

FIRST MERCHANTS CORP  
Form 11-K  
June 12, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

☒ ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014  
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-17071

A. Full title of the plan and the address of the plan, if different from that of the Issuer named below:

First Merchants Corporation  
Retirement Income and Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal office:

First Merchants Corporation  
200 East Jackson Street  
Muncie, Indiana 47305

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First Merchants Corporation  
Retirement Income and Savings Plan  
EIN 35-1544218 PN 002  
Auditor's Report and Financial Statements  
December 31, 2014 and 2013

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First Merchants Corporation  
Retirement Income and Savings Plan  
December 31, 2014 and 2013

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Report of Independent Registered Public Accounting Firm

Audit and Administrative Committee  
First Merchants Corporation Retirement Income and Savings Plan  
Muncie, Indiana

We have audited the accompanying statements of net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental information has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BKD, LLP

Indianapolis, Indiana  
June 12, 2015



First Merchants Corporation  
Retirement Income and Savings Plan  
Statements of Net Assets Available for Benefits  
December 31, 2014 and 2013

|                                                                                                                                                         | 2014           | 2013          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|
| Assets                                                                                                                                                  |                |               |
| Investments, at fair value                                                                                                                              |                |               |
| Common Stock                                                                                                                                            | \$4,891,955    | \$3,288,919   |
| Mutual Funds                                                                                                                                            | 82,728,498     | 70,090,721    |
| Collective Investment Fund                                                                                                                              | 4,837,600      | 4,218,104     |
| Money Market Funds                                                                                                                                      | 4,571,391      | 4,642,469     |
| Total Investments                                                                                                                                       | 97,029,444     | 82,240,213    |
| Receivables                                                                                                                                             |                |               |
| Accrued Income                                                                                                                                          | 503,364        | 67,543        |
| Employer Contributions                                                                                                                                  | 748,496        | 841,547       |
| Notes Receivable from Participants                                                                                                                      | 1,995,019      | 1,774,910     |
| Total Receivables                                                                                                                                       | 3,246,879      | 2,684,000     |
| Cash                                                                                                                                                    | 138,987        | 21,593        |
| Total Assets                                                                                                                                            | 100,415,310    | 84,945,806    |
| Liabilities                                                                                                                                             |                |               |
| Excess Contributions Refundable                                                                                                                         | 61,188         | 44,110        |
| Accrued Administrative Expenses                                                                                                                         | 39,417         | 34,400        |
| Total Liabilities                                                                                                                                       | 100,605        | 78,510        |
| Net Assets Available for Benefits, at Fair Value                                                                                                        | 100,314,705    | 84,867,296    |
| Adjustment from fair value to contract value<br>for interest in collective investment fund relating<br>to fully benefit-responsive investment contracts | (15,606        | )(11,997 )    |
| Net Assets Available for Benefits                                                                                                                       | \$ 100,299,099 | \$ 84,855,299 |

See Notes to Financial Statements



First Merchants Corporation  
Retirement Income and Savings Plan  
Statements of Changes in Net Assets Available for Benefits  
Years Ended December 31, 2014 and 2013

|                                                                                                         | 2014          | 2013         |
|---------------------------------------------------------------------------------------------------------|---------------|--------------|
| Investment Income                                                                                       |               |              |
| Net Appreciation in Fair Value of Investments                                                           | \$1,420,078   | \$10,298,886 |
| Investment Dividends                                                                                    | 4,379,058     | 3,817,529    |
| Net Investment Income                                                                                   | 5,799,136     | 14,116,415   |
| Interest Income From Notes Receivable from Participants                                                 | 76,211        | 67,235       |
| Contributions                                                                                           |               |              |
| Participants                                                                                            | 4,622,860     | 3,931,399    |
| Employer                                                                                                | 3,390,341     | 3,099,579    |
| Rollovers                                                                                               | 5,960,722     | 469,029      |
| Transfers In-Kind, First Merchants Corporation Common Stock                                             | 1,246,562     | —            |
| Total Contributions                                                                                     | 15,220,485    | 7,500,007    |
| Total Additions                                                                                         | \$21,095,832  | \$21,683,657 |
| Deductions                                                                                              |               |              |
| Benefits Paid to Participants                                                                           | 5,729,045     | 5,306,693    |
| Administrative Expenses                                                                                 | 109,781       | 106,535      |
| Total Deductions                                                                                        | \$5,838,826   | \$5,413,228  |
| Net Increase                                                                                            | 15,257,006    | 16,270,429   |
| Transfer from Citizens Financial Bank 401(k) Retirement Plan, Participant Loans                         | 72,882        | —            |
| Transfer from Citizens Financial Bank 401(k) Retirement Plan, In-Kind First Merchants Corporation Stock | 113,912       | —            |
| Net Assets Available for Benefits, Beginning of Year                                                    | 84,855,299    | 68,584,870   |
| Net Assets Available for Benefits, End of Year                                                          | \$100,299,099 | \$84,855,299 |

