
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): October 25, 2012

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of incorporation)

35-1544218
(IRS Employer Identification No.)

200 East Jackson Street
P.O. Box 792
Muncie, IN 47305-2814
(Address of principal executive offices, including zip code)

(765) 747-1500
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 25, 2012, First Merchants Corporation will conduct a third quarter earnings conference call and web cast on Thursday, October 25, 2012 at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

Exhibit 99.1 Slide presentation, utilized October 25, 2012, during conference call and web cast by First Merchants Corporation

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 hereunto duly authorized.

First Merchants Corporation
(Registrant)

By: /s/ Mark K. Hardwick
Mark K. Hardwick
Executive Vice President and Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

Dated: October 25, 2012

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized October 25, 2012, during conference call and web cast by First Merchants Corporation



First Merchants Corporation 3rd Quarter 2012 Earnings Call

October 25, 2012

THE STRENGTH OF BIG.
THE SERVICE OF SMALL.



Michael C. Rechin

President
and Chief Executive Officer

THE STRENGTH OF BIG.
THE SERVICE OF SMALL.



Forward-Looking Statement

The Corporation may make forward-looking statements about its relative business outlook. These forward-looking statements and all other statements made during this meeting that do not concern historical facts are subject to risks and uncertainties that may materially affect actual results.

Specific forward-looking statements include, but are not limited to, any indications regarding the financial services industry, the economy and future growth of the balance sheet or income statement.

Please refer to our press releases, Form 10-Qs and 10-Ks concerning factors that could cause actual results to differ materially from any forward-looking statements.



3rd Quarter 2012 Highlights

EPS

- § \$0.35 3rd Quarter EPS
- § \$1.09 YTD EPS

Reported Total Revenue and Loan Growth

- § \$38.7M 3rd Quarter Loan Growth
(1.4% Qtr-over-Qtr, 5.5% Annualized)
- § \$41.3M 3rd Quarter Total Net-Interest Income-FTE
(4.6% Qtr-over-Qtr Increase)
- § \$14.3M 3rd Quarter Total Non-Interest Income
(8.3% Qtr-over-Qtr Increase)
- § \$55.6M 3rd Quarter Total Revenue
(5.5% Qtr-over-Qtr Increase)
- § 4.32% Net Interest Margin
(5.1% Qtr-over-Qtr Increase)



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer

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Total Assets

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1. Investments	\$ 827	\$ 946	\$ 960	\$ 944	\$ 929
2. Loans Held for Sale	21	18	22	15	28
3. Loans	2,836	2,713	2,793	2,798	2,836
4. Allowance	(83)	(71)	(70)	(70)	(69)
5. CD&I & Goodwill	154	150	150	150	150
6. BOLI	97	124	123	124	125
7. Other	<u>319</u>	<u>293</u>	<u>258</u>	<u>271</u>	<u>251</u>
8. Total Assets	\$4,171	\$4,173	\$4,236	\$4,232	\$4,250



