





First Merchants Corporation

Exhibit No. 99.1

Press Release, dated October 22, 2003

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October 22, 2003

FOR IMMEDIATE RELEASE

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<http://firstmerchants.com>

SOURCE: First Merchants Corporation

FIRST MERCHANTS ANNOUNCES 3rd QUARTER EARNINGS PER SHARE

First Merchants Corporation (NASDAQ - FRME) has reported that third quarter 2003 diluted earnings per share equaled \$.39, a decrease of 15.2%, from \$.46 in the prior year. Net income decreased \$478,000, or 6.1%, during the same period.

Year-to-date diluted earnings were \$1.19 per share compared to \$1.31 in 2002. Year-to-date net income increased \$512,000, or 2.4%, from \$21,240,000 to \$21,752,000.

Net interest margin for the nine months ended September 30, 2003 declined 34 basis points as the Corporation's yield on earning assets declined 83 basis points and the cost of supporting liabilities declined by 49 basis points.

For the quarter, net interest margin declined 47 basis points as the Corporation's yield on earning assets declined 1.03 percent and the cost of supporting liabilities declined by 56 basis points.

Year-to-date gains from the sale of mortgage loans increased from \$990,000 to \$5,618,000, and the provision for loan losses increased from \$4,297,000 to \$8,430,000.

For the quarter, gains from the sale of mortgage loans increased by \$876,000 and the provision for loan losses decreased by \$115,000.

Michael L. Cox, President and Chief Executive Officer, commented that, "Changes in the yield curve, during the quarter, increased pressure on earnings as the Corporation maintains an asset sensitive interest rate risk position. This position has increased our dependence on gains generated from the sales of mortgage loans during this record low interest rate environment. The Federal Reserve Bank's reduction in the target fed funds rate of 25-basis points, during the last week of June, coupled with more than a 100-basis point increase in the 30-year treasury and mortgage rates, have proven to be challenging."

Total loans outstanding reached \$2.4 billion, an increase of \$355 million over the prior year. Of the increase, \$318 million is attributable to the acquisition of CNBC Bancorp on March 1, 2003. The remaining net increase of \$37 million resulted primarily from increased commercial real estate loans outstanding of \$55 million, mitigated by reductions in both residential real estate loans and individual loans for household and other personal expenditures.

Total non-performing assets decreased from 1.21% of total loans in the third quarter of 2002 to 1.13% as of September 30, 2003. The Corporation's allowance for loan losses increased to 1.27% versus 1.10% during the same period last year.

During the quarter, the Corporation completed a sale of non-performing loans. The sale reduced non-performing loans by \$2 million and significantly reduced classified assets in one bank. Additionally, the remaining banks in the Corporation reduced non-performing loans by another \$1.7 million.

The Corporation's Board of Directors also authorized management to proceed with its strategic initiative of minimizing the number of regulatory agencies governing its banks. The Corporation is in the process of converting all of its state chartered banks to National Charters. The Office of the Comptroller of the Currency and the Federal Reserve Bank will be the remaining regulators once the conversion is complete.

#### CONFERENCE CALL

First Merchants Corporation will conduct a conference call at 2:30 p.m. Eastern Standard Time on Wednesday, October 22, 2003. To participate, dial 888-710-8192 and reference First Merchants Corporation's third quarter earnings release. A digital recording will be available two hours after the completion of the conference from October 22, 2003, to October 24, 2003. To access, US/Canada guests should call 800-642-1687; or for International/Local guests, call 706-645-9291 and enter the Conference I.D. 3236274.

Detailed financial results are reported on the attached pages.

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. Subsidiaries of the Corporation include First Merchants Bank, NA, Madison Community Bank, First United Bank, Union County National Bank, The Randolph County Bank, First National Bank, Decatur Bank & Trust Company, Frances Slocum Bank, Lafayette Bank & Trust Company, Commerce National Bank and Merchants Trust Company. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency, headquartered in Muncie, Indiana, and is a majority member of Indiana Title Insurance Company, LLC, a title insurance agency.

First Merchants Corporation's common stock is traded over-the-counter on the NASDAQ National Market System under the symbol FRME and is rated A+ by Standard & Poor's Corporation. Quotations are carried in daily newspapers and can be found on the company's Internet web page (<http://www.firstmerchants.com>).