See Notes to Financial Statements

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

Note 1: Description of Plan

The following description of First Merchants Corporation Retirement Income and Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document and Summary Plan Description for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

General

The Plan is a defined-contribution plan sponsored by First Merchants Corporation (Corporation) for the benefit of all employees who are age 18 or older. On November 12, 2013, the Corporation acquired Citizens Financial Bank, and on November 7, 2014, the Corporation acquired Community Bank. All eligible employees from both banks were permitted to participate in the First Merchants Retirement Income and Savings Plan effective the day following those respective dates. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). First Merchants Trust Company, a division of First Merchants Bank, N.A. is the trustee and record keeper of the Plan. First Merchants, as custodian, employs Fidelity to hold the majority of the Plan's assets on their behalf.

Contributions

The Plan permits eligible employees through a salary deferral election to have the Corporation make annual contributions of up to 75% of eligible compensation up to the maximum allowed by law. Employee rollover contributions are also permitted. The Plan also accepts Roth elective deferrals made on behalf of participants. Prior to March 1, 2005, the Corporation made matching contributions of its employees' salary deferral amounts of 25% of the first 5% of employees' eligible compensation for all participating employees. After March 1, 2005, the matching contribution described above was the only type of employer contribution granted to grandfathered pension plan participants who were at least age 55 and credited with at least ten years of service on February 28, 2005. Effective January 1, 2013, the structure of the matching contribution for grandfathered participants was changed to the same match structure as all other active employees as described below. The remaining participants could receive three different types of employer contributions. The Corporation's contributions are as follows:

Retirement security contributions: Effective January 1, 2013, the plan was amended to replace the previous service weighted contribution structure with a range from 2% to 7% of pay based on years of continuous service, to a non-elective 2% of pay contribution. The participant must have 1,000 hours of service and be employed at the end of the Plan year. Effective January 1, 2010, any employee who is hired or rehired after January 1, 2010 is not eligible for the Retirement Security Contribution.

Matching contributions: Effective January 1, 2013, the plan was amended to change the match structure to increase the employer match to a maximum of 4.5% of employees' eligible compensation. The matching employer contribution increased from 50% of the first 6% of employees' eligible compensation, to 100% of the first 3% of employees' eligible compensation plus 50% of contributions that exceed 3% but are less than 6% of eligible compensation for all participating employees.

First Merchants Corporation  
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The end of year requirement does not apply for participants who have terminated due to normal retirement age, death, or disability. Prior to January 1, 2010, the end of year requirement did not apply for participants who terminated due to early retirement age, which was defined as age 55 and greater than five years of service. Effective January 1, 2010, there is no longer an early retirement provision under the Plan. Normal retirement is defined as age 65 if you are a participant in the Plan at March 1, 2005. If you became a participant in the Plan after March 1, 2005, then the normal retirement date is the later of age 65 or the 5<sup>th</sup> anniversary of your earliest participation date. Prior to January 1, 2010, the entry date for retirement security and transition contributions was March 1, 2005, and each subsequent January 1. Effective January 1, 2010, any employee who is hired or rehired after January 1, 2010 is not eligible for the retirement security contribution. Catch-up contributions are also available for participants in the year in which they turn 50 years of age.