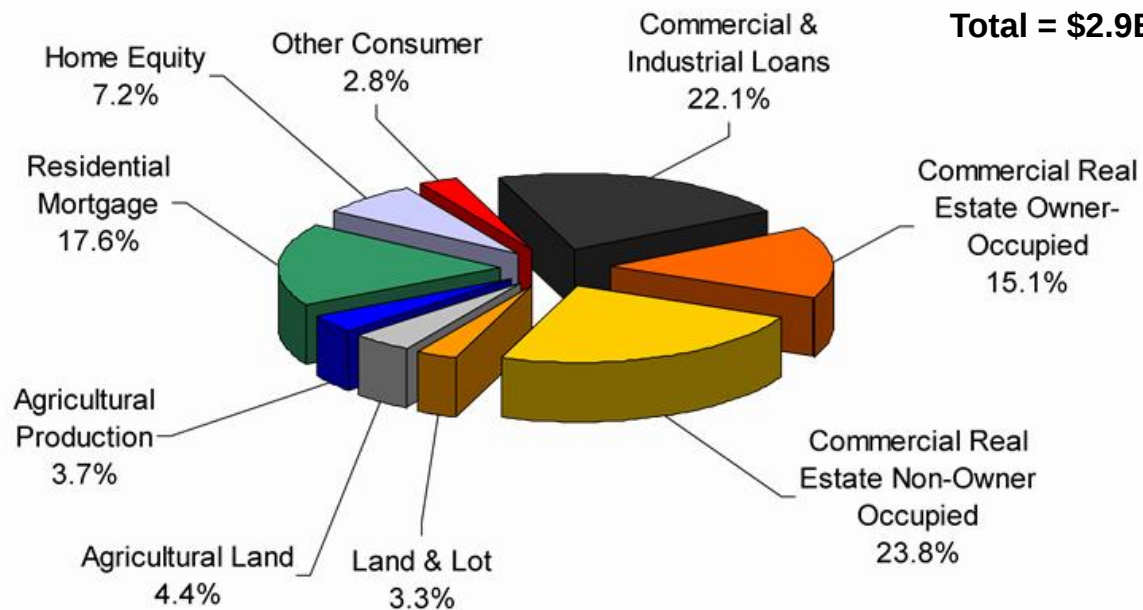
Loan and Yield Detail

(as of 09/30/2012)

QTD Yield = 5.29%

YTD Yield = 5.23%

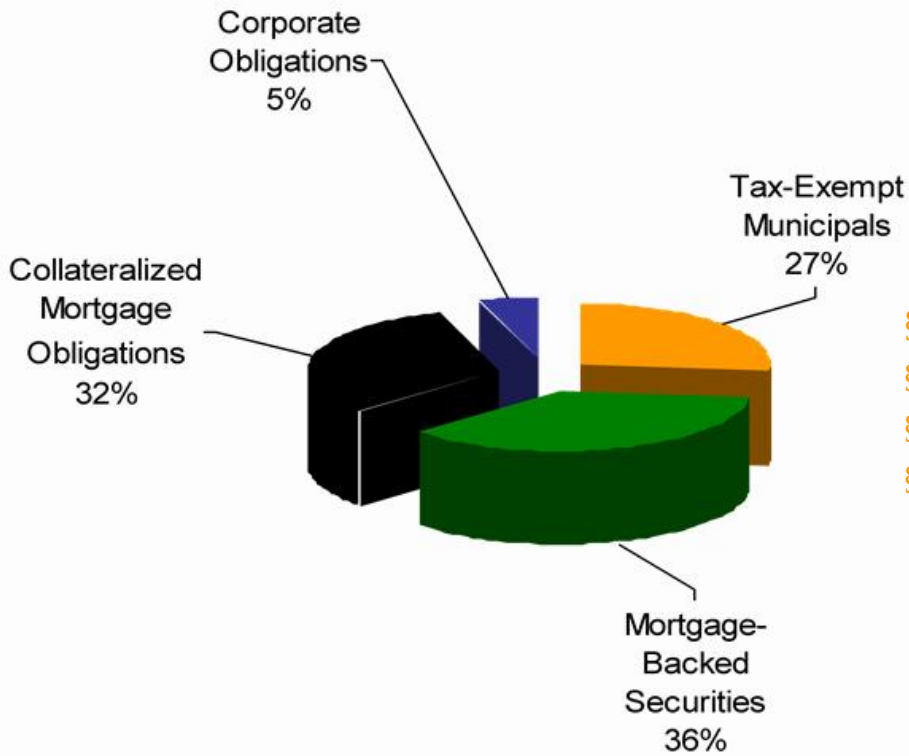
Total = \$2.9B





Investment Portfolio

(as of
09/30/2012)



- § \$929 Million Balance
- § Average duration - 3.8 years
- § Tax equivalent yield of 3.66%
- § Net unrealized gain of \$44.8 million



Total Liabilities and Capital

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1. Customer Non-Maturity Deposits	\$2,127	\$2,196	\$2,273	\$2,343	\$2,293
2. Customer Time Deposits	996	816	836	808	784
3. Brokered Deposits	146	123	170	138	118
4. Borrowings	277	378	287	263	361
5. Other Liabilities	28	34	31	33	40
6. Hybrid Capital	142	111	111	111	107
7. Preferred Stock (CPP)	68	—	—	—	—
8. Preferred Stock (SBLF)	—	91	91	91	91
9. Common Equity	<u>387</u>	<u>424</u>	<u>437</u>	<u>445</u>	<u>456</u>
10. Total Liabilities and Capital	\$4,171	\$4,173	\$4,236	\$4,232	\$4,250



