendations of the Board of Directors of MBT or, if no recommendations are given, in their best judgment.

Q: How do I vote my shares without attending the special meeting?

- A: Whether you hold shares directly or in street name, you may direct your vote without attending the special meeting. If you are a shareholder of record, you may vote by granting a proxy as follows:
- By Mail – You may vote by mail by signing and dating your proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example as guardian, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.
 - By Phone – You may vote by phone by calling 1-800-690-6903 and following the instructions given.
 - By Internet – You may vote by internet at www.proxyvote.com by entering the 12 digit control number found on your proxy card and following the instructions.

Your vote by phone or internet is valid as authorized by the Michigan Business Corporation Act.

For shares held in street name, you should follow the voting instructions provided by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in some cases, submit voting instructions by telephone or the internet. If you provide specific voting instructions by mail, telephone, or internet, your broker or nominee will vote your shares as you have directed. If you hold your shares in street name, please note that only your brokerage firm can sign a proxy on your behalf. **The Board of Directors urges you to contact the person responsible for your account today and instruct them to execute a proxy on your behalf for the special meeting.**

Q: How do I vote my shares in person at the special meeting?

- A: Even if you plan to attend the special meeting, we encourage you to vote by mail, phone, or internet so your vote will be counted if you later decide not to attend the special meeting.

If you choose to vote at the special meeting:

-

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If you are a shareholder of record, to vote your shares at the special meeting you should bring the enclosed proxy card and proof of identity.

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- If you hold your shares in street name, you must obtain a proxy in your name from your bank, broker or other
- holder of record, proof of beneficial ownership, such as a recent brokerage statement or letter from your bank or broker, and proof of identity in order to vote at the special meeting.

Bring the proxy (for record holders) or proof of beneficial ownership (for street name holders), such as a recent brokerage statement or a letter from your bank or broker, and proof of identity for admission to the special meeting.

Q: Why are First Merchants and MBT proposing to merge?

We believe the Merger is in the best interests of both companies and our respective shareholders. MBT and First Merchants believe that the Merger will bring together two (2) complementary institutions to create a strategically, operationally and financially strong company that is positioned for further growth. The Merger will give the combined company greater scale and geographic diversity, not only for serving existing customers more

A: efficiently, but also for future expansion. The Merger will combine two like-minded, high performing community banks and further each of their strategic objectives. We believe the Merger will enhance our capabilities to provide banking and financial services to our customers and strengthen the competitive position of the combined organization.

You should review the background of and reasons for the Merger described in greater detail beginning on page 35.

Q: What will MBT shareholders receive in the Merger?

If the Merger Agreement is approved by the shareholders of MBT and the Merger is subsequently completed, each share of MBT common stock owned by an MBT shareholder will be converted into a 0.2750 (the Exchange Ratio) share of First Merchants common stock (the Merger Consideration). Each MBT shareholder that would

A: otherwise be entitled to receive a fractional share of First Merchants common stock will receive cash in lieu of such fractional share. The Exchange Ratio is subject to adjustments for stock splits, stock dividends, recapitalization, or similar transactions.

Because the Exchange Ratio is fixed (except for customary anti-dilution adjustments), the value of the Merger Consideration that you will receive will depend on the market price of First Merchants common stock when you receive your shares of First Merchants common stock. The implied per share value of the Merger Consideration, based upon First Merchants closing stock price on December 18, 2018, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$9.86 per share. **No assurance can be given that the current market price of First Merchants common stock will be equivalent to the market price of First Merchants common stock on the date that shares of First Merchants common stock are received by an MBT shareholder or at any other time.** You should obtain current market prices for shares of First Merchants common stock which is listed on The NASDAQ Global Select Market under the symbol FRME.

Q: What risks should I consider before I vote on the Merger Proposal?

A: You should carefully review the section captioned Risk Factors beginning on page 23.

Q: Will First Merchants' shareholders receive any shares or cash as a result of the Merger?

A: No. After the Merger, First Merchants shareholders will continue to own the same number of First Merchants shares they owned before the Merger.

Q: When is the Merger expected to be completed?

We are working to complete the Merger as quickly as possible. We must first obtain the necessary regulatory

A: approvals and the approval of MBT shareholders at the special meeting. We currently expect to complete the Merger during the first quarter of 2019.

Q: What are the tax consequences of the Merger to me?

A: The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). A U.S. Holder (as defined in

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the section captioned MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 60) who exchanges all of its shares of MBT common stock for shares of First Merchants common stock pursuant to the Merger will not recognize any gain or loss on the exchange for federal income tax purposes, except with respect to any cash received in lieu of a fractional share of First Merchants common stock. A U.S. Holder who receives cash in lieu of a fractional share of First Merchants common stock will be treated as having received such fractional share of First Merchants common stock pursuant to the Merger and then as having sold that fractional share of First Merchants common stock for cash. As a result, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount of cash received and the U.S. Holder's basis in the fractional share of First Merchants common stock determined as described above. At the closing of the Merger, First Merchants will receive an opinion from their tax attorneys confirming these tax consequences. Such opinion will comply with the regulations and guidance of the SEC with respect to the persons entitled to rely on tax opinions contained in the Registration Statement on Form S-4, of which this proxy and prospectus is a part. See MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES beginning on page 60. **Your individual tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the Merger to you.**

Q: Will I have dissenters' rights?

Dissenters' rights of appraisal are rights that, if available under applicable law or otherwise, enable shareholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to shareholders in connection with the extraordinary transaction. Dissenters' rights of appraisal are not available in all circumstances, and exceptions to those rights are provided in the Michigan Business Corporation Act (MBCA). Under the MBCA and MBT's Articles of Incorporation and Bylaws, MBT shareholders will not have dissenters' rights of appraisal in connection with the Merger.

Q: What do I need to do now?

You should carefully read and consider the information contained in this document and any information incorporated herein by reference. Then, please submit your proxy by completing, signing, and dating the enclosed proxy card and returning it as soon as possible using the enclosed postage-prepaid envelope so that your shares can be voted at the special shareholder meeting. If a returned proxy card is signed but does not specify how you wish to vote your shares, your proxy will be voted **FOR** the: (1) approval of the Merger Proposal; (2) approval of the non-binding Merger-Related Compensation Proposal and (3) approval of the Adjournment Proposal.

Q: What if I don't vote or I abstain from voting?

If you do not vote or you abstain from voting, your abstention will count as a vote **AGAINST** the Merger Proposal. The advisory vote on the Merger-Related Compensation Proposal regarding merger-related compensation payable to MBT's named executive officers and the vote on the Adjournment Proposal only require that there be more votes in favor than against. As a result, abstentions and broker non-votes will have no effect on the Merger-Related Compensation Proposal and the Adjournment Proposal.

Q: If my shares are held by my broker in street name, will my broker vote my shares for me?

Your broker will vote any shares you hold in street name only if you provide instructions to your broker on how to vote your shares. You should follow the directions provided by your broker to vote your shares. If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares, which will have the effect of a vote **AGAINST** the Merger and will not be counted for purposes of the Merger-Related Compensation Proposal or the Adjournment Proposal.

Q: Why am I being asked to cast an advisory (non-binding) vote to approve the compensation payable to certain MBT officers in connection with the Merger?

The SEC, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, has adopted rules that require MBT to seek an advisory (non-binding) vote with respect to certain payments that are payable to MBT's named executive officers in connection with the Merger.

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Q: What will happen if MBT's shareholders do not approve such compensation at the special meeting?

MBT shareholder approval of the compensation payable to certain of MBT's executive officers in connection with the Merger is not a condition to completion of the Merger. The vote with respect to such compensation is an advisory vote and will not be binding on MBT (or First Merchants after the Merger) regardless of whether the Merger Agreement is approved. Accordingly, because the compensation to be paid to certain MBT executive officers in connection with the Merger is contractual, such compensation will be payable if the Merger is completed regardless of the outcome of the advisory vote.

Q. May I change my vote after I have submitted my proxy?

Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one (1) of three (3) ways. First, you can send a written notice stating that you revoke your proxy. Second, you can complete and submit a new proxy, dated at a date later than your most recent proxy. Please submit your notice of revocation and/or new proxy card to MBT Financial Corp., 10 Washington Street, Monroe, Michigan 46161, Attention: Scott E. McKelvey, Corporate Secretary. Third, you may attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. You must request a ballot and vote the ballot at the meeting.

Q: What constitutes a quorum?

The presence, in person or by proxy, of shareholders holding at least a majority of the issued and outstanding shares of MBT entitled to vote as of December 18, 2018, the record date for the special meeting, will constitute a quorum for the special meeting. On the record date, there were 23,025,525 shares of MBT common stock outstanding and entitled to vote at the special meeting.

Q: Should I send in my stock certificate(s) now?

No. After the Merger is completed, MBT shareholders will receive written instructions from First Merchants for exchanging their stock certificates for shares of First Merchants common stock and cash for fractional shares to be received by them in the Merger. Any shares of MBT common stock held in book-entry form will be automatically exchanged for shares of First Merchants common stock. If you are a First Merchants shareholder, you should retain your certificates, as you will continue to hold the First Merchants shares you currently own.

Q: Whom should I contact if I have other questions about the Merger Agreement or the Merger?

A: You may contact MBT's agent assisting MBT with the proxy solicitation:

Morrow Sodali
470 West Avenue
Stamford, Connecticut 06902
Shareholders May Call Toll Free: (800) 662-5200
Banks and Brokers May Call: (203) 658-9400
Email: mbtf@morrrowsodali.com

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SUMMARY

*This summary highlights selected information from this proxy statement and prospectus. Because this is a summary, it does not contain all of the information that is important to you. You should carefully read this entire document, including the documents incorporated herein by reference, and the other documents to which we have referred you before you decide how to vote. See *Where You Can Find Additional Information* on page 71 for a description of documents that we incorporate by reference into this document. Each item in this summary includes a page reference that directs you to a more complete description in this document of the topic discussed.*

Description of First Merchants Corporation (page 62)

First Merchants Corporation

200 East Jackson Street
Muncie, Indiana 47305
(765) 747-1500

First Merchants is a financial holding company headquartered in Muncie, Indiana and was organized in September 1982. First Merchants common stock is listed on The NASDAQ Global Select Market under the symbol FRME. First Merchants has one full-service Indiana commercial bank charter, First Merchants Bank, which opened for business in Muncie, Indiana, in March 1893. First Merchants Bank also operates First Merchants Private Wealth Advisors as a division of First Merchants Bank. First Merchants Bank has 116 full-service branches in thirty-one Indiana, two Illinois and two Ohio counties. First Merchants Bank's business activities are currently limited to one significant business segment, which is community banking.

As of September 30, 2018, First Merchants had consolidated assets of \$9.8 billion, consolidated deposits of \$7.6 billion and shareholders' equity of \$1.4 billion. As of December 31, 2017, First Merchants and its subsidiaries had 1,684 full-time equivalent employees.

Description of MBT Financial Corp. (page 63)

MBT Financial Corp.

10 Washington Street
Monroe, Michigan 46161
(734) 241-3431

MBT is a bank holding company incorporated under Michigan law and headquartered in Monroe, Michigan. MBT's wholly-owned bank subsidiary is Monroe Bank & Trust, a Michigan commercial bank. MBT was organized in 2000 at the direction of the management of Monroe Bank & Trust. Monroe Bank & Trust was incorporated and chartered as Monroe State Savings Bank under the laws of the State of Michigan in 1905. In 1940, Monroe Bank & Trust consolidated with Dansard Bank and moved to the present address of its main office. Monroe Bank & Trust operated as a unit bank until 1950 when it opened its first branch office in Ida, Michigan. It then continued its expansion to its present total of 20 branch offices, including its main office. Monroe Bank & Trust changed its name from Monroe State Savings Bank to Monroe Bank & Trust in 1968. Monroe Bank & Trust operates 20 banking offices in Monroe and Wayne Counties in Michigan. In addition to Monroe Bank & Trust, MBT's other direct subsidiary is MB&T Financial Services, Inc., a Michigan corporation. MBT has no employees other than its three officers, each of whom is also an employee and officer of Monroe Bank & Trust and who serve in their capacity as officers of MBT without compensation. As of September 30, 2018, Monroe Bank & Trust had 286 full-time employees and 10 part-time employees.

At September 30, 2018, on a consolidated basis, MBT had assets of approximately \$1.3 billion, deposits of approximately \$1.2 billion, and shareholders' equity of approximately \$121 million.

The Merger (page 34)

We have attached a copy of the Merger Agreement to this document as Annex A. Please read the Merger Agreement in its entirety. It is the legal document that governs the Merger.

The Merger Agreement provides that, if all of the conditions are satisfied or waived, MBT will be merged with and into First Merchants and, immediately thereafter, MBT will cease to exist. Immediately following the Merger, Monroe Bank & Trust will be consolidated and merged with and into First Merchants Bank and Monroe Bank & Trust will cease to exist. We expect to complete the Merger during the first quarter of 2019.

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Reasons for the Merger (page 38)

First Merchants. First Merchants' Board of Directors considered a number of financial and nonfinancial factors in making its decision to merge with MBT, including its respect for the ability and integrity of MBT's Board of Directors, management and staff. The Board believes that expanding First Merchants' operations in the market areas where MBT operates offers financial and strategic benefits to First Merchants and MBT as a combined company.

MBT. In considering the Merger with First Merchants, MBT's Board of Directors collected and evaluated a variety of economic, financial and market information regarding First Merchants and its subsidiaries, their respective businesses and First Merchants' reputation and future prospects. In the opinion of MBT's Board of Directors, favorable factors included First Merchants' strong earnings and stock performance, its management, the compatibility of its markets to those of MBT, the likelihood of regulatory approvals of the Merger, and the attractiveness of First Merchants' offer from a financial perspective.