The Plan Document also includes an automatic deferral feature whereby a participant is treated as electing to defer 3% of eligible compensation unless the participant made an affirmative election otherwise. Contributions are subject to certain limitations.

**Participant Investment Account Options**

Investment account options available include various funds as well as Corporation common stock. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily. Allocations to the Corporation's common stock are generally limited to 25% of the applicable account balance.

**Participant Accounts**

Each participant's account is credited with the participant's contribution, the Corporation's contribution and Plan earnings. Allocations of Plan earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting**

Participants are immediately vested in their voluntary contributions and rollover contribution accounts plus earnings thereon. Vesting in the Corporation's matching contribution portion of their accounts plus earnings thereon is based on years of credited service. A participant is fully vested in the matching contribution portion of their account after five years of credited service. The vesting in the retirement security contribution portion of their account plus earnings is 100% after three years of credited service and vesting in the transition contribution portion of their account plus earnings is immediate since all eligible participants have at least ten years of service. The nonvested balance is forfeited upon termination of service. Forfeitures are used to reduce the Corporation's contribution or to pay reasonable administrative expenses of the Plan.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

Payment of Benefits

Upon termination of service, participants may elect to receive a lump-sum amount or installments equal to the value of their accounts. Withdrawals other than for termination are permitted under circumstances provided by the Plan. Plan assets may include amounts allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.

Forfeited Accounts

At December 31, 2014 and 2013, forfeited nonvested accounts totaled \$1,075 and \$1,583 respectively. These accounts will be used to reduce future employer contributions. Also, in 2014 and 2013, employer contributions were reduced by approximately \$115,900 and \$62,800, respectively, from forfeited nonvested accounts.

Notes Receivable From Participants

Effective January 1, 2010, the Plan Document includes provisions authorizing loans from the Plan to active eligible participants. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loans is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on local prevailing rates as determined by the Plan Administrator.

Prior to January 1, 2010, new loans were not allowed by the Plan. The participant loan balances reported prior to January 1, 2010 were acquired from merged plans in March 1, 2005.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as benefits paid based upon the terms of the Plan Document.

Plan Termination

Although it has not expressed any intent to do so, the Corporation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual method of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. The Statement of Net Assets Available for Benefits presents the fair value of the investments in the collective trust as well as the adjustment from fair value to contract value relating to the investment. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets available for benefits. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value of shares held by the Plan at year end. Investment in the Corporation's common stock is valued at the quoted market price on the last business day of the plan year. The Plan's interest in the collective investment fund (Federated Capital Preservation Fund) is valued based on information reported by the investment advisor using the audited financial statements of the collective investment fund at year-end. The collective investment fund invests in investments that pursue multiple strategies to exceed the performance of certain industrial averages. The funds may invest in money market mutual funds and guaranteed investment contracts. The net asset value of the fund is determined as of the end of each month utilizing the values of the underlying assets. The fund provides daily liquidity at contract value for any participant withdrawing and transferring funds.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

Plan Tax Status

The Plan obtained its latest determination letter on August 6, 2010, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code and therefore not subject to tax. The Plan has been amended since it received the determination letter. However, the Plan Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America required plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Department of Labor or Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2011.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Corporation or the Plan, at the Corporation's discretion.

Note 3: Investments

At December 31, 2014, the Plan's investments are held by Fidelity and the Corporation. The Federated Capital Preservation Fund included in Plan assets may be subject to withdrawal charges upon contract termination. Crediting interest rates on the guaranteed interest portion of the investment contract are determined by the issuer. The Plan's investments (including investments bought, sold and held during the year) appreciated in fair value as follows:

First Merchants Corporation  
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Notes to Financial Statements  
December 31, 2014 and 2013

|                            | 2014<br>Net<br>Appreciation<br>in Fair Value<br>During Year | Fair Value<br>at End<br>Of Year |
|----------------------------|-------------------------------------------------------------|---------------------------------|
| Common Stock               | \$ 169,938                                                  | \$4,891,955                     |
| Mutual Funds               | 1,250,140                                                   | 82,728,498                      |
| Collective Investment Fund | —                                                           | 4,837,600                       |
| Money Market Funds         | —                                                           | 4,571,391                       |
|                            | \$ 1,420,078                                                | \$97,029,444                    |
|                            |                                                             |                                 |
|                            | 2013<br>Net<br>Appreciation<br>in Fair Value<br>During Year | Fair Value<br>at End<br>Of Year |
| Common Stock               | \$ 1,200,422                                                | \$3,288,919                     |
| Mutual Funds               | 9,098,464                                                   | 70,090,721                      |
| Collective Investment Fund | —                                                           | 4,218,104                       |
| Money Market Funds         | —                                                           | 4,642,469                       |
|                            | \$ 10,298,886                                               | \$82,240,213                    |

Interest and dividends realized on the Plan's investments for the years ended December 31, 2014 and 2013 were \$4,379,058 and \$3,817,529, respectively.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
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The fair values of individual investments that represented 5% or more of the Plan's assets were as follows:

|                                   | 2014        | 2013        |
|-----------------------------------|-------------|-------------|
| Fidelity Contra Fund              | \$7,635,277 | \$6,880,133 |
| Vanguard Windsor II Fund          | 7,291,125   | 6,619,211   |
| Goldman Sachs Mid Cap Equity Fund | 5,791,091   | 5,159,015   |
| Federated Total Return Bond       |             | 4,354,906   |

Note 4: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2014. The Plan has no liabilities measured on a recurring basis and has no assets or liabilities measured at fair value on a nonrecurring basis.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, mutual funds and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include a collective investment fund. The inputs used to determine fair value of Level 2 investments may include market quotations or price, reported trades, broker/dealer quotes, bids and offers of the underlying investments obtained from external appraisals, independent pricing sources and market research publications. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities held by the Plan.

The following table presents the fair value measurements of assets recognized in the accompanying statement of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2014:

|                            |              | 2014<br>Fair Value Measurements Using<br>Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| Common Stock               | Fair Value   | \$4,891,955                                                                                                            | \$4,891,955                                               |                                                    |
| Mutual Funds               |              |                                                                                                                        |                                                           |                                                    |
| Bonds                      | 10,428,086   | 10,428,086                                                                                                             |                                                           |                                                    |
| Broad Market               | 74,063       | 74,063                                                                                                                 |                                                           |                                                    |
| Emerging Market            | 515,949      | 515,949                                                                                                                |                                                           |                                                    |
| International Equities     | 5,227,789    | 5,227,789                                                                                                              |                                                           |                                                    |
| Large Cap Equities         | 23,780,373   | 23,780,373                                                                                                             |                                                           |                                                    |
| Lifecycle Funds            | 20,339,436   | 20,339,436                                                                                                             |                                                           |                                                    |
| Mid-Cap Equities           | 12,297,321   | 12,297,321                                                                                                             |                                                           |                                                    |
| Real Estate                | 1,642,600    | 1,642,600                                                                                                              |                                                           |                                                    |
| Small-Cap Equities         | 8,422,881    | 8,422,881                                                                                                              |                                                           |                                                    |
|                            | 82,728,498   | 82,728,498                                                                                                             |                                                           |                                                    |
| Money Market Fund          | 4,571,391    | 4,571,391                                                                                                              |                                                           |                                                    |
| Collective Investment Fund | 4,837,600    |                                                                                                                        | 4,837,600                                                 |                                                    |
|                            | \$97,029,444 | \$92,191,844                                                                                                           | \$4,837,600                                               | —                                                  |