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CONSOLIDATED BALANCE SHEETS

(in thousands)

September 30,

	2003	2002
<b>Assets</b>		
Cash and due from banks	\$ 87,619	\$ 73,223
Federal funds sold	0	8,750
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Cash and cash equivalents	87,619	81,973
Interest-bearing time deposits	3,789	10,222
Investment securities	316,852	345,452
Mortgage loans held for sale	12,042	14,089
Loans, net of allowance for loan losses of \$29,842 and \$22,147	2,321,563	1,971,891
Premises and equipment	39,475	39,179
Federal Reserve and Federal Home Loan Bank stock	14,057	11,097
Interest receivable	17,139	18,622
Core deposit intangibles and goodwill	143,648	106,753
Cash surrender value of life insurance	37,536	14,143
Other assets	18,000	16,065
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Total assets	\$ 3,011,720	\$ 2,629,486
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<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 316,058	\$ 246,410
Interest-bearing	1,994,146	1,773,325
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Total deposits	2,310,204	2,019,735
Borrowings	374,051	328,933
Interest payable	5,200	6,813
Other liabilities	21,064	14,132
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Total liabilities	2,710,519	2,369,613
<b>Stockholders' equity</b>		
Preferred stock, no-par value		
Authorized and unissued -- 500,000 shares		
Common stock, \$.125 stated value		
Authorized -- 50,000,000 shares		
Issued and outstanding - 18,487,974 and 17,124,914		
	2,311	2,141
Additional paid-in capital	149,810	116,102
Retained earnings	147,559	135,266
Accumulated other comprehensive income	1,521	6,364
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Total stockholders' equity	301,201	259,873
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Total liabilities and stockholders' equity	\$ 3,011,720	\$ 2,629,486
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FINANCIAL HIGHLIGHTS

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
NET CHARGE OFF'S	\$ 2,503	\$ 1,637	\$ 4,732	\$ 4,193
<b>AVERAGE BALANCES</b>				
Total Assets	\$3,030,935	\$2,635,606	\$2,923,015	\$2,319,049
Total Loans	2,348,817	1,984,323	2,258,725	1,766,879
Total Deposits	2,305,589	2,018,242	2,221,870	1,800,894
Total Stockholders' Equity	301,048	254,654	290,503	229,634

FINANCIAL RATIOS

Return on Average Assets	0.97%	1.19%	0.99%	1.22%
Return on Avg. Stockholders' Equity	9.76	12.40	9.98	12.45
Avg. Earning Assets to Avg. Assets	89.48	90.27	89.92	91.11
Allowance for Loan Losses as % Of Total Loans	1.26	1.10	1.26	1.10
Net Charge Off's as % Of Avg. Loans (Annualized)	.43	.32	.28	.32
Dividend Payout Ratio	58.97	47.83	56.30	50.38
Avg. Stockholders' Equity to Avg. Assets	9.93	9.58	9.94	9.81

Tax Equivalent Yield on Earning Assets	5.89	6.92	6.11	6.94
Cost of Supporting Liabilities	1.93	2.49	2.01	2.50
Net Int. Margin (FTE) on Earning Assets	3.96	4.43	4.10	4.44