Opinion of MBT's Financial Advisor (page 40)

MBT's Board of Directors retained Sandler O'Neill & Partners, L.P. (Sandler O'Neill) to render a fairness opinion in connection with the proposed Merger. At the meeting of MBT's Board of Directors on October 8, 2018, Sandler O'Neill delivered to MBT's Board of Directors its oral opinion, which was subsequently confirmed by delivery of a written opinion, dated October 9, 2018, to the effect that, as of the date of the written opinion and based upon and subject to the conditions, limitations, qualifications and assumptions set forth therein, the Exchange Ratio was fair to the holders of MBT Common Stock from a financial point of view.

The full text of the written opinion of Sandler O'Neill, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion of Sandler O'Neill, is attached as Annex B to this proxy statement and prospectus. MBT shareholders are urged to read Sandler O'Neill's written opinion carefully and in its entirety. Sandler O'Neill's opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to be received in the Merger by the holders of MBT common stock and does not address MBT's underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to MBT. Sandler O'Neill's opinion does not constitute a recommendation to any shareholder of MBT as to how such shareholder should vote or act with respect to any matter relating to the Merger or otherwise.

What MBT Shareholders Will Receive (page 34)

If the Merger Agreement is approved and the Merger is subsequently completed, each outstanding share of MBT common stock will be converted into the right to receive the Exchange Ratio of 0.2750 share of First Merchants common stock. The Exchange Ratio is subject to adjustment for stock splits, stock dividends, recapitalization or similar transactions. Each MBT shareholder that would otherwise be entitled to receive a fractional share of First Merchants common stock will receive cash in lieu of such fractional share.

Because the Exchange Ratio is fixed (except for customary anti-dilution adjustments), the value of the Merger Consideration that you will receive will depend on the market price of First Merchants common stock when you receive your shares of First Merchants common stock. The implied per share value of the Merger Consideration, based upon First Merchants' closing stock price on December 18, 2018, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$9.86 per share. **No assurance can be given that the current market price of First Merchants common stock will be equivalent to the market price of First Merchants common stock on the date that shares of First Merchants common stock are received by an MBT shareholder or at any other time.**

Within three (3) business days following the effective date of the Merger, First Merchants will cause the exchange agent to mail a letter of transmittal to each person who was, immediately prior to the effective time of the Merger, a holder of record of MBT common stock. The letter of transmittal will contain instructions for use in effecting the surrender of MBT stock certificates (or shares held in book-entry form) in exchange for the consideration to which such person may be entitled pursuant to the Merger Agreement.

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What First Merchants Shareholders Will Receive (page 35)

First Merchants shareholders will not receive any consideration in the Merger. After the Merger, First Merchants shareholders will continue to own the same number of First Merchants shares owned before the Merger.

The MBT Special Shareholders Meeting (page 28)

The special meeting of MBT shareholders will be held on February 14, 2019, at 10:00 a.m., local time, at 10 Washington Street, Monroe, Michigan 48161.

At the special meeting, MBT shareholders will be asked:

1. *Merger Proposal.* To consider and vote upon a proposal to approve the Merger Agreement and to approve the transactions contemplated thereby, as discussed under the section titled *Merger Proposal* beginning on page 32. Pursuant to the Merger Agreement, MBT will merge with and into First Merchants and, immediately thereafter, Monroe Bank & Trust will be consolidated and merged with and into First Merchants Bank.
2. *Merger-Related Compensation Proposal.* To consider and vote upon a proposal to approve, on an advisory (non-binding) basis, the compensation to be paid to MBT's named executive officers that is based on or otherwise relates to the Merger, as discussed under the section titled *Merger-Related Compensation Proposal* beginning on page 32.
3. *Adjournment Proposal.* To approve one (1) or more adjournments of the MBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal.
4. *Other Matters.* To vote upon such other matters which may properly be presented at the special meeting or any adjournment or postponement of the special meeting. MBT's Board of Directors is not aware of any such other matters.

MBT Recommendation to Shareholders (page 29)

MBT's Board of Directors approved and adopted the Merger Agreement and approved and authorized the proposed Merger. MBT's Board of Directors concluded that entering into the Merger Agreement and completing the Merger and the other transactions contemplated by the Merger Agreement are in the best interest of MBT and the MBT shareholders. MBT's Board of Directors recommends that MBT shareholders vote **FOR** (1) approval of the Merger Proposal, (2) approval of the Merger-Related Compensation Proposal, and (3) approval of the Adjournment Proposal. In reaching its determination, MBT's Board of Directors considered a number of factors, which are described in the section captioned *THE MERGER—MBT's Reasons for the Merger* beginning on page 38. Because of the wide variety of factors considered, MBT's Board of Directors did not believe it practicable, nor did it attempt, to quantify or otherwise assign relative weight to the specific factors it considered in reaching its decision.

MBT Special Meeting Record Date; Vote Required (page 28)

Only MBT shareholders of record as of the close of business on December 18, 2018, are entitled to notice of, and to vote at, the MBT special meeting and any adjournments or postponements of the special meeting. As of the record date, there were 23,025,525 shares of MBT common stock outstanding. Approval of the Merger Proposal requires the affirmative vote of holders of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of MBT common stock entitled to vote. The approval of the Merger-Related Compensation Proposal and the Adjournment Proposal requires more votes to be cast in favor of the proposal than are cast against it. As provided by the Michigan Business Corporation Act, an abstention is not a vote cast. Abstentions from voting and broker non-votes, if any, on Proposal 2 (Merger-Related Compensation Proposal) and Proposal 3 (Adjournment Proposal) are not treated as votes cast and, therefore, will have no effect on the outcome of the passage of the proposal. You can vote your shares by

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attending the MBT special meeting and voting in person, or you can vote by proxy by marking the enclosed proxy card with your vote, signing it and mailing it in the enclosed return envelope. You may also vote by internet or by phone by following the instructions on the proxy card. You can revoke your proxy at any time before the special meeting by sending a written notice of revocation, submitting a new proxy or by attending the special meeting and voting in person.

No approval by First Merchants shareholders is required.

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Voting Agreement (page 28)

On the date the Merger Agreement was executed, each member of the Board of Directors of MBT, plus Patriot Financial Partners and Castle Creek Capital Partners, entered into a voting agreement with First Merchants to cause all MBT common stock owned by each of them of record or beneficially on such date to be voted in favor of the Merger Proposal. See THE MERGER AGREEMENT—Voting Agreement on page 28. As of the record date, the members of MBT’s Board of Directors, Patriot Partners, and Castle Creek had power to vote, or caused to be voted, an aggregate of 5,092,450 shares of MBT common stock outstanding, representing 22.1% of the outstanding shares on that date.

What We Need to Do to Complete the Merger (page 54)

Completion of the Merger depends on a number of conditions being met or waived. In addition to our compliance with the Merger Agreement, these conditions include among others:

- the approval of the Merger Agreement at the special meeting by at least sixty-six and two-thirds percent (66 2/3%) of the issued and outstanding shares of MBT common stock;
- the approval of the Merger and the Bank Merger by certain regulatory agencies and the expiration of any regulatory waiting periods;
- the representations and warranties made by the parties in the Merger Agreement must be true, accurate and correct in all material respects on and as of the effective date of the Merger, except that representations and warranties that are qualified by materiality or a Material Adverse Effect (as defined below in THE MERGER AGREEMENT—Conditions to Completion of the Merger) must be true and correct in all respects, and provided that for those representations and warranties which address matters only as of an earlier date, then they shall be tested as of such earlier date;
- the covenants made by the parties must have been complied with in all material respects from the date of the Merger Agreement through and as of the effective date of the Merger;
- First Merchants must have received an opinion of Bingham Greenebaum Doll LLP that, for U.S. federal income tax purposes, the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- the Registration Statement on Form S-4, of which this proxy statement and prospectus is a part, relating to the First Merchants shares to be issued pursuant to the Merger Agreement, must have become effective under the Securities Act of 1933, as amended (the Securities Act), and no stop order suspending the effectiveness of the Registration Statement shall have been issued or threatened by the SEC;
- the shares of First Merchants common stock to be issued in the Merger shall have been listed for trading on The NASDAQ Global Select Market (subject to official notice of issuance);
- there must be no order, decree or injunction of a court or agency of competent jurisdiction which enjoins or prohibits the consummation of the Merger or the Bank Merger; and
- other customary conditions and obligations of the parties set forth in the Merger Agreement.

Under the Merger Agreement, receipt of the tax opinion and the reliance letter referred to above may be waived by First Merchants and MBT, respectively, prior to the closing of the Merger. However, if receipt of such opinion and reliance letter were waived, MBT would resolicit its shareholders if any change in the tax consequences were material and disclose the reasons for the waiver and the change in tax consequences. Such resolicitation would require an amendment to the Registration Statement on Form S-4, of which this proxy statement and prospectus is a part.

Regulatory Approvals (page 51)

The Merger cannot be completed until First Merchants Bank receives necessary regulatory approvals, which include the approval of the Indiana Department of Financial Institutions (the Indiana DFI) and the Federal Deposit Insurance Corporation (the FDIC). First Merchants Bank has filed an application with the Indiana DFI and the FDIC, but cannot

be certain when or if such approval will be obtained. First Merchants Bank has also

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sent required notice to the Michigan Department of Insurance and Financial Services (the Michigan DIFS). First Merchants has also requested that the Federal Reserve Board of Governors (the Federal Reserve) waive its right to receive an application in connection with the Merger as permitted under Regulation Y of the Bank Holding Company Act.

Conduct of Business Pending Merger (page 57)

Under the terms of the Merger Agreement, MBT and First Merchants must carry on their business in the ordinary course and, subject to certain limited exceptions, may not take certain extraordinary actions without first obtaining the other party's consent.

We have agreed that MBT will continue to pay quarterly dividends at no more than the current rate of \$0.10 per share until the Merger closes. We will each cooperate to insure that MBT shareholders will receive only one (1) quarterly dividend for the quarter in which the Merger closes, and not a separate dividend from both First Merchants and MBT.

Agreements of First Merchants (pages 51 and 59)

In the Merger Agreement, First Merchants has agreed, among other matters, to:

- Proceed and use its reasonable and diligent efforts to obtain any consents and approvals for the Merger. See THE MERGER—Regulatory Approvals on page 51.
- Take action as may be necessary to allow MBT and its subsidiaries' employees, as soon as reasonably practicable following the effective date of the Merger, to participate in benefit plans First Merchants maintains for its employees. Until such time as participation is implemented, First Merchants will assume, honor and continue the employee plans and benefit arrangements of MBT as in effect on the effective date of the Merger, subject to certain limitations set forth in the Merger Agreement. See THE MERGER AGREEMENT—Employee Benefit Plans on page 59.
- Provide, or allow for, director and officer liability insurance and indemnification. See THE MERGER AGREEMENT—Indemnification and Insurance of MBT Directors and Officers on page 59.

Management and Operations After the Merger (page 58)

MBT's corporate existence will cease after the Merger. Accordingly, except as otherwise described herein, directors and officers of MBT will not serve in such capacities after the effective date of the Merger. Upon completion of the Merger, the current officers and directors of First Merchants will continue to serve in such capacities.

Interests of Directors and Officers in the Merger That Are Different From Your Interests (page 51 and 52)

You should be aware that some of directors and executive officers of MBT and Monroe Bank & Trust may have interests in the Merger that are different from, or in addition to, their interests as shareholders. Both MBT's Board of Directors and First Merchants' Board of Directors were aware of these interests and took them into consideration in approving the Merger Agreement and the Merger. These interests are as follows:

- ***MBT Executive Officer Agreements.*** Certain executive officers of MBT and Monroe Bank & Trust are parties to change in control and severance agreements with MBT that under the terms of the Merger Agreement entitle them to certain cash payments in the aggregate amount equal to \$3,278,020. In addition such executive officers hold restricted stock units (RSUs) and stock only stock appreciation rights (SOSARs) that pursuant to their terms and the terms of the Merger Agreement provide for acceleration of vesting and payment of benefits following a change in control of MBT. The total value of the acceleration of equity awards to such executive officers, based on the average closing market price of \$43.63 of First Merchants

common stock, over the five business days following the first public announcement of the Merger on October 10, 2018, is \$668,784. The aggregate cash payments to be made to such MBT executive officers and the total value of the acceleration of equity awards to such executive officers is equal to \$3,946,804.

- *MBT Director Death Benefit Only Plan.* MBT Directors Peter H. Carlton, H. Douglas Chaffin, Joseph S. Daly, Michael J. Miller and Debra J. Shah are participants in a legacy death benefit only plan

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that was frozen to new director participants in 2006 (Director DBO Plan). The Director DBO Plan provides death benefits to the participating director s beneficiaries in the event of the death of the director during service as a director. In the event of a change in control of MBT, the Director DBO Plan also provides those same death benefits during the director s post retirement and for the life of the director. In connection with entering into the Merger Agreement, each of the participating directors in the Director DBO Plan executed agreements that terminate their respective rights under the Director DBO Plan upon the consummation of the Merger in exchange for a cash payment. The cash payment represents approximately 66 and two-thirds percent (66²/₃%) of the projected actuarial net present value of the benefit arrangement to the participating directors. Under the terms of these termination agreements the participating directors will receive the following payments upon the closing of the Merger: Mr. Carlton \$645,009, Mr. Chaffin \$507,324, Mr. Daly \$461,764, Mr. Miller \$645,009 and Ms. Shah \$640,788. At the election of each of those participating directors, such amount may be paid in shares of common stock of First Merchants.

- *Continued Director and Officer Liability Coverage.* First Merchants has agreed that for a period of six (6) years after the effective time of the Merger, it will maintain directors’ and officers’ liability insurance in force covering directors and officers of MBT and Monroe Bank & Trust, subject to certain conditions set forth in the Merger Agreement.