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

|                            |              | 2013                          |             |              |
|----------------------------|--------------|-------------------------------|-------------|--------------|
|                            |              | Fair Value Measurements Using |             |              |
|                            |              | Quoted Prices                 |             |              |
|                            |              | in Active                     |             |              |
|                            |              | Markets for                   |             |              |
|                            |              | Identical                     |             |              |
|                            | Fair         | Assets                        | Significant | Significant  |
|                            | Value        | (Level 1)                     | Other       | Unobservable |
|                            |              |                               | Observable  | Inputs       |
|                            |              |                               | Inputs      | (Level 3)    |
|                            |              |                               | (Level 2)   |              |
| Common Stock               | \$3,288,919  | \$3,288,919                   |             |              |
| Mutual Funds               |              |                               |             |              |
| Bonds                      | 9,708,435    | 9,708,435                     |             |              |
| Broad Market               | 43,066       | 43,066                        |             |              |
| Emerging Market            | 475,238      | 475,238                       |             |              |
| International Equities     | 5,326,761    | 5,326,761                     |             |              |
| Large Cap Equities         | 21,000,003   | 21,000,003                    |             |              |
| Lifecycle Funds            | 12,950,390   | 12,950,390                    |             |              |
| Mid-Cap Equities           | 10,894,088   | 10,894,088                    |             |              |
| Real Estate                | 1,358,252    | 1,358,252                     |             |              |
| Small-Cap Equities         | 8,334,488    | 8,334,488                     |             |              |
|                            | 70,090,721   | 70,090,721                    |             |              |
| Money Market Fund          | 4,642,469    | 4,642,469                     |             |              |
| Collective Investment Fund | 4,218,104    |                               | 4,218,104   |              |
|                            | \$82,240,213 | \$78,022,109                  | \$4,218,104 | —            |

#### Note 5: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan paid \$142,844 and \$122,893 of investment fees to First Merchants Trust Company during 2014 and 2013. The Plan received investment fee rebates of \$55,644 and \$37,501 during 2014 and 2013 from mutual fund providers. Individually nonmaterial expenses paid to parties-in-interest aggregated \$22,581 for 2014 and \$21,143 for 2013. The Company provides certain administrative services at no cost to the Plan.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2014 and 2013

The Plan invests in First Merchants Corporation common stock. Activity at fair value was as follows:

|                                                                                        | First Merchants<br>Corporation<br>Common Stock |
|----------------------------------------------------------------------------------------|------------------------------------------------|
| Balance at January 1, 2013                                                             | \$2,182,875                                    |
| Total unrealized gain included in net increase in<br>net assets available for benefits | 1,033,619                                      |
| Total realized gain included in net increase in<br>net assets available for benefits   | 166,803                                        |
| Purchases                                                                              | 334,881                                        |
| Settlements                                                                            | (429,259)                                      |
| Balance at December 31, 2013                                                           | 3,288,919                                      |
| Total unrealized gain included in net increase in<br>net assets available for benefits | 29,939                                         |
| Total realized gain included in net increase in<br>net assets available for benefits   | 139,999                                        |
| In-Kind Transfer from Citizens Financial Bank 401(k)<br>Retirement Plan*               | 1,360,474                                      |
| Purchases                                                                              | 429,748                                        |
| Settlements                                                                            | (357,124)                                      |
| Balance at December 31, 2014                                                           | \$4,891,955                                    |

\* As described in Note 1, Citizens Financial bank was acquired in November 2013. The Citizens Financial Bank stock held by the Plan was converted to First Merchants Corporation Stock at that time. During 2014 the Citizens Financial Bank Plan was terminated and stock transferred in-kind to the Plan.

Note 6: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Supplemental Schedule

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First Merchants Corporation  
Retirement Income and Savings Plan  
Employer Identification Number: 35-1544218 Plan Number: 002  
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
December 31, 2014