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<b>Interest Income</b>				
Loans receivable				
Taxable	\$ 35,607	\$ 35,362	\$106,539	\$ 94,504
Tax exempt	185	169	512	403
Investment securities				
Taxable	1,342	2,442	4,621	6,986
Tax exempt	1,562	1,793	4,819	4,450
Federal funds sold	49	123	339	388
Deposits with financial institutions	13	53	54	159
Federal Reserve and Federal Home Loan Bank stock	201	206	610	527
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Total interest income	38,959	40,148	117,494	107,417
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<b>Interest expense</b>				
Deposits	8,623	10,696	26,555	29,766
Securities sold under repurchase agreements	370	517	1,273	1,558
Federal Home Loan Bank advances	2,409	2,283	7,077	5,807
Trust preferred securities	1,232	1,181	3,697	2,143
Other borrowings	451	143	1,053	355
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Total interest expense	13,085	14,820	39,655	39,629
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Net interest income	25,874	25,328	77,839	67,788
Provision for loan losses	1,706	1,821	8,430	4,297
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Net interest income after provision for loan losses	24,168	23,507	69,409	63,491
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<b>Other income</b>				
Fiduciary activities	1,547	1,651	5,133	4,771
Service charges on deposit accounts	2,861	2,626	8,388	6,635
Other customer fees	961	957	3,085	2,925
Net realized gains on sales of available-for-sale securities	512	162	950	570
Commission income	638	557	2,099	1,617
Other income	2,357	1,693	8,660	3,343
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Total other income	8,876	7,646	28,315	19,861
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<b>Other expenses</b>				
Salaries and employee benefits	13,206	10,606	37,885	28,301
Net occupancy expenses	1,189	999	3,480	2,699
Equipment expenses	1,996	1,880	5,856	4,848
Marketing expense	414	415	1,259	1,079
Deposit insurance expense		143		290
Outside data processing fees	1,025	1,018	3,055	2,724
Printing and office supplies	401	388	1,240	1,155
Goodwill and core deposit amortization	958	786	2,777	1,839
Other expenses	3,771	2,952	11,784	8,194
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Total other expenses	22,960	19,187	67,336	51,129
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Income before income tax	10,084	11,966	30,388	32,223
Income tax expense	2,735	4,139	8,636	10,983
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Net income	\$ 7,349	\$ 7,827	\$ 21,752	\$ 21,240
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<b>Per Share Data (1)</b>				
Basic Net Income	.40	.47	1.20	1.32
Diluted Net Income	.39	.46	1.19	1.31
Cash Dividends Paid	.23	.22	.67	.66

(1) Restated for a five percent (5%) stock dividend distributed September 2003.





CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002
<b>Assets</b>					
Cash and due from banks	\$ 87,619	\$ 89,126	\$ 81,789	\$ 87,638	\$ 73,223
Federal funds sold	0	14,150	54,925	31,400	8,750
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Cash and cash equivalents	87,619	103,276	136,714	119,038	81,973
Interest-bearing time deposits	3,789	8,777	5,170	3,568	10,222
Investment securities	316,852	363,103	333,692	342,062	345,452
Mortgage loans held for sale	12,042	15,151	13,558	21,545	14,089
Loans	2,351,405	2,324,576	2,291,178	2,004,377	1,994,038
Less: Allowance for loan losses	(29,842)	(30,639)	(29,733)	(22,417)	(22,147)
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Net loans	2,321,563	2,293,937	2,261,445	1,981,960	1,971,891
Premises and equipment	39,475	39,313	38,861	38,645	39,179
Federal Reserve and Federal Home Loan Bank stock	14,057	13,933	13,912	11,409	11,097
Interest receivable	17,139	16,592	16,789	17,346	18,622
Core deposit intangibles and goodwill	143,648	144,663	141,226	107,217	106,753
Cash surrender value of life insurance	37,536	34,575	14,567	14,309	14,143
Other assets	18,000	23,641	23,088	21,588	16,065
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Total assets	\$ 3,011,720	\$ 3,056,961	\$ 2,999,022	\$ 2,678,687	\$ 2,629,486
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<b>Liabilities</b>					
<b>Deposits</b>					
Noninterest-bearing	\$ 316,058	\$ 324,735	\$ 289,835	\$ 272,128	\$ 246,410
Interest-bearing	1,994,146	1,988,593	1,996,836	1,764,560	1,773,325
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Total deposits	2,310,204	2,313,328	2,286,671	2,036,688	2,019,735
Borrowings	374,051	417,669	388,821	356,927	328,933
Interest payable	5,200	5,494	5,694	6,019	6,813
Other liabilities	21,064	19,460	28,212	17,924	14,132
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Total liabilities	2,710,519	2,755,951	2,709,398	2,417,558	2,369,613
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<b>Stockholders' equity</b>					
<b>Preferred stock, no-par value</b>					
Authorized and unissued -- 500,000 shares					
<b>Common stock, \$.125 stated value</b>					
Authorized -- 50,000,000 shares					
Issued and outstanding	2,311	2,301	2,298	2,142	2,141
Additional paid-in capital	149,810	148,296	143,505	116,401	116,102
Retained earnings	147,559	144,457	139,743	138,110	135,266
Accumulated other comprehensive income	1,521	5,956	4,078	4,476	6,364
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Total stockholders' equity	301,201	301,010	289,624	261,129	259,873
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Total liabilities and stockholders' equity	\$ 3,011,720	\$ 3,056,961	\$ 2,999,022	\$ 2,678,687	\$ 2,629,486
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NON-PERFORMING ASSETS