- *Board Appointments.* The Merger Agreement obligates First Merchants to appoint one person who is currently a member of the MBT Board of Directors (chosen by First Merchants after consultation with MBT) to the First Merchants Board of Directors. Such person will be entitled to receive compensation from First Merchants for service to the Board. All members of the Board of Directors of Monroe Bank & Trust, who have agreed to serve in such capacity and would not otherwise be prohibited to serve under applicable law, will be appointed to First Merchants Bank’s Michigan regional advisory board, as soon as practicable after the effective time of the Merger.

Termination of the Merger (page 55)

Both First Merchants and MBT can mutually agree to terminate the Merger Agreement before we complete the Merger. In addition, either MBT or First Merchants acting alone can terminate the Merger Agreement under the circumstances described on page 55.

MBT has agreed to pay First Merchants a termination fee of \$12,680,000 if:

- MBT’s Board of Directors terminates the Merger Agreement in the exercise of its fiduciary duties after receipt of an unsolicited superior acquisition proposal from a third party;
- First Merchants terminates the Merger Agreement because MBT’s Board of Directors withdraws or modifies its recommendation to MBT’s shareholders to vote for the Merger following receipt of a written proposal for an acquisition from a third party; or
- First Merchants terminates the Merger Agreement because MBT fails to give First Merchants written notice that it intends to furnish information to or enter into discussions or negotiations with a third party relating to a proposed acquisition of MBT, or if MBT, within sixty (60) days after giving such notice, does not terminate such discussions or negotiations.

Either party may terminate the Merger Agreement if the Merger has not been completed by June 30, 2019, provided the terminating party is not then in material breach of any representation warranty or covenant and, provided, further, that if the sole impediment to closing is the lack of any necessary regulatory approval, then such termination date shall be extended to September 30, 2019. In the event of such termination, First Merchants has agreed to pay MBT a termination fee of \$2,500,000 if the Merger Agreement is terminated by either party as a result of the failure to obtain any of the required regulatory approvals and such failure is a result of a regulatory issue directly and solely related to First Merchants.

Material U.S. Federal Income Tax Consequences (page 60)

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It is a condition to the closing of the Merger that Bingham Greenebaum Doll LLP deliver an opinion, effective as of the date on or about this proxy statement and prospectus, to First Merchants substantially to the effect that, for United States federal income tax purposes, the Merger will be treated as a reorganization within

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the meaning of Section 368(a) of the Internal Revenue Code. Such opinion will comply with the regulations and guidance of the SEC with respect to the persons entitled to rely on tax opinions contained in the Registration Statement on Form S-4, of which this proxy and prospectus is a part. This opinion will not, however, bind the Internal Revenue Service (the IRS) which could take a different view.

Determining the actual tax consequences of the Merger to you can be complicated. We suggest you consult with your own tax advisors with respect to the tax consequences of the Merger to you.

For a more detailed description of the material federal income tax consequences of the Merger to First Merchants and MBT shareholders, see MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES on page 60.

Comparative Rights of First Merchants and MBT Shareholders (page 64)

The rights of shareholders of First Merchants and MBT differ in some respects. The rights of holders of First Merchants common stock are governed by the laws of the State of Indiana, including the Indiana Business Corporation Law, and First Merchants Articles of Incorporation and Bylaws. The rights of holders of MBT common stock are governed by the laws of the State of Michigan, including the Michigan Business Corporation Act, and MBT s Articles of Incorporation and Bylaws. Upon completion of the Merger, MBT shareholders who receive First Merchants common stock will take such stock subject to First Merchants Articles of Incorporation and Bylaws.

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Authorized But Unissued Shares

First Merchants

MBT

First Merchants' Articles of Incorporation authorize the issuance of 100,000,000 shares of common stock, of which 49,658,419 shares were outstanding as of October 31, 2018. First Merchants' Board of Directors may authorize the issuance of additional shares of common stock up to the amounts authorized in First Merchants' Articles of Incorporation without shareholder approval, subject only to the restrictions of the Indiana Business Corporation Law and the Articles of Incorporation. First Merchants has 500,000 shares of preferred stock authorized, no shares of which are currently outstanding. The preferred shares are available to be issued, without prior shareholder approval, in classes with the rights, privileges and preferences determined for each class by the Board of Directors of First Merchants.

The Articles of Incorporation of MBT authorize the issuance of 51,000,000 shares of capital stock, comprised of 50,000,000 authorized shares of MBT common stock, without par value, and 1,000,000 authorized shares of MBT nonvoting preferred stock. 22,990,430 shares of MBT common stock were issued and outstanding as of October 9, 2018, and there are no shares of MBT nonvoting preferred stock issued and outstanding. MBT's Board of Directors may authorize the issuance of additional shares of common stock up to the amounts authorized in MBT's Articles of Incorporation, without shareholder approval, subject only to the restrictions of the Michigan Business Corporation Act and its Articles of Incorporation.

As of October 1, 2018, First Merchants had 91,347 shares of its common stock reserved and remaining available for issuance under its 2009 Long-term Equity Incentive Plan and 804 shares of its common stock reserved and remaining available for issuance under its Dividend Reinvestment and Stock Purchase Plan. In addition, as of October 1, 2018, First Merchants had no options granted but unexercised under its 1994 Stock Option Plan, 26,606,998 options granted but unexercised under its 1999 Long-term Equity Incentive Plan, and 73,100 options granted but unexercised under its 2009 Long-term Equity Incentive Plan, with shares reserved and remaining available equal to the outstanding options under each plan.

The issuance of additional shares of First Merchants common stock or the issuance of additional First Merchants preferred stock may adversely affect the interests of First Merchants shareholders by diluting their voting and ownership interests.

Restrictions on Transfer of Shares

First Merchants

MBT

The holders of First Merchants common stock are generally not restricted on sales of their shares. The shares are also registered under Section 12 of the Securities and Exchange Act of 1934 (the Exchange Act) and listed for exchange on The NASDAQ Global Select Market under the symbol of FRME. As a result, a public market exists for the shares of common stock.

The holders of MBT common stock are generally not restricted on sales of their shares. The shares are also registered under Section 12 of the Exchange Act, and listed for exchange on The NASDAQ Global Select Market under the symbol of MBTF. As a result, a public market exists for the shares of common stock.

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Dividend Rights

First Merchants

MBT

The holders of First Merchants common stock are entitled to dividends and other distributions when, as and if declared by its Boards of Directors.

The holders of MBT common stock are entitled to dividends and other distributions when, as and if declared by its Boards of Directors. Dividends may be paid in cash, in property or in MBT's stock.

Generally, First Merchants *may not* pay a dividend if, after giving effect to the dividend:

Generally, MBT *may not* pay a dividend if, after giving effect to the dividend:

- First Merchants would not be able to pay its debts as they become due in the usual course of business; or
- First Merchants' total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy preferential rights of shareholders payable upon dissolution.

- MBT would not be able to pay its debts as they become due in the usual course of business; or
- MBT's total assets would be less than the sum of its total liabilities plus the amount that would be needed to satisfy preferential rights of shareholders payable upon dissolution.

The amount of dividends, if any, that may be declared by First Merchants in the future will necessarily depend upon many factors, including, among other things, future earnings, capital requirements, business conditions and capital levels of subsidiaries (since First Merchants is primarily dependent upon dividends paid by its subsidiaries for revenues), the discretion of First Merchants' Board of Directors and other factors that may be appropriate in determining dividend policies.

MBT's ability to pay dividends on its common stock depends on its receipt of dividends from Monroe Bank & Trust. Monroe Bank & Trust is subject to restrictions and limitations in the amount and timing of the dividends it may pay to MBT. Dividends may be paid out of a Michigan commercial bank's net income after deducting all bad debts. A Michigan commercial bank may only pay dividends on its common stock if the bank has a surplus amounting to not less than 20% of its capital after the payment of the dividend. If a Michigan commercial bank has a surplus less than the amount of its capital, it may not declare or pay any dividend until an amount equal to at least 10% of net income for the preceding one-half year (in the case of quarterly or semi-annual dividends) or at least 10% of net income of the preceding two consecutive half-year periods (in the case of annual dividends) has been transferred to surplus.

First Merchants Bank may pay cash dividends to First Merchants on its common stock only out of adjusted retained net profits for the year in which the dividend is paid and the two preceding years.

Federal law also affects the ability of a Michigan commercial bank to pay dividends. The FDIC's prompt corrective action regulations prohibit an insured depository institution from making capital distributions, including dividends, if the institution has a regulatory capital classification of undercapitalized, or if it would be undercapitalized after making the distribution. The FDIC may also prohibit the payment of dividends if it deems any such payment to constitute an unsafe and unsound banking practice. In addition, the Basel III capital rules

First Merchants Bank will ordinarily be restricted to paying dividends in a lesser amount to First Merchants than is legally permissible because of the need for the banks to maintain adequate capital consistent with the capital adequacy guidelines promulgated by the banks' principal federal regulatory authorities. If a bank's capital levels are deemed inadequate by the regulatory authorities, payment of dividends to its parent holding company may be prohibited. First Merchants Bank is not currently subject to such a restriction.

include a capital conservation buffer that prohibits or limits the dividends a bank can pay if its risk-based capital ratios fall below certain thresholds.

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The Merger will become effective when we file Articles of Merger with the Secretary of the State of Indiana and the Certificate of Merger with the Corporations Division of the Michigan Department of Licensing and Regulatory Affairs (the Michigan Corporations Division), or at such later date and time as may be set forth in the Articles of Merger and Certificate of Merger. We expect the Merger to become effective during the first quarter of 2019.

Comparative Market Price Information

Shares of First Merchants common stock are listed on The NASDAQ Global Select Market under the symbol FRME. Shares of MBT common stock are listed on The NASDAQ Global Select Market under the symbol MBTF. The following table presents quotation information for First Merchants common stock and for MBT common stock on October 9, 2018, the business day before the Merger was publicly announced, and December 18, 2018, the last practicable trading day for which information was available prior to the date of this proxy statement and prospectus.

	First Merchants Common Stock			MBT Common Stock		
	(Dollars Per Share)					
	High	Low	Close	High	Low	Close
October 9, 2018	\$ 45.79	\$ 45.33	\$ 45.71	\$ 11.73	\$ 11.30	\$ 11.50
December 18, 2018	\$ 36.93	\$ 34.93	\$ 35.86	\$ 10.25	\$ 9.84	\$ 9.86

The market value of the aggregate consideration that MBT shareholders will receive in the Merger is approximately \$291.7 million (or \$12.57 per share of MBT common stock) based on 23,195,704 shares of MBT common stock outstanding (representing the sum of 22,990,430 shares of MBT common stock outstanding on October 9, 2018 and 205,274 shares of MBT common stock to be issued immediately prior to the effective time of the Merger pursuant to certain outstanding stock only stock appreciation rights (SOSARs) and restricted stock units (RSUs) awards), and First Merchants' closing stock price of \$45.71 on October 9, 2018, the business day before the Merger was publicly announced.

The market value of the aggregate consideration that MBT shareholders will receive in the Merger is approximately \$227.1 million (or \$9.86 per share of MBT common stock) based on 23,025,525 shares of MBT common stock outstanding (as described above) and First Merchants' closing stock price of \$35.86 on December 18, 2018, the last practicable trading day prior to the date of this proxy statement and prospectus.

Also set forth below for the closing price of First Merchants common stock on October 9, 2018, and December 18, 2018, is the equivalent pro forma price of MBT common stock, which we determined by multiplying the applicable price of First Merchants common stock by the number of shares of First Merchants common stock we are issuing for each share of MBT common stock in the Merger, which is the Exchange Ratio of 0.2750. The equivalent pro forma price of MBT common stock shows the implied value to be received in the Merger by MBT shareholders who receive First Merchants common stock in exchange for a share of MBT common stock on these dates.

	First Merchants Common Stock	MBT Common Stock	MBT Equivalent Pro Forma
October 9, 2018	\$ 45.71	\$ 11.50	\$ 12.57
December 18, 2018	\$ 35.86	\$ 9.86	\$ 9.86

We suggest you obtain a current market quotation for First Merchants common stock. We expect that the market price of First Merchants common stock will fluctuate between the date of this document and the date on which the Merger

is completed and thereafter. Because the Exchange Ratio is fixed (except for customary anti-dilution adjustments) and the market price of First Merchants common stock is subject to fluctuation, the value of the shares of First Merchants common stock that MBT shareholders will receive in the Merger may increase or decrease prior to and after the Merger.

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Comparative Per Share Data

The following table sets forth the basic and diluted earnings per common share, book value per share and cash dividends per share for each of First Merchants and MBT on a historical basis, for First Merchants on a pro forma combined basis, and on a pro forma combined basis per MBT equivalent share.

The pro forma data gives effect to: (i) the proposed acquisition of MBT; and (ii) the proposed issuance of 6,378,818 shares of First Merchants common shares to MBT shareholders, which assumes 23,195,704 shares of MBT common stock are outstanding at the time of closing (representing the sum of 22,990,430 shares of MBT common stock outstanding on October 9, 2018 and 205,274 shares of MBT common stock to be issued immediately prior to the effective time of the Merger pursuant to certain outstanding SOSARs and RSUs awards). For purposes of presenting pro forma basic and diluted earnings per share, cash dividends per share, and book value per share, the comparative pro forma data assumes that First Merchants and MBT had been combined throughout the period shown. The data in the column *Pro Forma Equivalent Per MBT Share* shows the effect of the Merger from the perspective of an owner of MBT common stock, and was obtained by multiplying the Combined Pro Forma Amounts for First Merchants by the Exchange Ratio of 0.2750.

We expect that we will incur reorganization and restructuring expenses as a result of combining our two companies. We also anticipate that the Merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company, does not take into account these expected expenses or these anticipated financial benefits, and does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the merged company would have been had our companies been merged during the periods presented.