| (a)(b)<br>Identity of Issue,<br>Borrower, Lessor or<br>Similar Party | (c)<br>Description of<br>Investment<br>Including Par or<br>Maturity Value | (e)<br>Current<br>Value |
|----------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------|
| Common Stock<br>*First Merchants Corporation                         | 215,031      shares                                                       | \$4,891,955             |
| Mutual Funds                                                         |                                                                           |                         |
| American Europacific Growth Fund                                     | 33,564      shares                                                        | 1,580,527               |
| American High Income Trust Fund                                      | 232,022      shares                                                       | 2,494,240               |
| Capital World Bond Fund                                              | 35,492      shares                                                        | 704,516                 |
| Dodge & Cox International Fund                                       | 39,754      shares                                                        | 1,674,047               |
| Federated U.S. Government Fund                                       | 187,746      shares                                                       | 2,072,714               |
| Federated Total Return Bond                                          | 431,750      shares                                                       | 4,766,522               |
| Fidelity Contra Fund                                                 | 77,935      shares                                                        | 7,635,277               |
| Franklin Small Cap Value Fund                                        | 64,727      shares                                                        | 3,617,581               |
| Goldman Sachs Mid Cap Equity Fund                                    | 139,276      shares                                                       | 5,791,091               |
| MFS International Discovery Fund                                     | 34,640      shares                                                        | 941,502                 |
| Nuveen Mid Cap Growth Fund                                           | 58,506      shares                                                        | 2,716,430               |
| Nuveen Real Estate Fund                                              | 68,158      shares                                                        | 1,642,600               |
| T Rowe Emerging Markets Fund                                         | 15,934      shares                                                        | 515,949                 |
| T Rowe Price Dividend Growth Fund                                    | 115,089      shares                                                       | 4,158,161               |
| Vanguard 500 Index Fund                                              | 24,729      shares                                                        | 4,695,810               |
| Vanguard Inflation Protected Bond                                    | 16,113      shares                                                        | 390,094                 |
| Vanguard International Growth Admiral                                | 15,068      shares                                                        | 1,031,713               |
| Vanguard Total International Stock Admiral                           | 2,849      shares                                                         | 74,063                  |
| Vanguard Mid Cap Index Fund                                          | 24,775      shares                                                        | 3,789,800               |
| Vanguard Small Cap Growth Index Fund                                 | 39,876      shares                                                        | 1,764,919               |
| Vanguard Small Cap Index Fund                                        | 54,419      shares                                                        | 3,040,381               |
| Vanguard Target Retirement Fund                                      | 27,738      shares                                                        | 358,095                 |
| Vanguard Target 2015 Fund                                            | 96,094      shares                                                        | 1,469,282               |
| Vanguard Target 2025 Fund                                            | 232,049      shares                                                       | 3,835,764               |
| Vanguard Target 2035 Fund                                            | 167,400      shares                                                       | 2,986,412               |
| Vanguard Target 2045 Fund                                            | 57,561      shares                                                        | 1,073,512               |
| Vanguard Target 2010 Fund                                            | 23,639      shares                                                        | 622,171                 |
| Vanguard Target 2020 Fund                                            | 123,946      shares                                                       | 3,527,497               |
| Vanguard Target 2060 Fund                                            | 951      shares                                                           | 26,810                  |
| Vanguard Target 2055 Fund                                            | 3,524      shares                                                         | 112,699                 |
| Vanguard Target 2050 Fund                                            | 31,979      shares                                                        | 947,227                 |
| Vanguard Target 2040 Fund                                            | 68,546      shares                                                        | 2,039,916               |

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|                           |         |        |            |
|---------------------------|---------|--------|------------|
| Vanguard Target 2030 Fund | 115,016 | shares | 3,340,051  |
| Vanguard Windsor II Fund  | 110,138 | shares | 7,291,125  |
|                           |         |        | 82,728,498 |

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Employer Identification Number: 35-1544218 Plan Number: 002  
 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
 December 31, 2014

| (a)(b)<br>Identity of Issue,<br>Borrower, Lessor or<br>Similar Party                            | (c)<br>Description of<br>Investment<br>Including Par or<br>Maturity Value | (e)<br>Current<br>Value             |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------|
| Collective Investment Fund<br>Federated Capital Preservation Fund                               | 482,199                  units                                            | 4,837,600                           |
| Money Market Funds<br>Federated Government Obligation Fund<br>Federated U.S. Treasury Cash Fund | 2,931,102                  shares<br>1,640,290                  shares    | 2,931,101<br>1,640,290<br>4,571,391 |
| *Participant Loans                                                                              | 4.0% - 6.0%; 01/2015 - 04/2026                                            | 1,995,019                           |
| *Party-in-interest                                                                              |                                                                           | \$99,024,463                        |

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation Retirement Income and Savings Plan

Date: June 12, 2015

/s/Mark K. Hardwick

Mark K. Hardwick

Executive Vice President and Chief Financial Officer

(Principal Financial and Principal Accounting Officer)