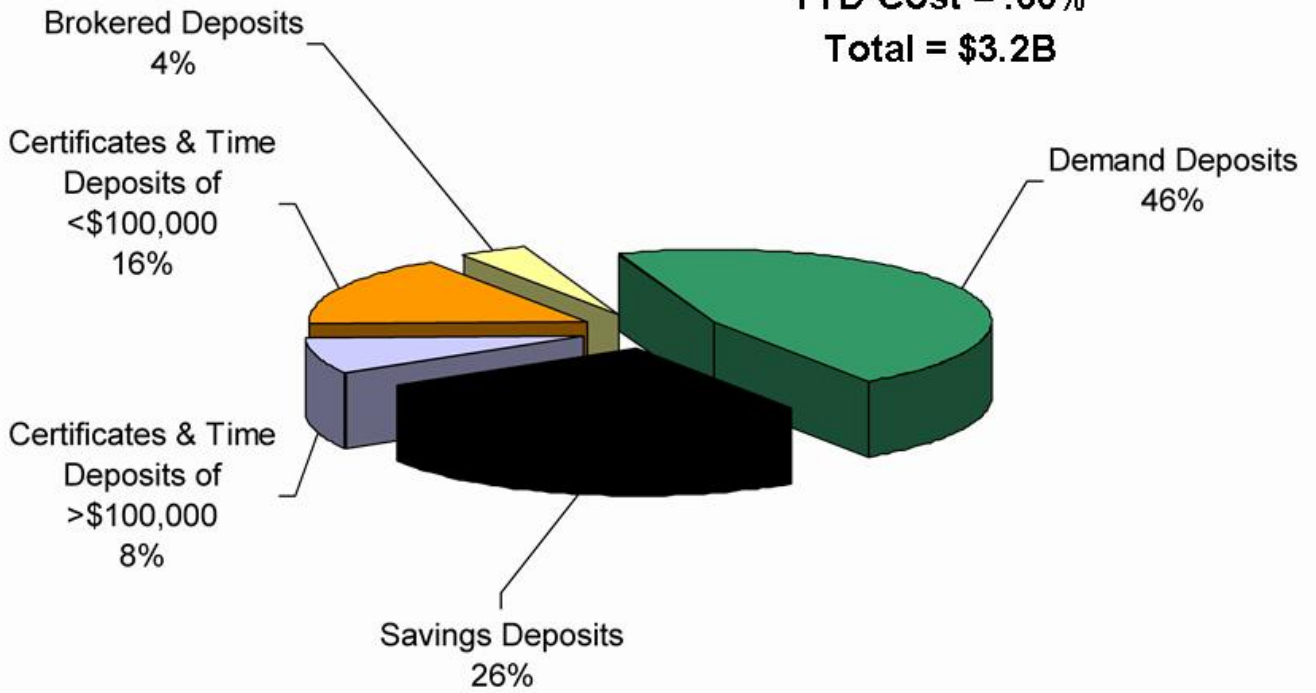
Deposits and Cost of Funds Detail

(as of
09/30/2012)