The information in the following table is based on historical financial information of MBT and First Merchants. The information with respect to First Merchants and MBT are included in their respective annual and quarterly reports previously filed with the SEC, which have been incorporated into this document by reference. See **WHERE YOU CAN FIND ADDITIONAL INFORMATION** beginning on page 71 for a description of documents that First Merchants and MBT incorporate by reference into this document and how to obtain copies of them.

TABLE OF CONTENTS**FIRST MERCHANTS AND MBT
HISTORICAL AND PRO FORMA PER SHARE DATA**

	First Merchants Historical	MBT Historical	Combined Pro forma Amounts for First Merchants⁽¹⁾	Pro forma Equivalent Per MBT Share
Net income per share				
Nine months ended September 30, 2018				
Basic	\$ 2.38	\$ 0.60	\$ 2.32	\$ 0.64
Diluted	\$ 2.37	\$ 0.60	\$ 2.31	\$ 0.64
Twelve months ended December 31, 2017				
Basic	\$ 2.13	\$ 0.46	\$ 2.02	\$ 0.56
Diluted	\$ 2.12	\$ 0.46	\$ 2.01	\$ 0.55
Cash dividends per share				
Nine months ended September 30, 2018				
	\$ 0.62	\$ 0.83	\$ 0.62	\$ 0.17
Twelve months ended December 31, 2017				
	\$ 0.69	\$ 0.92	\$ 0.69	\$ 0.19
Book value per share				
At September 30, 2018				
	\$ 27.61	\$ 5.28	\$ 29.52	\$ 8.12
At December 31, 2017				
	\$ 26.51	\$ 5.79	\$ 28.55	\$ 7.85

(1) See Unaudited Pro Forma Summary of Selected Consolidated Financial Data beginning on page 20 for certain supporting information.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth certain summary historical consolidated financial data for each of our companies. First Merchants' and MBT's balance sheet and income statement data as of and for the five years in the period ended December 31, 2017 are taken from each of First Merchants' and MBT's respective audited financial statements (which data and financial statements are presented on a consolidated basis). The financial data at and for the nine months ended September 30, 2018 and September 30, 2017 is derived from the unaudited financial statements of First Merchants and MBT and, in the opinion of each such company's management, its respective statements and data reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information at and for those dates. Ratios for the nine months ended September 30, 2018 and September 30, 2017 are annualized. Results for the nine months ended September 30, 2018 do not necessarily indicate results expected or anticipated for the entire year.

The following tables also set forth certain summary unaudited pro forma consolidated financial information for First Merchants and MBT reflecting the Merger. The pro forma disclosures are being presented to provide additional information in support of the pro forma data included under the "Comparative Per Share Data" section of this SUMMARY. As a result, this condensed pro forma presentation is not intended to comply with the disclosure requirements under Article 11 of Regulation S-X. The income statement information presented gives effect to the Merger as if it occurred on the first day of the period presented. The balance sheet information presented gives effect to the Merger as if it occurred on the last day of the period presented. The pro forma data gives effect to: (i) the proposed acquisition of MBT; and (ii) the proposed issuance of 6,378,818 shares of First Merchants common shares to MBT shareholders, which assumes 23,195,704 shares of MBT common stock are outstanding at the time of closing (representing the sum of 22,990,430 shares of MBT common stock outstanding on October 9, 2018 and 205,274 shares of MBT common stock to be issued immediately prior to the effective time of the Merger pursuant to certain outstanding SOSARs and RSUs awards).

The pro forma information reflects the purchase method of accounting, with MBT's assets and liabilities recorded at their estimated fair values as of the date presented. The actual fair value adjustments to the assets and the liabilities of MBT will be made on the basis of appraisals and evaluations that will be made as of the date the Merger is completed. Thus, the actual fair value adjustments may differ significantly from those reflected in these pro forma financial statements. In the opinion of First Merchants' management, the estimates used in the preparation of these pro forma financial statements are reasonable under the circumstances.

We expect that we will incur reorganization and restructuring expenses as a result of combining our companies. We also anticipate that the Merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under two sets of assumptions, does not take into account these expected expenses or anticipated financial benefits, and does not attempt to predict or suggest future results.

This selected financial data is only a summary and you should read it in conjunction with First Merchants' consolidated financial statements and related notes incorporated into this document by reference. See "WHERE YOU CAN FIND ADDITIONAL INFORMATION" on page 71 for a description of documents that we incorporate by reference into this document and how to obtain copies of such documents.

TABLE OF CONTENTS**FIRST MERCHANTS****FIVE YEAR SUMMARY OF SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

(Dollars in Thousands, Except Per Share Amounts)

	For the Nine Months Ended September 30,			For the Years Ended December 31,			
	2018 (unaudited)	2017	2017	2016	2015	2014	2013
Summary of Operations							
Interest income	\$ 299,291	\$ 224,548	\$ 314,896	\$ 253,312	\$ 221,198	\$ 208,879	\$ 170,834
Interest expense	48,318	26,029	37,612	26,839	24,794	21,842	16,569
Net interest income	250,973	198,519	277,284	226,473	196,404	187,037	154,265
Provision for loan losses	5,563	7,343	9,143	5,657	417	2,560	6,648
Net interest income after provision for loan losses	245,410	191,176	268,141	220,816	195,987	184,477	147,617
Non-interest income	57,279	51,948	71,009	65,203	69,868	61,816	51,831
Non-interest expenses	162,213	149,123	205,556	177,359	174,806	164,008	139,034
Income before income tax expense	140,476	94,001	133,594	108,660	91,049	82,285	60,414
Income tax expense	23,050	22,314	37,524	27,609	25,665	22,123	15,884
Net Income	117,426	71,687	96,070	81,051	65,384	60,162	44,530
Preferred stock dividends and discount accretion	—	—	—	—	—	—	(2,380)
Net Income Available to Common Shareholders	\$ 117,426	\$ 71,687	\$ 96,070	\$ 81,051	\$ 65,384	\$ 60,162	\$ 42,150
Per Share Data							

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Net income														
Basic	\$	2.38	\$	1.64	\$	2.13	\$	1.99	\$	1.73	\$	1.66	\$	1.42
Diluted	\$	2.37	\$	1.63	\$	2.12	\$	1.98	\$	1.72	\$	1.65	\$	1.41
Cash dividends														
	\$	0.62	\$	0.51	\$	0.69	\$	0.54	\$	0.41	\$	0.29	\$	0.18

Balance End of Period

Total assets	\$	9,787,282	\$	9,049,403	\$	9,367,478	\$	7,211,611	\$	6,761,003	\$	5,824,127	\$	5,437,262
Total loans		7,091,093		6,487,962		6,758,415		5,142,574		4,703,716		3,932,100		3,637,740
Allowance for loan losses		78,406		73,354		75,032		66,037		62,453		63,964		67,870
Total deposits		7,633,152		6,911,019		7,172,530		5,556,498		5,289,647		4,640,694		4,231,468
Stockholders' equity		1,361,426		1,283,120		1,303,463		901,657		850,509		726,827		634,923

Selected Ratios

Return on average assets		1.63 %		1.22 %		1.17 %		1.17 %		1.07 %		1.08 %		0.95 %
Return on average equity		11.76 %		9.12 %		8.65 %		9.16 %		8.67 %		8.91 %		7.80 %

TABLE OF CONTENTS**MBT****FIVE YEAR SUMMARY OF SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

(Dollars in Thousands, Except Per Share Amounts)

	For the Nine Months Ended September 30,			For the Years Ended December 31,			
	2018 (unaudited)	2017	2017	2016	2015	2014	2013
Summary of Operations							
Interest income	\$ 34,172	\$ 31,010	\$ 41,800	\$ 39,859	\$ 40,041	\$ 38,539	\$ 39,238
Interest expense	1,586	1,320	1,737	2,236	3,066	3,838	6,037
Net interest income	32,586	29,690	40,063	37,623	36,975	34,701	33,201
Provision for loan losses	(100)	(200)	(700)	(2,200)	(3,000)	(500)	2,200
Net interest income after provision for loan losses	32,686	29,890	40,763	39,823	39,975	35,201	31,001
Non-interest income	12,227	12,225	15,882	17,513	15,327	13,353	15,931
Non-interest expenses	28,134	27,020	36,135	36,598	38,200	38,667	39,508
Income before income tax expense	16,779	15,095	20,510	20,738	17,102	9,887	7,424
Income tax expense	2,958	4,342	9,901	6,237	5,020	2,572	(18,113)
Net Income	13,821	10,753	10,609	14,501	12,082	7,315	25,537
Preferred stock dividends and discount accretion	—	—	—	—	—	—	—
Net Income Available to Common Shareholders	\$ 13,821	\$ 10,753	\$ 10,609	\$ 14,501	\$ 12,082	\$ 7,315	\$ 25,537

Per Share Data

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Net income														
Basic	\$	0.60	\$	0.47	\$	0.46	\$	0.64	\$	0.53	\$	0.33	\$	1.43
Diluted	\$	0.60	\$	0.47	\$	0.46	\$	0.63	\$	0.53	\$	0.33	\$	1.41
Cash dividends														
	\$	0.83	\$	0.86	\$	0.92	\$	0.64	\$	—	\$	—	\$	—

Balance End of Period

Total assets	\$	1,339,122	\$	1,347,352	\$	1,347,420	\$	1,357,283	\$	1,342,313	\$	1,278,657	\$	1,222,682
Total loans		752,895		693,866		694,979		652,337		617,308		610,332		597,590
Allowance for loan losses		7,986		8,010		7,666		8,458		10,896		13,208		16,209
Total deposits		1,166,276		1,195,335		1,198,164		1,199,717		1,165,393		1,111,811		1,069,718
Stockholders' equity		121,351		135,969		132,658		141,114		147,341		134,536		110,608

Selected Ratios

Return on average assets		1.39 %		1.09 %		0.79 %		1.08 %		0.93 %		0.59 %		2.12 %
Return on average equity		15.21 %		10.85 %		8.04 %		10.13 %		8.67 %		6.00 %		28.78 %

TABLE OF CONTENTS**FIRST MERCHANTS****UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA**

(Dollars in Thousands, Except Per Share Amounts)

	For the Nine Months Ended September 30, 2018		
	First Merchants Historical	MBT Historical	Combined Pro forma Amounts for First Merchants⁽¹⁾
Summary of Operations			
Interest income	\$ 299,291	\$ 34,172	\$ 334,431
Interest expense	48,318	1,586	50,668
Net interest income	250,973	32,586	283,763
Provision for loan losses	5,563	(100)	5,463
Net interest income after provision	245,410	32,686	278,300
Non-interest income	57,279	12,227	69,506
Non-interest expenses	162,213	28,134	193,036
Income before income tax expense	140,476	16,779	154,770
Income tax expense	23,050	2,958	25,486
Net Income Available to Common Shareholders	\$ 117,426	\$ 13,821	\$ 129,284
Per Share Data			
Net income			
Basic	\$ 2.38	\$ 0.60	\$ 2.32
Diluted	2.37	0.60	2.31
Cash dividends	0.62	0.83	0.62
Balance End of Period			
Total assets	\$ 9,787,282	\$ 1,339,122	\$ 11,305,391
Total loans	7,091,093	752,895	7,822,380
Allowance for loan losses	78,406	7,986	78,406
Total deposits	7,633,152	1,166,276	8,798,069
Stockholders' equity	1,361,426	121,351	1,643,663

See Note 1 in Notes to Unaudited Pro Forma Summary of Selected Consolidated Financial Data on page 22 for information relating to the determination of the purchase price and application of the purchase method of

- (1) accounting in estimating the fair values of MBT's assets and liabilities. The actual fair value adjustments to the assets and the liabilities of MBT will be made on the basis of appraisals and evaluations that will be made as of the date the Merger is completed.

TABLE OF CONTENTS**FIRST MERCHANTS****UNAUDITED PRO FORMA SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA**

(Dollars in Thousands, Except Per Share Amounts)

	For the Year Ended December 31, 2017		
	First Merchants Historical	MBT Historical	Combined Pro forma Amounts for First Merchants⁽¹⁾
Summary of Operations			
Interest income	\$ 314,896	\$ 41,800	\$ 357,987
Interest expense	37,612	1,737	40,368
Net interest income	277,284	40,063	317,619
Provision for loan losses	9,143	(700)	8,443
Net interest income after provision	268,141	40,763	309,176
Non-interest income	71,009	15,882	86,891
Non-interest expenses	205,556	36,135	245,277
Income before income tax expense	133,594	20,510	150,790
Income tax expense	37,524	9,901	46,265
Net Income Available to Common Shareholders	\$ 96,070	\$ 10,609	\$ 104,525
Per Share Data			
Net income			
Basic	\$ 2.13	\$ 0.46	\$ 2.02
Diluted	2.12	0.46	2.01
Cash dividends	0.69	0.92	0.69
Balance End of Period			
Total assets	\$ 9,367,478	\$ 1,347,420	\$ 10,893,885
Total loans	6,758,415	694,979	7,431,786
Allowance for loan losses	75,032	7,666	75,032
Total deposits	7,172,530	1,198,164	8,369,335
Stockholders' equity	1,303,463	132,658	1,585,700

See Note 1 in Notes to Unaudited Pro Forma Summary of Selected Consolidated Financial Data on page 22 for information relating to the determination of the purchase price and application of the purchase method of (1) accounting in estimating the fair values of MBT's assets and liabilities. The actual fair value adjustments to the assets and the liabilities of MBT will be made on the basis of appraisals and evaluations that will be made as of the date the Merger is completed.