(In thousands)

	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002
90 days past due	\$ 4,790	\$ 5,295	\$ 3,552	\$ 6,676	\$ 9,786
Non-accrual loans	20,093	22,532	19,747	14,134	13,285
Other real estate	1,547	2,351	1,841	1,691	868
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Total non-performing assets	\$ 26,430	\$ 30,178	\$ 25,140	\$ 22,501	\$ 23,939
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Average total loans for the quarter	\$ 2,348,817	\$2,313,688	\$2,111,056	\$ 2,066,616	\$ 1,984,323
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Total non-performing assets as a percent of average total loans	1.13%	1.30%	1.19%	1.09%	1.21%
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Restructured loans	\$ 647	\$ 899	\$ 2,194	\$ 2,508	\$ 2,326

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share data)

	Three Months Ended				
	September 30, 2003	June 30, 2003	March 31, 2003	December 31, 2002	September 30, 2002
<b>Interest Income</b>					
Loans receivable					
Taxable	\$ 35,607	\$ 35,759	\$ 35,173	\$ 34,775	\$ 35,362
Tax exempt	185	162	165	235	169
Investment securities					
Taxable	1,342	1,600	1,679	2,100	2,442
Tax exempt	1,562	1,626	1,631	1,740	1,793
Federal funds sold	49	177	113	169	123
Deposits with financial institutions	13	19	22	38	53
Federal Reserve and Federal Home Loan Bank stock	201	211	198	208	206
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Total interest income	38,959	39,554	38,981	39,265	40,148
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<b>Interest expense</b>					
Deposits	8,623	9,048	8,884	9,934	10,696
Securities sold under repurchase agreements	370	454	449	502	517
Federal Home Loan Bank advances	2,409	2,395	2,273	2,359	2,283
Trust preferred securities	1,232	1,259	1,206	1,181	1,181
Other borrowings	451	443	159	154	143
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Total interest expense	13,085	13,599	12,971	14,130	14,820
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Net interest income	25,874	25,955	26,010	25,135	25,328
Provision for loan losses	1,706	2,123	4,601	2,877	1,821
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Net interest income after provision for loan losses	24,168	23,832	21,409	22,258	23,507
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<b>Other income</b>					
Fiduciary activities	1,547	1,889	1,697	1,487	1,651
Service charges on deposit accounts	2,861	2,743	2,784	2,695	2,626
Other customer fees	961	1,036	1,088	993	957
Net realized gains on sales of available-for-sale securities	512	67	371	169	162
Commission income	638	707	754	586	557
Other income	2,357	4,711	1,592	1,286	1,693
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Total other income	8,876	11,153	8,286	7,216	7,646
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<b>Other expenses</b>					
Salaries and employee benefits	13,206	12,902	11,777	10,849	10,606
Net occupancy expenses	1,189	1,200	1,091	933	999
Equipment expenses	1,996	2,016	1,844	1,861	1,880
Marketing expense	414	411	434	416	415
Deposit insurance expense	0			104	143
Outside data processing fees	1,025	1,102	928	940	1,018
Printing and office supplies	401	432	407	442	388
Goodwill and core deposit amortization	958	991	828	750	786
Other expenses	3,771	3,881	4,132	3,591	2,952
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Total other expenses	22,960	22,935	21,441	19,886	19,187
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Income before income tax	10,084	12,050	8,254	9,588	11,966
Income tax expense	2,735	3,305	2,596	2,998	4,139
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Net income	\$ 7,349	\$ 8,745	\$ 5,658	\$ 6,590	\$ 7,827
	=====	=====	=====	=====	=====
<b>Per Share Data(1)</b>					
Basic Net Income	\$ .40	\$ .48	\$ .32	\$ .38	\$ .47
Diluted Net Income	.39	.48	.32	.38	.46
Cash Dividends Paid	.23	.22	.22	.22	

(1) Restated for a five percent (5%) stock dividend distributed September 2003.

