

FORM 10-Q

AMENDMENT NO. 2

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 or 15 (d) of THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1997

Commission File Number 0-17071

First Merchants Corporation

(Exact name of registrant as specified in its charter)

Indiana

35-1544218

(State or other jurisdiction of
incorporation of organization)

(I.R.S. Employer
Identification No.)

200 East Jackson Street - Muncie, IN

47305-2814

(Address of principal executive office)

(Zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

(Former name former address and former fiscal year,
if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days,

Yes X No

As of October 30, 1997, there were outstanding 6,659,602 common shares,
without par value, of the registrant.

The exhibit index appears on page 17.

This report including the cover page contains a total of 21 pages.

FIRST MERCHANTS CORPORATION

FORM 10-Q

The following table summarized the risk elements for the Corporation.

(Dollars in Thousands)	September 30, 1997	December 31, 1996	December 31, 1995
Non-accrual loans	\$ 1,842	\$ 2,777	\$ 576
Loans contractually past due 90 days or more other than nonaccruing . . .	2,025	1,699	1,119
Restructured loans	356	1,540	1,075
Total	\$ 4,223	\$ 6,016	\$ 2,770

The increase in non-performing loans from December 31, 1995, to December 31, 1996, is primarily attributable to one loan placed in non-accrual status during 1996. This loan is included in impaired loans at December 31, 1996, for which an allowance was recorded. Management is in the process of resolving this loan situation and anticipates that no additional provision for loan losses will be required.

The Corporation adopted SFAS No. 114 and No. 118 ACCOUNTING BY CREDITORS FOR IMPAIRMENT OF A LOAN AND ACCOUNTING BY CREDITORS FOR IMPAIRMENT OF A LOAN-INCOME RECOGNITION AND DISCLOSURES on January 1, 1995. Impaired loans included in the table above, totaled \$3,992,000 at December 31, 1996. An allowance for loan losses was not deemed necessary for impaired loans totaling \$868,000, but an allowance of \$1,092,000 was recorded for the remaining balance of impaired loans of \$3,124,000. The average balance of impaired loans for 1996 was \$5,213,000. The balance of impaired loans has not changed significantly since December 31, 1996.

At December 31, 1996, the allowance for loan losses was \$6,622,000, down slightly from year end 1995. As a per cent of loans, the allowance was 1.05 per cent, down from 1.21 per cent at year end 1995. The provision for loan losses in 1996 was \$1,253,000 compared to \$1,388,000 in 1995.

At September 30, 1997, the allowance for loan losses stood at \$6,785,000 or .97 per cent of loans. \$952,000 was provided for loan losses in the first nine months of 1997 compared to \$875,000 in the same period of 1996.

The table below presents loan loss experience for the years indicated and compares the Corporation's loss experience to that of its peer group, consisting of bank holding companies with assets between \$1 billion and \$3 billion.

	1997 (1)	1996	1995
(Dollars in Thousands)			
Allowance for loan losses:			
Balance at January 1	\$6,622	\$6,696	\$6,603
Chargeoffs	1,175	1,636	1,554
Recoveries	386	309	259
Net chargeoffs	789	1,327	1,295
Provision for loan losses	952	1,253	1,388
Balance at December 31	\$6,785	\$6,622	\$6,696
Ratio of net chargeoffs during the period to average loans outstanding during the period16%(2)	.23%	.24%
Peer Group27%(3)	.26%	.27%

- (1) Through September 30, 1997
- (2) First nine months annualized
- (3) Through June 30, 1997

FIRST MERCHANTS CORPORATION

FORM 10-Q

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

First Merchants Corporation
(Registrant)

Date November 10, 1997

By /s/ Michael L. Cox

Michael L. Cox
Executive Vice President
and Director

Date November 10, 1997

By /s/ James L. Thrash

James L. Thrash
Chief Financial & Principal
Accounting Officer