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(Dollars in Thousands, Except Per Share Amounts)

Note 1—Determination and Allocation of Purchase Price

Each share of MBT common stock that is outstanding immediately prior to the Merger will be converted into the right to receive a 0.2750 share of First Merchants common stock. The table below assumes (a) the issuance of 6,378,818 shares of First Merchants common shares to MBT shareholders, which assumes 23,195,704 shares of MBT common stock are outstanding at the time of closing (representing the sum of 22,990,430 shares of MBT common stock outstanding on October 9, 2018 and 205,274 shares of MBT common stock to be issued immediately prior to the effective time of the Merger pursuant to certain outstanding SOSARs and RSUs awards) multiplied by the Exchange Ratio, and (b) that the amount payable to certain directors relating to the termination of their rights under the Director DBO Plan will be made in an aggregate cash payment of \$2,899,894 (as opposed to the issuance of shares of First Merchants common stock issuable at the election of each such director, which shares are included in the aggregate number of shares registered under the registration statement of which this proxy statement and prospectus is a part).

To record goodwill generated from the acquisition

Purchase Price:

MBT shares outstanding		23,195,704	
Exchange Ratio		0.2750	
First Merchants shares issued		6,378,818	
First Merchants common stock price at 10/09/2018	\$	45.71	
Purchase Price	\$	291,575,771	
			(Dollars in thousands)
Total Purchase Price	\$	291,576	
Allocated to:			
Historical book value of MBT assets and liabilities		121,351	
MBT estimated transaction costs, net of tax		(10,121))
Adjusted book value of MBT	\$	111,230	
Adjustments to record assets and liabilities at fair value:			
Loans, credit mark	\$	(14,509))
Loans, interest rate mark		(7,099))
Eliminate MBT allowance for loan losses		7,986	
Other real estate owned, write-down		(100))
Premises and equipment, write-down		(650))
Time deposits, interest rate mark		1,359	
Core deposits intangible		19,809	
Deferred taxes		(1,427))
Total allocation	\$	5,369	
Goodwill	\$	174,977	

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RISK FACTORS

*In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement and prospectus, including the matters addressed under the section **Forward-Looking Statements**, you should carefully consider the following risk factors in deciding how to vote for the Merger Proposal presented in this proxy statement and prospectus. You should also consider the other information in this proxy statement and prospectus and the other documents incorporated by reference into this proxy statement and prospectus. See **Where You Can Find ADDITIONAL Information** on page 21.*

Risk Factors Relating to the Merged Company and Its Industry

Combining the two (2) companies may be more difficult, costly or time consuming than expected and the anticipated benefits and costs savings of the Merger may not be realized.

Even though First Merchants has acquired other financial services businesses in the past, the success of the Merger with MBT will depend on a number of factors, including, but not limited to, the merged company's ability to:

- integrate MBT's operations with the operations of First Merchants;
- maintain existing relationships with First Merchants' depositors and MBT's depositors to minimize withdrawals of deposits subsequent to the acquisition;
- maintain and enhance existing relationships with borrowers of First Merchants and MBT;
- achieve projected net income of First Merchants Bank and expected cost savings and revenue enhancements from the merged company;
- control the incremental non-interest expense to maintain overall operating efficiencies;
- retain and attract key and qualified management, lending and other banking personnel; and
- compete effectively in the communities served by First Merchants and MBT, and in nearby communities.

First Merchants' failure to successfully integrate MBT into its business may adversely affect its financial condition and results of operations.

The value of the consideration to be received by MBT shareholders in the Merger will fluctuate.

If the Merger is completed, MBT shareholders will receive a number of shares of First Merchants common stock based on a fixed Exchange Ratio of 0.2750 share of First Merchants common stock for each share of MBT common stock. Because the market value of First Merchants common stock may (and likely will) fluctuate, the value of the stock consideration you receive for your shares may also fluctuate. The market value of First Merchants common stock could fluctuate for any number of reasons, including those specific to First Merchants and those that influence trading prices of equity securities generally. As a result, you will not know the exact value of the shares of First Merchants common stock you will receive at the time you must vote your shares. The value of First Merchants common stock on the closing date of the Merger may be greater or less than the market price of First Merchants common stock on the record date, on the date of this proxy statement and prospectus or on the date of the special meeting.

We encourage you to obtain a current market quotation for First Merchants common stock because the value of any First Merchants shares you receive may be more or less than the value of such shares as of the date of this document.

The merged company's allowance for loan losses may not be adequate to cover actual loan losses.

The merged company's loan customers may not repay their loans according to their terms, and the customers' collateral securing the payment of their loans may be insufficient to assure repayment. As of September 30, 2018,

approximately 67% of the merged company's loans are comprised of commercial real estate and commercial lines of credit and term and development loans, which can result in higher loan loss experience than residential loans in economic downturns. The underwriting, review and monitoring that will be performed by the merged company's officers and directors cannot eliminate all of the risks related to these loans.

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Each of First Merchants and MBT make various assumptions and judgments about the collectability of their respective loan portfolios and provide an allowance for loan losses based on a number of factors. If the assumptions are wrong or the facts and circumstances subsequently and materially change, the allowance for loan losses and Merger-related credit marks may not be sufficient to cover the merged company's loan losses. The merged company may have to increase its allowance for loan losses in the future, which could decrease its net income.

Deterioration in loan quality will adversely affect the merged company's results of operations and financial condition.

Each of First Merchants and MBT seek to mitigate the risks inherent in their respective loan portfolios by adhering to sound underwriting practices. Their lending strategies also include emphasizing diversification on a geographic, industry and customer level, regular credit quality reviews and management reviews of large credit exposures and loans experiencing deterioration of credit quality. There is continuous review of their loan portfolios, including internally administered loan watch lists and independent loan reviews. These evaluations take into consideration identified credit problems, as well as the possibility of losses inherent in the loan portfolio that are not specifically identified. Although First Merchants and MBT believe their underwriting and loan review procedures are appropriate for the various kinds of loans they make, the merged company's results of operation and financial condition will be adversely affected in the event the quality of their respective loan portfolios deteriorates. As of September 30, 2018, First Merchants had \$21.4 million and MBT had \$11.4 million in non-performing loans, including restructured loans.

Changes in interest rates may reduce the merged company's net interest income.

Like other financial institutions, the merged company's net interest income is its primary revenue source. Net interest income is the difference between interest earned on loans and investments and interest expense incurred on deposits and other borrowings. The merged company's net interest income will be affected by changes in market rates of interest, the interest rate sensitivity of its assets and liabilities, prepayments on its loans and investments and limits on increases in the rates of interest charged on its residential real estate loans.

The merged company will not be able to predict or control changes in market rates of interest. Market rates of interest are affected by regional and local economic conditions, as well as monetary policies of the Federal Reserve Board. The following factors also may affect market interest rates:

- inflation;
- slow or stagnant economic growth or recession;
- unemployment;
- money supply;
- international disorders;
- instability in domestic and foreign financial markets; and
- other factors beyond the merged company's control.

Each of First Merchants and MBT has policies and procedures designed to manage the risks from changes in market interest rates; however, despite risk management, changes in interest rates could adversely affect the merged company's results of operations and financial condition.

Changes in economic conditions and the geographic concentration of the merged company's markets could adversely affect the merged company's financial condition.

The merged company's success will depend to a great extent upon the general economic conditions of the Midwest Region of the United States. Unlike larger banks that are more geographically diversified, the merged company will provide banking and financial services to customers primarily located in these areas. Favorable economic conditions

may not exist in the merged company's markets.

A continued economic slowdown could have the following consequences:

- loan delinquencies may increase;

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- problem assets and foreclosures may increase;
- demand for the products and services of MBT and First Merchants may decline; and collateral for loans made by MBT and First Merchants may decline in value, in turn reducing
- customers' borrowing power, and reducing the value of assets and collateral associated with existing loans.

Anti-takeover defenses may delay or prevent future mergers.

Provisions contained in First Merchants' Articles of Incorporation and Bylaws and certain provisions of Indiana law could make it more difficult for a third party to acquire First Merchants, even if doing so might be beneficial to First Merchants shareholders. See **COMPARISON OF COMMON STOCK—Anti-Takeover Provisions** on page 68. These provisions could limit the price that some investors might be willing to pay in the future for shares of First Merchants common stock and may have the effect of delaying or preventing a change in control.

If the Merger is not completed, the parties will have incurred substantial expenses without realizing the expected benefits.

First Merchants and MBT have incurred substantial expenses in connection with the transactions described in this proxy statement and prospectus. The completion of the Merger depends on the satisfaction of several conditions. We cannot guarantee that these conditions will be met. MBT expects to incur approximately \$12.5 million in pre-tax Merger-related expenses and First Merchants expects to incur approximately \$7.7 million in pre-tax Merger-related expenses, which include legal, accounting and financial advisory expenses and which excludes any contract termination fees, if applicable. Although some of these expenses will not be incurred if the Merger is not completed, others will and such expenses could have a material adverse impact on the financial condition of First Merchants and MBT because they would not have realized the expected benefits of the Merger. There can be no assurance that the Merger will be completed.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be completed, which could have a negative impact on MBT.

The Merger Agreement with First Merchants is subject to a number of conditions which must be fulfilled in order to close. Those conditions include: MBT shareholder approval, regulatory approvals, the continued accuracy of certain representations and warranties by both parties and the performance by both parties of certain covenants and agreements. There can be no assurance that the Merger will be completed.

In addition, certain circumstances exist where MBT may choose to terminate the Merger Agreement, including the acceptance of a superior acquisition proposal. See **THE MERGER—Exchange of MBT Common Stock** for a more complete discussion of the consideration to be paid in the Merger and **THE MERGER AGREEMENT—Termination; Waiver; Amendment** for a more complete discussion of the circumstances under which the Merger Agreement could be terminated. There can be no assurance that the conditions to closing the Merger will be fulfilled or that the Merger will be completed.

If the Merger Agreement is terminated, there may be various consequences to MBT, including:

- MBT's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger; and
- MBT will have incurred substantial expenses in connection with the Merger, without realizing any of the anticipated benefits of completing the Merger.

If the Merger Agreement is terminated by MBT due to its acceptance of a superior acquisition proposal or by First Merchants due to the failure of MBT's Board of Directors to recommend approval of the Merger Agreement to its shareholders by reason of a superior acquisition proposal or for certain related reasons, then MBT has agreed pay to First Merchants a \$12,680,000 termination fee. The payment of the termination fee could have a material adverse effect on MBT's financial condition, and there can be no assurance that MBT would be able to complete a transaction with a party willing to pay an equivalent or more attractive price than the price First Merchants has agreed to pay in the Merger.

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The termination fee and the restrictions on solicitation contained in the Merger Agreement may discourage other companies from trying to acquire MBT.

Until the completion of the Merger, with some exceptions, MBT is prohibited from soliciting, initiating, encouraging or participating in any discussion of or otherwise considering any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person other than First Merchants. In addition, MBT has agreed to pay a termination fee of \$12,680,000 to First Merchants if the MBT Board of Directors does not recommend approval of the Merger Agreement to the MBT shareholders by reason of a superior acquisition proposal. These provisions could discourage other companies from trying to acquire MBT even though such other companies might be willing to offer greater value to MBT's shareholders than First Merchants has offered in the Merger Agreement. The payment of the termination fee also could have a material adverse effect on MBT's financial condition.

The market price of First Merchants common stock after the Merger may be affected by factors different from those affecting the shares of MBT or First Merchants currently.

Upon completion of the Merger, holders of MBT common stock will become holders of First Merchants common stock. First Merchants' business differs in important respects from that of MBT, and, accordingly, the results of operations of the combined company and the market price of First Merchants common stock after the completion of the Merger may be affected by factors different from those currently affecting the independent results of operations of each of First Merchants and MBT. First Merchants is, and will continue to be, subject to the risks described in First Merchants' Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement and prospectus. See the documents incorporated by reference in this proxy statement and prospectus and referred to under "Where You Can Find Additional Information" on page 71.

MBT shareholders will have a reduced ownership and voting interest after the Merger and will exercise less influence over management.

MBT's shareholders currently have the right to vote in the election of the MBT Board of Directors and on other matters affecting MBT. When the Merger occurs, each MBT shareholder will become a shareholder of First Merchants with a percentage ownership of the combined organization that is smaller than the shareholder's percentage ownership of MBT. Because of this, MBT's shareholders will have less influence over the management and policies of First Merchants than they now have over the management and policies of MBT.

The fairness opinion received by the MBT Board of Directors in connection with the Merger prior to the signing of the Merger Agreement has not been updated to reflect changes in circumstances since the date of such opinion.

The written opinion rendered by Sandler O'Neill, financial advisor to MBT, on October 9, 2018, was based upon information available as of such date. Sandler O'Neill's opinion has not been updated to reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of MBT or First Merchants, changes in general market and economic conditions, or other changes. Any such changes may alter the relative value of MBT or First Merchants, or the prices of shares of MBT common stock or First Merchants common stock by the time the Merger is completed. The written opinion does not speak as of the date the Merger will be completed or as of any date other than the date of such written opinion. For a description of the opinion that MBT received from its financial advisor, please see "The Merger – Opinion of MBT's Financial Advisor," beginning on page 40.

Risk Factors Relating to the Merger

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the Merger.

The transactions contemplated in the Merger Agreement cannot be completed until First Merchants receives necessary regulatory approvals, which include the approval of the Federal Deposit Insurance Corporation and Indiana Department of Financial Institutions. In determining whether to grant these approvals, the regulators

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consider a variety of factors, including the regulatory standing of each party and the factors described under THE MERGER—Regulatory Approvals. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay its receipt. These regulators may impose conditions on the completion of the Merger or the Bank Merger or require changes to the terms of the Merger or the Bank Merger. Such conditions or changes could have the effect of delaying or preventing completion of the Merger or the Bank Merger or imposing additional costs on or limiting the revenues of the combined company following the Merger and the Bank Merger, any of which might have an adverse effect on the combined company following the Merger. Regulatory approvals could also be impacted based on the status of any ongoing investigation of either party or its customers, including subpoenas to provide information or investigations, by a federal, state or local governmental agency.