QTD Cost = .54%

YTD Cost = .60%

Total = \$3.2B





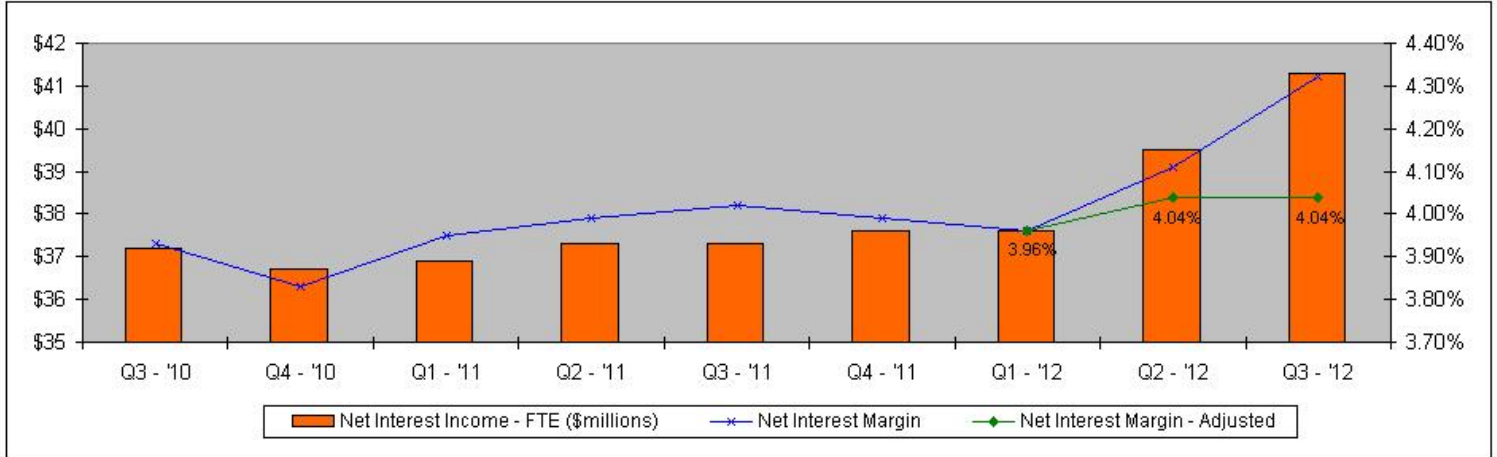
Capital Ratios

	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1. Total Risk-Based Capital Ratio	15.74%	16.54%	16.39%	16.75%	16.62%
2. Tier 1 Risk-Based Capital Ratio	12.82%	13.92%	14.14%	14.49%	14.39%
3. Leverage Ratio	9.50%	10.17%	10.61%	10.73%	10.98%
4. Tier 1 Common Risk-Based Capital Ratio	7.64%	8.83%	9.20%	9.54%	9.71%
5. TCE/TCA	5.86%	6.84%	7.07%	7.27%	7.51%



Net Interest Margin

	<u>Q3-'10</u>	<u>Q4-'10</u>	<u>Q1-'11</u>	<u>Q2-'11</u>	<u>Q3-'11</u>	<u>Q4-'11</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
Net Interest Income - FTE (\$millions)	\$ 37.2	\$ 36.7	\$ 36.9	\$ 37.3	\$ 37.3	\$ 37.6	\$ 37.6	\$ 39.5	\$ 41.3
Tax Equivalent Yield on Earning Assets	5.38%	5.13%	5.11%	5.04%	5.01%	4.83%	4.74%	4.75%	4.89%
Cost of Supporting Liabilities	1.45%	1.30%	1.16%	1.05%	0.99%	0.84%	0.78%	0.64%	0.57%
Net Interest Margin	3.93%	3.83%	3.95%	3.99%	4.02%	3.99%	3.96%	4.11%	4.32%





Non-Interest Income

	(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1.	Service Charges on Deposit Accounts	\$13.3	\$12.0	\$2.8	\$ 2.9	\$ 2.9
2.	Trust Fees	7.7	7.7	2.0	1.9	2.0
3.	Insurance Commission Income	6.2	5.7	1.7	1.5	1.6
4.	Electronic Card Fees	6.1	6.5	1.7	2.1	1.7
5.	Cash Surrender Value of Life Ins	2.1	2.6	1.4	0.7	0.7
6.	Gains on Sales Mortgage Loans	6.8	7.4	2.0	2.3	2.9
7.	Securities Gains/Losses	1.9	2.0	0.8	0.5	0.8
8.	Gain on FDIC Acquisition	—	—	9.1	—	—
9.	Other	<u>4.4</u>	<u>5.2</u>	<u>1.2</u>	<u>1.3</u>	<u>1.7</u>
10.	Total	\$48.5	\$49.1	\$22.7	\$13.2	\$14.3
11.	Adjusted Non-Interest Income ¹	\$46.6	\$47.1	\$12.8	\$12.7	\$13.5