Certain of MBT's directors and executive officers have interests in the Merger that may differ from the interests of MBT's shareholders.

MBT shareholders should be aware that some of MBT's executive officers and directors have interests in the Merger and have arrangements that are different from, or in addition to, those of MBT shareholders generally. MBT's Board of Directors was aware of and considered these interests, among other matters, when making its decision to approve and adopt the Merger Agreement, and in recommending that MBT shareholders vote in favor of approving the Merger Agreement.

For a description of these interests, see THE MERGER—Interests of Certain Persons in the Merger on page 51.

MBT and First Merchants will be subject to business uncertainties and contractual restrictions while the Merger is pending.

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on MBT or First Merchants. These uncertainties may impair MBT's or First Merchants' ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others that deal with MBT or First Merchants to seek to change existing business relationships with MBT or First Merchants. Retention of certain employees by MBT or First Merchants may be challenging while the Merger is pending, as certain employees may experience uncertainty about their future roles with MBT or First Merchants. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with MBT or First Merchants, MBT's and/or First Merchants' business could be harmed. In addition, subject to certain exceptions, each of MBT and First Merchants has agreed to operate its business in the ordinary course prior to closing. See THE MERGER AGREEMENT—Restrictions Affecting the Parties Prior to Completion of the Merger on page 57 for a description of the restrictive covenants applicable to MBT and First Merchants while the Merger is pending.

The shares of First Merchants common stock to be received by MBT shareholders as a result of the Merger will have different rights from the shares of MBT common stock.

Upon completion of the Merger, MBT shareholders will become First Merchants shareholders and their rights as shareholders will be governed by the First Merchants Articles of Incorporation and Bylaws. The rights associated with MBT common stock may be different from the rights associated with First Merchants common stock. Please see Comparison of Common Stock beginning on page 64 for a discussion of the different rights associated with First Merchants common stock.

The Merger may fail to qualify as a tax-free reorganization for federal tax purposes, resulting in your recognition of taxable gain or loss in respect of your shares of MBT common stock.

MBT intends the Merger to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Although the IRS will not provide a ruling on the matter, First Merchants will, as a condition to closing, obtain an opinion from legal counsel that the Merger will constitute a reorganization for federal tax purposes. Such opinion will comply with the regulations and guidance of the SEC with respect to the persons entitled to rely on tax opinions contained in the Registration Statement on Form S-4, of which this proxy and prospectus is a part. This opinion does not bind the IRS or prevent the IRS from adopting a contrary position. If the Merger fails to qualify as a reorganization, you generally would recognize gain or loss on each share of MBT common share surrendered in an amount equal to the difference between your adjusted tax basis in that share and the fair market value of the Merger consideration received in exchange for that share upon completion of the Merger.

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THE MBT SPECIAL MEETING Special Meeting of Shareholders of MBT Financial Corp.

General Information

We are furnishing this document to the shareholders of MBT in connection with the solicitation by the Board of Directors of MBT of proxies for use at the MBT special meeting of shareholders to be held on February 14, 2019, at 10:00 a.m., local time, at 10 Washington Street, Monroe, Michigan 48161. This document is first being mailed to MBT shareholders on December 26, 2018, and includes the notice of MBT special meeting, and is accompanied by a form of proxy.

Matters To Be Considered

The purposes of the special meeting are as follows:

1. *Merger Proposal.* To consider and vote upon a proposal to approve the Merger Agreement, pursuant to which MBT will merge with and into First Merchants and, immediately thereafter, Monroe Bank & Trust will be consolidated and merged with and into First Merchants Bank, as discussed under the section titled *Merger Proposal* beginning on page 32.
2. *Merger-Related Compensation Proposal.* To consider and vote upon a proposal to approve, on an advisory (non-binding) basis, the compensation to be paid to MBT's named executive officers that is based on or otherwise relates to the Merger, as discussed under the section titled *Merger-Related Compensation Proposal* beginning on page 32.
3. *Adjournment Proposal.* To approve one (1) or more adjournments of the MBT special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Merger Proposal.
4. *Other Matters.* To vote upon such other matters which may properly be presented at the special meeting or any adjournment or postponement of the special meeting. The Board of Directors is not aware of any such other matters.

Pursuant to the Merger Agreement, MBT will merge into First Merchants. The Merger Agreement is attached to this document as Annex A and is incorporated in this document by reference. For a description of the Merger Agreement, see THE MERGER AGREEMENT, beginning on page 53.

Vote Required

Approval of the Merger Proposal requires the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of MBT common stock. Approval of the Merger-Related Compensation Proposal and the Adjournment Proposal only requires the affirmative vote of at least a majority of the shares of MBT common stock cast at the meeting, in person or by proxy, so long as a quorum is present. As provided by the Michigan Business Corporation Act, an abstention is not a vote cast. Abstentions from voting and broker non-votes, if any, on Proposal 2 (Merger-Related Compensation Proposal) and Proposal 3 (Adjournment Proposal) are not treated as votes cast and, therefore, will have no effect on the outcome of the passage of the proposal. MBT has fixed December 18, 2018, as the record date for determining those MBT shareholders entitled to notice of, and to vote at, the special meeting. Accordingly, if you were an MBT shareholder of record at the close of business on December 18, 2018, you will be entitled to notice of and to vote at the special meeting. Each share of MBT common stock you own on the record date entitles you to one (1) vote on each matter presented at the special meeting. At the close of business on the record date of December 18, 2018, there were 23,025,525 shares of MBT common stock outstanding held by approximately 3,200 shareholders of record.

Voting Agreement

As of the record date, MBT's Board of Directors had voting power with respect to an aggregate of 1,155,725 shares of MBT common stock outstanding, representing 5.0% of the outstanding shares on that date. As of the record date, the members of MBT's Board of Directors, together with Patriot Partners, and Castle Creek had power to vote, or caused to be voted, an aggregate of 5,092,450 shares of MBT common stock outstanding, representing 22.1% of the outstanding shares on that date. Each member of the Board of Directors

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of MBT, Patriot Financial Partners, and Castle Creek Capital Partners entered into a voting agreement with First Merchants to cause all shares of MBT common stock owned by them of record or beneficially to be voted in favor of the Merger Proposal. See **THE MERGER AGREEMENT—Voting Agreement** on page 59.

Proxies

If you are an MBT shareholder, you should have received a proxy card for use at the MBT special meeting with this proxy statement and prospectus. The accompanying proxy card is for your use in voting at the special meeting if you are unable or do not wish to attend the special meeting in person. The shares represented by proxies properly signed and returned will be voted at the special meeting as instructed by the MBT shareholder giving the proxies. Proxy cards that are properly signed and returned but do not have voting instructions will be voted **FOR** approval of the Merger Proposal and **FOR** approval of the Adjournment Proposal.

If you deliver a properly signed proxy card, you may revoke your proxy at any time before it is exercised by:

- delivering to the Corporate Secretary of MBT at or prior to the special meeting a written notice of revocation addressed to MBT Financial Corp., 10 Washington Street, Monroe, Michigan 46161, Attention: Scott E. McKelvey, Corporate Secretary; or
- delivering to MBT at or prior to the special meeting a properly completed proxy card having a later date; or
- voting in person by ballot at the special shareholders meeting.

Because approval of the Merger Proposal requires the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding shares of MBT common stock, abstentions will have the same effect as voting **AGAINST approval of the Merger Proposal. Accordingly, your Board of Directors urges all MBT shareholders to vote by proxy by completing, dating and signing the accompanying proxy and returning it promptly in the enclosed postage-paid envelope. Abstentions and broker non-votes will have no effect on the Adjournment Proposal since it only requires a majority of the shares of MBT common stock voting at the meeting. You should not send stock certificates with your proxy card.**

Solicitation of Proxies

MBT will bear the entire cost of soliciting proxies from and mailing proxies to its shareholders in connection with the MBT special meeting. In addition to solicitation of proxies by mail, proxies may be solicited personally or by telephone by directors, officers and certain employees of MBT, who will not be specially compensated for such soliciting.

In soliciting proxies, no one has any authority to make any representations and warranties about the Merger or the Merger Proposal in addition to or contrary to the provisions stated in this document. No statement regarding the Merger, the Merger Agreement or the Merger Proposal should be relied upon except as expressly stated in this document.

MBT has retained Morrow Sodali L.L.C., a proxy solicitation firm, to assist MBT in soliciting proxies with respect to the special meeting. MBT anticipates that the costs of Morrow Sodali L.L.C.'s services will be approximately \$12,500, plus additional fees in the event certain services are requested. In addition, MBT's financial advisor Donnelly Penman may assist in the solicitation of proxies without any additional compensation beyond what is disclosed in the proxy.

Recommendation of the MBT Board of Directors

MBT's Board of Directors has approved the Merger Agreement. MBT's Board of Directors believes that the Merger is fair to and in the best interests of MBT and its shareholders. The Board recommends that the MBT shareholders vote

FOR approval of the Merger Proposal and **FOR** approval of the Adjournment Proposal. See THE MERGER— MBT's Reasons for the Merger on page 38.

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The special meeting of MBT shareholders has been called for the purposes set forth in the Notice to MBT shareholders included in this document. Your Board of Directors is unaware of any matter for action by shareholders at the special meeting other than as stated in the Notice or in this proxy statement and prospectus. However, the enclosed proxy will give discretionary authority to the persons named in the proxy with respect to matters which are not known to your Board of Directors as of the date hereof and which may properly come before the special meeting. It is the intention of the persons named in the proxy to vote with respect to such matters in accordance with the recommendations of the Board of Directors of MBT or, if no recommendations are given, in their best judgment. The approval of the transaction of any other business that may properly come before the special meeting generally requires more votes to be cast in favor of the proposal than are cast against it.

Beneficial Ownership of MBT Common Stock by Certain Shareholders

The following table shows, as of December 18, 2018, the beneficial ownership of MBT common stock of each person who beneficially owns more than five percent (5%) of MBT's outstanding common stock, each MBT director, each of the executive officers of MBT and/or Monroe Bank & Trust and all of the directors and executive officers as a group. Unless otherwise indicated, each person has sole voting and investment power with respect to the shares set forth in the following table.

Name of Beneficial Owner	Shares of Common Stock Owned ⁽¹⁾	Percent of Class
Kristine L. Barann	7,629	*
Peter H. Carlton	206,556	*
H. Douglas Chaffin	200,241 (2)	*
Joseph S. Daly	305,895 (3)	1.3 %
James F. Deutsch	2,060,302 (4)	9.0 %
Scott E. McKelvey	74,826 (5)	*
Audrey Mistor	28,235 (6)	*
Michael J. Miller	227,314 (7)	*
Thomas G. Myers	112,914 (8)	*
Tony Scavuzzo	1,876,423 (9)	8.2 %
Debra J. Shah	127,123	*
John L. Skibski	88,953 (10)	*
Joseph S. Vig	17,629 (11)	*
All Directors, Nominees and Executive Officers as a Group (13 in group)	5,334,040	23.2 %

* Ownership is less than 1% of the class.

(1) Except as otherwise noted, none of the named individuals shares with another person either voting or investment power as to the shares reported.

(2) Includes 10,276 shares subject to SOSARs, which are presently exercisable.

(3) Includes 98,021 share units issued under the director deferred compensation plan.

(4) Includes 1,845,027 shares held by Patriot Financial Partners II, L.P. and 215,275 shares held by Patriot Financial Partners Parallel II, L.P. Mr. Deutsch is a member of the investment committees which make investment decisions on behalf of both entities. Mr. Deutsch disclaims beneficial ownership.

- (5) Includes 1,364 shares subject to shared voting and investment power, and 1,545 shares subject to SOSARs, which are presently exercisable.
 - (6) Includes 270 shares subject to SOSARs, which are presently exercisable.
 - (7) Includes 227,314 shares subject to shared voting and investment power.
 - (8) Includes 6,339 shares subject to SOSARs, which are presently exercisable.
- (9) Includes 1,876,423 shares held by Castle Creek Capital Partners. Mr. Scavuzzo is a Principal at Castle Creek and disclaims beneficial ownership.
- (10) Includes 4,000 shares subject to shared voting and investment power, and 6,339 shares subject to SOSARs, which are presently exercisable.
 - (11) Includes 5,000 shares subject to shared voting and investment power.

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As of December 18, 2018, no person was known by MBT to be the beneficial owner of more than 5% of the outstanding shares of common stock of MBT, except as follows:

Name and Address of Beneficial Owner	Shares of Common Stock Owned	Percent of Class
Patriot Financial Partners ⁽¹⁾ CIRA Centre 2929 Arch Street, 27 th Floor Philadelphia, PA 19104-2868	2,060,302	8.9 %
Castle Creek Capital Partners ⁽²⁾ 6051 El Tordo, PO Box 1329 Rancho Santa Fe, CA 92067	1,876,423	8.1 %
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX, 78746	1,271,324	5.5 %

(1) James F. Deutsch, a director of MBT, is a member of the investment committee of Patriot Financial Partners which makes investment decisions on behalf Patriot Financial Partners II, L.P. and Patriot Financial Partners Parallel II, L.P. which own 1,845,027 shares and 215,275 shares, respectively. Mr. Deutsch disclaims beneficial ownership.

(2) Tony Scavuzzo, a director, is a principal at Castle Creek Capital Partners. Mr. Scavuzzo disclaims beneficial ownership.

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MERGER PROPOSAL

MBT is asking its shareholders to approve the Merger Proposal. Holders of MBT common stock should read this proxy statement and prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the Merger Agreement and the Merger. A copy of the Merger Agreement is attached to this proxy statement and prospectus as Annex A.

After careful consideration, the Board of Directors of MBT approved and adopted the Merger Agreement and determined it to be advisable and in the best interest of MBT and its shareholders. See THE MERGER—MBT's Reasons for the Merger; Recommendation of MBT's Board of Directors included elsewhere in this proxy statement and prospectus for a more detailed discussion of the MBT Board of Directors' recommendation.

For the reasons discussed in this proxy statement and prospectus, the Board of Directors of MBT determined that the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and in the best interests of MBT and its shareholders, and adopted and approved the Merger Agreement. The Board of Directors of MBT recommends that MBT shareholders vote FOR approval of the Merger Proposal.

ADJOURNMENT PROPOSAL

The MBT special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the MBT special meeting to approve the Merger Proposal.

If, at the MBT special meeting, the number of shares of MBT common stock present or represented and voting in favor of the Merger Proposal is insufficient to approve the Merger Proposal, MBT intends to move to adjourn the MBT special meeting in order to enable the Board of Directors of MBT to solicit additional proxies for approval of the Merger Proposal. In that event, MBT will ask its shareholders to vote upon the Adjournment Proposal, but not the Merger Proposal.

In this Adjournment Proposal, MBT is asking its shareholders to authorize the holder of any proxy solicited by the Board of Directors of MBT, on a discretionary basis, to vote in favor of adjourning the MBT special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from MBT shareholders who have previously voted.

The Board of Directors of MBT recommends a vote FOR the Adjournment Proposal.

MERGER-RELATED COMPENSATION PROPOSAL

Non-Binding Advisory Vote on Merger Related Named Executive Officer Compensation

As required by Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) of the Securities Exchange Act of 1934, as amended, MBT is seeking non-binding, advisory shareholder approval of the compensation of the named executive officers of MBT that is based upon or otherwise related to the Merger as disclosed under the heading Merger-Related Compensation for MBT's Named Executive Officers appearing below. This proposal provides you, as a shareholder of MBT, the opportunity to express your view on any merger-related compensation of MBT's named executive officers by approving or not approving adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to MBT's named executive officers in connection with the Merger and the agreements or understandings pursuant to which such compensation may be paid or become payable, in each case as disclosed pursuant to Item 402(t) of Regulation S-K in 'THE MERGER –

RELATED COMPENSATION PROPOSAL, are hereby APPROVED.

Because the Merger is not conditioned upon this proposal and your vote is advisory, it will not be binding on MBT or First Merchants. If the parties complete the Merger, the merger-related compensation disclosed below under

Merger-Related Compensation for MBT's Named Executive Officers will be paid to MBT's named executive officers to the extent payable in accordance with the compensation agreements and other arrangements

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even if the MBT's shareholders do not approve the merger-related compensation on an advisory basis. In addition to information below regarding the Merger-Related Compensation Proposal, see THE MERGER - Interests of Certain Persons in the Merger for additional information regarding interests of management in the Merger at page 51.

Merger-Related Compensation for MBT's Named Executive Officers

MBT has entered into change in control or severance agreements with its named executive officers that will provide cash payments to them in connection with the Merger. Additionally, under the terms of the MBT's equity plans, award agreements and the terms of the Merger Agreement all unvested equity awards will become vested and exchanged for the Merger Consideration. Pursuant to the terms of the Merger Agreement and subject to closing of the Merger, to the extent those arrangements are double trigger arrangements those arrangements have been amended to eliminate any requirement that the covered participating executive experience an actual or constructive termination of their employment in order to receive the payments and benefits. In exchange for the cash payments provided under the amended agreements the covered executives must provide a full release to MBT and an express agreement permitting the enforcement of any applicable noncompetition and non-solicitation covenants contained in those agreements by First Merchants following the Merger.

The table and footnotes below reflect the estimated amount of compensation that each of the named executive officers of MBT is entitled to receive as a result of the Merger. In addition, the table presents the value of the acceleration of the vesting of equity awards as a result of the Merger. The amounts reported below are estimates based on assumptions that may or may not actually occur or be accurate on the relevant date, including assumptions described in this document. As a result the actual amounts to be received by a named executive officer may differ from the amounts set forth below.

Golden Parachute Compensation

Name and Principal Position (a)	Cash⁽¹⁾ (\$)	Equity⁽²⁾ (\$)	Total (\$)
H. Douglas Chaffin (PEO)	1,681,809	228,192	1,910,001
John L. Skibski (PFO)	465,704	108,924	574,628
Thomas G. Myers EVP, Chief Lending Manager	454,122	108,924	563,046
Scott E. McKelvey EVP, Wayne County President	447,562	108,924	556,486
Audrey Mistor EVP, Wealth Management Group Director	423,875	108,924	532,799

(1) The cash payment payable to each of the named executive officers of MBT will be made in a single lump sum in connection with the consummation of the Merger. The amounts indicated for Mr. Chaffin includes \$1,174,485 under the terms of his change in control agreement and \$507,324 payable in connection with Mr. Chaffin's agreement to terminate his participation in the Director DBO Plan. At the election of Mr. Chaffin, the cash amount payable in connection with the Director DBO Plan may be paid in shares of common stock of First Merchants. For a description regarding the Director DBO Plan See THE MERGER - Interests of Certain Persons in the Merger at page 51. The amounts payable to the other named executive officers represent amounts payable under the terms of their severance agreements with MBT.

(2) Under the terms of the Merger Agreement immediately prior to the closing, each then outstanding stock only stock appreciation right (SOSAR) and restricted stock unit (RSU) of MBT, whether unvested or vested, shall be exchanged for shares of MBT common stock according to their respective award agreement terms and as a result of the Merger will be converted into the Merger Consideration. The dollar value of the SOSARs and RSUs, the vesting of which is accelerated as a result of the Merger are shown below, in accordance with SEC Reg S-K, Item 402(t), in an amount equal to the average closing market price of MBT common stock over the first five business days following the public announcement of the Merger on October 10, 2018, or \$43.63 per share.

Name	SOSARs (\$)	Restricted Stock Units (\$)	Total (\$)
H. Douglas Chaffin	18,816	209,376	228,192
John L. Skibski	7,476	101,448	108,924
Thomas G. Myers	7,476	101,448	108,924
Scott E. McKelvey	7,476	101,448	108,924
Audrey Mistor	7,476	101,448	108,924

The Board of Directors of MBT recommends a vote FOR the Merger-Related Compensation Proposal.

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THE MERGER

At the special meeting, the shareholders of MBT will consider and vote upon approval of the Merger Agreement. The following summary highlights certain information about the Merger. To understand the Merger, you should read carefully this entire proxy statement and prospectus, including the Merger Agreement, which is attached to this document as Annex A.

Description of the Merger

Under the terms and subject to the conditions of the Merger Agreement approved by each of MBT's and First Merchants' Boards of Directors, MBT will merge with and into First Merchants and the separate corporate existence of MBT will cease. Immediately following the Merger, Monroe Bank & Trust will be consolidated and merged with and into First Merchants Bank and Monroe Bank & Trust will cease to exist as a separate entity. The Articles of Incorporation and Bylaws of First Merchants, as in effect prior to the Merger, will be the Articles of Incorporation and Bylaws of First Merchants after the Merger.

Exchange of MBT Common Stock

The Merger Agreement provides that MBT shareholders will have the right, with respect to each of their shares of MBT common stock, to receive, without interest, a 0.2750 (the Exchange Ratio) share of First Merchants common stock (the Merger Consideration), subject to the payment of cash instead of fractional shares.

If First Merchants changes the number of outstanding shares of First Merchants common stock before the Merger through any stock split, stock dividend, recapitalization or similar transaction, then the Exchange Ratio will be proportionately adjusted so that MBT shareholders will receive such number of shares of First Merchants common stock as represents the same percentage of outstanding shares of First Merchants common stock at the effective date of the Merger as would have been represented by the number of shares of First Merchants common stock such shareholder would have received if the recapitalization had not occurred.

First Merchants will not issue fractional shares to MBT shareholders. Instead, MBT common shareholders will receive for each fractional share an amount in cash determined by multiplying (i) the fractional interest by (ii) the average of the closing price of the common stock of First Merchants as reported by Bloomberg, L.P. for the ten (10) days that First Merchants common stock trades on The NASDAQ Global Select Market preceding the fourth calendar day prior to the effective date of the Merger.

If you are an MBT shareholder and you receive First Merchants common stock as Merger Consideration for your shares of MBT common stock, the value of the consideration that you will receive in the Merger will depend on the market price of First Merchants common stock when you receive your shares of First Merchants common stock. The implied per share value of the stock consideration, based upon First Merchants' closing stock price on December 18, 2018, the most recent practicable trading day before this proxy statement and prospectus was finalized, was \$9.86 per share. **No assurance can be given (and it is not likely) that the current market price of First Merchants common stock will be equivalent to the market price of First Merchants common stock on the date that shares of First Merchants common stock are received by an MBT shareholder or at any other time.**

On or prior to the effective date of the Merger, First Merchants will deposit with American Stock Transfer, as exchange agent, certificates or book entry for shares (as requested by registered shareholders of MBT) of First Merchants common stock, each to be given to the holders of MBT common stock in exchange for old certificates (or shares in book entry form) representing shares of MBT common stock. Within three (3) business days following the effective date of the Merger, First Merchants will mail a letter of transmittal to each person who was, immediately

prior to the effective time of the Merger, a holder of record of MBT common stock. The letter of transmittal will contain instructions for use in effecting the surrender of MBT stock certificates (or shares in book entry form) in exchange for the consideration to which such person may be entitled pursuant to the Merger Agreement. Within five (5) business days following the later of the effective date of the Merger or the surrender to American Stock Transfer of the old certificate(s) representing shares of MBT common stock for cancellation, together with such letter of transmittal duly executed and completed, the holder of such old certificate(s) (or shares in book entry form) will be provided evidence of shares in book entry form representing shares of First Merchants common stock and/or a check in the amount to which such holder is entitled pursuant to the Merger Agreement, and the old certificate will be canceled.

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Until you surrender your MBT stock certificates (or shares in book entry form) for exchange, you will accrue, but will not be paid, any dividends or other distributions declared after the effective time of the Merger with respect to First Merchants common stock into which any of your shares may have been converted. When you surrender your MBT stock certificates (or shares in book entry form), First Merchants will pay any unpaid dividends or other distributions, without interest. After the completion of the Merger, there will be no transfers on the stock transfer books of MBT of any shares of MBT common stock.

If a certificate for MBT common stock has been lost, stolen or destroyed, First Merchants will issue the consideration properly payable under the Merger Agreement to the registered owner of such certificate upon receipt of an affidavit of lost stock certificate, in form and substance satisfactory to First Merchants, and upon compliance by the MBT's shareholder with all procedures historically required by MBT in connection with lost, stolen or destroyed certificates.

Effect of the Merger on First Merchants Shareholders

The approval of the First Merchants shareholders of the Merger Agreement is not required in order to complete the Merger. First Merchants shareholders will also not be entitled to exchange their shares of First Merchant common stock for any consideration as a result of the Merger. After the Merger, First Merchants shareholders will continue to own the same number of First Merchants shares they owned before the Merger.

Background of the Merger

MBT's Board of Directors conducts regular strategic planning sessions on a basis no less often than annually to discuss MBT's long-term strategic alternatives, prospects and strategies to enhance shareholder value. These sessions not only reviewed organic growth plans but also capital management and the potential for mergers and acquisitions. At the December 2017 MBT Board of Directors meeting, the MBT Board of Directors discussed and reviewed MBT's capital management plan and strategic opportunities to maximize value for its shareholders. These opportunities included, among other alternatives, continuing as an independent institution, growing internally and through acquisitions, or affiliating with another institution. Following these deliberations, the MBT Board of Directors made a preliminary decision to further discuss and review the possibility of an affiliation with a larger financial institution. During January of 2018 the MBT Board of Directors met with representatives of Sandler O'Neill and discussed in general terms the market conditions for mergers and acquisitions in the financial services industry and in particular MBT's prospects as an acquiror and as a potential acquisition by a larger financial institution.

The MBT Board of Directors held a special meeting on June 1, 2018, to further discuss its strategic options including a possible affiliation with a larger financial institution. The MBT Board of Directors reviewed the challenges facing MBT in the market place including its strong market position in the Monroe, Michigan banking market necessitating the need to continue to extend geographically either through organic growth or growth by acquisitions and mergers. In considering growth by acquisitions MBT's Board of Directors considered the difficulty of identifying and successfully concluding the acquisitions of other financial institutions as well as the attendant risk of execution of that growth by acquisition strategy. Consideration was also given to the lack of strong loan demand in MBT's existing markets. The increasing level of market competition in the financial service sector in the Monroe, Michigan market and the high level of competition in the adjacent metropolitan areas were also considered. Finally, the difficulty of adequately growing earnings in the current highly competitive marketplace and the high costs associated with complying with ever increasing governmental regulations, health care and technology needs were considered.

Based upon its prior relationships and the national reputations for investment banking services, at the direction of the MBT Board of Directors, Mr. Chaffin contacted Sandler O'Neill and Donnelly Penman & Partners (Donnelly Penman) to seek professional investment banking advice on the national and regional market conditions for financial institution mergers and acquisitions. On July 26, 2018, representatives of Sandler O'Neill and Donnelly Penman met separately

with the MBT Board of Directors to discuss current market conditions for mergers and acquisitions in the community banking sector and to specifically discuss institutions that may have an interest in acquiring MBT. Representatives of Sandler O'Neill and Donnelly Penman also provided the MBT Board of Directors with market information regarding recent mergers in the financial services industry covering transactions occurring in the both the Midwest and nationally. Sandler O'Neill and Donnelly Penman separately identified a possible universe of financial institutions that could be potential candidates for a

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strategic transaction with MBT. Following those discussions, Mr. Chaffin was directed by the MBT Board of Directors to retain Sandler O'Neill and Donnelly Penman to assist MBT with the formal exploration of a possible combination of MBT with a larger financial institution. In order to efficiently and initially evaluate its options with regard to a possible strategic merger with a larger financial institution, the MBT Board of Directors on July 31, 2018, established a special committee comprised of the following directors; Mr. Carlton, Mr. Chaffin, Mr. Daly, Mr. Deutsch, Mr. Miller, Mr. Scavuzzo and Mr. Skibski (the Special Committee). The MBT Board of Directors on July 31, 2018 directed Sandler O'Neill to contact six financial institutions to assess their current posture with respect to an acquisition and more specifically their interest in MBT. All of the six institutions, including First Merchants, entered into confidentiality agreements during the first week of August, 2018. Representatives of Sandler O'Neill discussed with each party the expected discovery process which was to include access over the coming weeks to a confidential data room with information regarding MBT to assist them in formulating their indications of interest. Representatives of Sandler O'Neill also indicated that all parties would be asked to provide written non-binding indications of interest during the week following the 2018 Labor Day holiday weekend.

On or about August 15, 2018, First Merchants contacted Sandler O'Neill and indicated that First Merchants would be submitting a written indication of interest within the next several days and wanted to move forward with MBT on an exclusive basis to negotiate a definitive agreement to combine First Merchants and MBT. On August 17, 2018, First Merchants submitted a written indication of interest, which provided that subject to due diligence, it was prepared to offer shareholders of MBT consideration comprised of 90% First Merchants common stock and 10% cash, which had a nominal value of \$13.50 per share based upon the then market value of First Merchants common stock.

MBT's Special Committee met on August 19, 2018. Representatives of Shumaker, Loop & Kendrick, LLP, counsel to MBT and representatives of Sandler O'Neill attended the meeting. Sandler O'Neill informed the MBT Special Committee that one of the six parties had withdrawn from the process shortly after execution of the confidentiality agreement in early August after determining it had no further interest. The MBT Special Committee members then reviewed with Sandler O'Neill the First Merchants August 17, 2018, indication of interest and discussed its response, which included negotiating various terms of the letter and adding other key terms. Thereafter, at the direction of the MBT Special Committee, Representatives of Sandler O'Neill contacted First Merchants on August 20, 2018, and indicated that the offer was not sufficiently compelling to grant First Merchants exclusivity. Representatives of Sandler O'Neill were also directed by the MBT Special Committee to contact the other four interested parties and communicate that MBT had been approached by a party with a potentially preemptive bid and therefore the exploration process would need to be adjusted. Representatives of Sandler O'Neill contacted the other remaining parties and instructed each party to make certain baseline financial assumptions and determine whether they would be in a position to be competitive at or above a pricing level in the mid \$13.00 per MBT share area. Representatives of Sandler O'Neill asked that these parties provide a response within the next several days.

The MBT Special Committee met on August 23, 2018. Representatives of Shumaker, Loop & Kendrick, LLP, counsel to MBT and representatives of Sandler O'Neill attended the meeting. Sandler O'Neill presented to the MBT Special Committee the results of their conversations with the four remaining interested parties other than First Merchants. One of the parties indicated to Sandler O'Neill that consistent with its disclosure at the time it executed a confidentiality agreement, it had another potential acquisition transaction that could take a priority over its interest in MBT. Sandler O'Neill indicated to the MBT Special Committee that the other potential transaction was in fact moving forward, and as a result, the interested party withdrew. Two of the other parties indicated that the pricing level indicated by Sandler O'Neill was above their pricing capacity and withdrew. The final interested party submitted an oral indication of interest followed by an emailed indication of interest on August 23, 2018, with a 100% stock offer and an implied pricing level at that time of above \$13.00 but below \$13.50 per MBT share. After further deliberations the MBT Special Committee instructed Sandler O'Neill to contact First Merchants and indicate that while MBT would like to move forward on the general terms offered by First Merchants in its indication of interest letter dated August 17, 2018, the offer was not sufficiently compelling to grant exclusivity and asked First Merchants to again consider its

offer.

On August 25, 2018, all of the members of the Board of Directors of MBT met to receive an update from the MBT Special Committee and to review a revised indication of interest received from First Merchants dated August 25, 2018. Representatives of Shumaker, Loop & Kendrick, LLP, counsel to MBT and representatives of

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Sandler O Neill attended the meeting. Representatives of Sandler O Neill gave an overview of the process that had occurred since the beginning of August 2018 to the full MBT Board of Directors. Sandler O Neill also reviewed the terms of the revised indication of interest received from First Merchants. The revised indication of interest proposed an all-stock transaction in which shareholders of MBT would receive 0.2800 shares of First Merchants for each share of MBT which based on the most recent closing price of First Merchants equated to \$13.59 per MBT share at that time. Sandler O Neill provided the MBT Board of Directors with detailed financial information regarding the proposed merger including a comprehensive pro-forma merger analysis. Other recent merger transactions were reviewed with the MBT Board of Directors and compared to the proposed transaction. The members of the MBT Board of Directors then discussed and considered the revised indication of interest and at the conclusion of that discussion unanimously resolved to approve and execute the First Merchants indication of interest letter.

On August 27, 2018 the Board of Directors of MBT formally engaged Sandler O Neill and Donnelly Penman to provide financial advisory services in connection with a possible sale of MBT. From August 26, 2018 until September 27, 2018, First Merchants conducted a due diligence review of MBT and on September 6, 2018, the law firm of Bingham Greenebaum Doll LLP, legal counsel for First Merchants, presented a draft Agreement and Plan of Reorganization and Merger (the Merger Agreement) to MBT's legal counsel, Shumaker, Loop & Kendrick, LLP. The parties and their legal counsel exchanged comments and negotiated changes to the draft Merger Agreement. During this time, management of the parties continued discussions and performed due diligence. The parties also provided drafts of their respective disclosure letters to the Merger Agreement and discussed other aspects of the proposed transaction and merger integration issues.

On September 27, 2018, the MBT Board of Directors held a meeting to discuss the draft Merger Agreement and related issues. All directors had been provided a copy of the Merger Agreement several days prior to the meeting. Also present at the meeting were representatives of Sandler O Neill and Shumaker, Loop & Kendrick, LLP. Shumaker, Loop & Kendrick, LLP, discussed the legal standards and responsibilities of the directors with regard to matters before them and provided a comprehensive review of all of the material terms of the terms of the Merger Agreement. Representatives of Sandler O Neill reviewed with the MBT Board of Directors the background of the process which had been undertaken to that point and presented a comprehensive financial analysis of First Merchants and of the proposed Merger Consideration. Representatives of Sandler O Neill indicated to the MBT Board of Directors that while substantial due diligence had been completed by the parties, several more days were likely necessary to complete due diligence. Shumaker, Loop & Kendrick, LLP indicated that the Merger Agreement was substantially complete and only minor changes were likely required.

After the September meeting of the MBT Board of Directors, MBT and its representatives conducted a limited scope reverse due diligence of First Merchants. The MBT Board of Directors met again on October 5, 2018, to further discuss the transaction and receive an update on the due diligence progress. Representatives of Sandler O Neill provided an overview of the due diligence process and indicated that First Merchants contacted them to discuss those results. First Merchants had determined that as a result of its due diligence a small adjustment in the exchange ratio proposed in its indication of interest dated August 25, 2018, was determined necessary, and First Merchants revised the proposed exchange ratio from 0.2800 to 0.2750. Representatives of Sandler O Neill reviewed the revised proposal with the MBT Board of Directors, and the MBT Board of Directors discussed the matter. At the conclusion of the meeting, Sandler O Neill was directed by the MBT Board of Directors to communicate to First Merchants that MBT would accept the revised exchange ratio. The MBT Board of Directors determined to meet again on October 8, 2018 for the purpose of its final consideration of the final Merger Agreement.

The MBT Board of Directors met on October 8, 2018, to consider the final Merger Agreement. Sandler O Neill then delivered to the MBT Board of Directors an oral opinion, which was subsequently confirmed in writing on October 9, 2018, to the effect that, based on and subject to the assumptions, limitations, qualifications and conditions set forth in Sandler O Neill's written opinion, as of such date the Exchange Ratio was fair, from a financial point of view, to

holders of MBT common stock. Shumaker, Loop & Kendrick, LLP attorneys then requested and received confirmation from the MBT Board of Directors that each of the directors present had reviewed the draft Merger Agreement, resolutions and other ancillary material provided to the directors prior to the special meeting. The Shumaker, Loop & Kendrick, LLP attorneys also reiterated that the directors would need to sign voting agreements, which would require them to vote their shares in favor of the Merger.

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Thereafter, the MBT Board of Directors considered resolutions concerning the transaction. The MBT Board of Directors then approved the Merger Agreement and transactions set forth therein and authorized Mr. Chaffin to execute and deliver the Merger Agreement and take the other actions necessary to effect the transaction.

MBT and First Merchants executed the Merger Agreement on October 9, 2018 and announced the transaction on October 10, 2018.

First Merchants Reasons for the Merger

In reaching its decision to adopt and approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the First Merchants Board of Directors consulted with First Merchants management and considered a number of factors, including the following material factors:

- each of First Merchants' and MBT's business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the First Merchants Board of Directors considered that the Merger (1) will expand First Merchants' business within demographically attractive markets in southeastern Michigan; (2) will increase First Merchants' core deposit base, an important funding source; (3) will provide First Merchants with an experienced management team and quality bank branches in and around southeastern Michigan; and (4) will provide First Merchants with the opportunity to sell First Merchants' broad array of products to MBT's client base;
- its understanding of the current and prospective environment in which First Merchants and MBT operate, including national and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on First Merchants both with and without the proposed transaction;
- its review and discussions with First Merchants' management concerning the due diligence examination of MBT;
- the complementary nature of the cultures of the two companies, which management believes should facilitate integration and implementation of the transaction;
- the financial and other terms of the Merger Agreement, including the fixed Exchange Ratio, tax treatment and deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;
- the potential risk of diverting management attention and resources from the operation of First Merchants' business towards the completion of the Merger; and
- the regulatory and other approvals required in connection with the Merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions.

The foregoing discussion of the information and factors considered by the First Merchants Board of Directors is not intended to be exhaustive, but includes the material factors considered by the First Merchants Board of Directors. In reaching its decision to approve and adopt the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the First Merchants Board of Directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The First Merchants Board of Directors considered all these factors as a whole, including discussions with, and questioning of, First Merchants management and First Merchants financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

For the reasons set forth above, the First Merchants Board of Directors unanimously determined that the Merger Agreement and the transactions contemplated by the Merger Agreement are advisable and in the best interests of First Merchants and its shareholders, and unanimously approved and adopted the Merger Agreement.

MBT's Reasons for the Merger

In reaching its decision to adopt and approve the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, and to recommend that its shareholders approve the Merger Agreement,

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MBT's Board of Directors consulted with MBT management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

- the review undertaken by the MBT Board of Directors and management with respect to the strategic alternatives available to MBT;
- the business strategy and strategic plan of MBT and its prospects for the future as an independent institution, including the risks inherent in successful execution of its strategic plan, its projected financial results, and expectations relating to the proposed Merger with First Merchants;
- a review of the challenges facing MBT in the current competitive, economic, financial and regulatory climate, and the potential benefits of aligning MBT with a larger organization;
- the consistency of the Merger with MBT's long-term strategic plan to seek profitable future expansion, leading to continued growth in overall shareholder value;
- a review of the historical financial statements and condition of MBT and certain other internal information, primarily financial in nature, relating to the business, earnings and balance sheet of MBT;
- a review of the historical financial statements and condition of First Merchants and certain other information, primarily financial in nature, relating to the business, earnings and financial condition of First Merchants;
- the synergies of the combination of the balance sheets of MBT with its stable core deposit base and First Merchants historic loan demand;
- its review and discussions with MBT management and its advisors concerning the due diligence examination of First Merchants;
- the fact that the Merger would combine two established banking franchises to create a bank with over \$10 billion in assets;
- the complementary nature of the businesses of MBT and First Merchants and the anticipated improved stability of the combined company's business and earnings in varying economic and market climates;
- the belief of MBT senior management that the management teams and employees of MBT and First Merchants possess complementary skills and expertise and the potential advantages of a larger institution when pursuing, or seeking to retain, talent;
- the financial strength of First Merchants based on First Merchants' historical earnings and profitability expectations over the near and long term;
- the strength, recent performance and liquidity of First Merchants' common stock;
- the financial and other terms of the Merger Agreement, including the fixed Exchange Ratio, tax treatment and deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;
- the fact that, based on the closing price of First Merchants' common stock on October 8, 2018, of \$45.64, the implied price per share value of MBT common stock would be \$12.55;
- the ability of MBT's shareholders to benefit from First Merchants' potential acquisition and organic growth and stock appreciation over time since it is more likely that the combined entity will have superior future earnings and prospects compared to MBT's earnings and prospects on an independent basis as the result of greater operating efficiencies and better penetration of commercial and consumer banking markets;
- the ability of First Merchants to complete a merger transaction from a financial and regulatory perspective;
- the regulatory and other approvals required in connection with the Merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions;

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- the complementary geographic fit and customer convenience of the branch networks of the combined banks;
- the creation of a First Merchants Michigan Regional Advisory board with representatives on it from the MBT Board of Directors;
- the potential continued representation of certain of MBT's management on the management team of the combined entity and the participation of an MBT director on the First Merchants Board of Directors;
- the anticipated effect of the acquisition on MBT's employees due to the lack of significant market overlap and the severance policy of First Merchants;
- the anticipated effect on MBT's customers and the communities served by MBT;
-