¹Adjusted for Bond Gains & Losses and Gain on FDIC-Modified Whole-Bank Transaction



Non-Interest Expense

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1. Salary & Benefits	\$ 73.3	\$74.7	\$19.4	\$19.6	\$20.1
2. Premises & Equipment	17.2	16.9	4.4	4.1	4.4
3. Core Deposit Intangible	4.7	3.5	0.5	0.5	0.5
4. Professional Services	1.4	2.2	0.7	0.5	0.5
5. OREO/Credit-Related Expense	14.6	10.6	2.2	2.1	2.1
6. FDIC Expense	8.1	5.5	1.1	0.9	0.8
7. Outside Data Processing	5.1	5.7	1.4	1.5	1.4
8. Marketing	2.0	2.0	0.4	0.6	0.5
9. Other	<u>15.9</u>	<u>14.8</u>	<u>3.9</u>	<u>4.4</u>	<u>4.1</u>
10. Total	\$142.3	\$135.9	\$34.0	\$34.2	\$34.4



Earnings

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
1. Net Interest Income-FTE	\$149.4	\$149.1	\$37.6	\$38.8	\$38.7
2. Non Interest Income ¹	46.6	47.1	12.8	12.7	13.5
3. Non Interest Expense	(142.3)	(135.9)	(34.0)	(34.2)	(34.4)
4. Pre-Tax Pre-Provision Earnings	\$53.7	\$60.3	\$16.4	\$17.3	\$17.8
5. Provision	(46.5)	(22.6)	(4.9)	(4.5)	(4.6)
6. Adjustments ¹	1.9	2.0	9.9	1.2	3.4
7. Taxes - FTE	(2.3)	(14.4)	(7.1)	(4.8)	(5.4)
8. Gain /(Loss) on CPP/Trust Preferred	10.1	(12.3)	—	—	—
9. Preferred Stock Dividend	(5.2)	(4.0)	(1.1)	(1.1)	(1.1)
10. Net Income Avail. for Distribution	\$ 11.7	\$ 9.0	\$13.2	\$ 8.1	\$10.1
11. EPS	\$ 0.48	\$0.34	\$0.46	\$0.28	\$0.35

¹Adjusted for Bond Gains & Losses, Gain on FDIC-Modified Whole-Bank Transaction, and Fair Market Value Accretion



Earnings Per Share

<u>2010</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Reported	\$.01	\$.35	\$.02	\$.10	\$.48
2. Adjusted	\$.01	(\$.05) ¹	\$.02	\$.10	\$.08
<u>2011</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
3. Reported	\$.17	\$.18	(\$.25)	\$.24	\$.34
4. Adjusted	\$.17	\$.18	\$.21 ¹	\$.24	\$.80
<u>2012</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
5. Reported	\$.46	\$.28	\$.35	-	\$1.09
6. Adjusted	\$.25 ²	\$.26 ²	\$.29 ²	-	\$.80

¹Adjusted for gains and losses on CPP/Trust Preferred refinance and repayment net of taxes (Line 8 on slide 15)

²Adjusted for Gain on FDIC-Modified Whole-Bank Transaction and Fair Market Value Accretion



John J. Martin

Senior Vice President
and Chief Credit Officer

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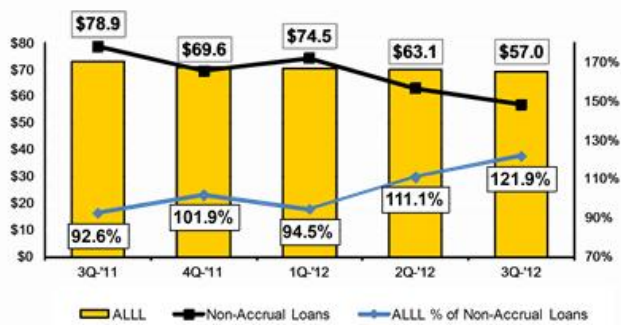
Asset Quality Summary

	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>
(\$ in Millions)					
1. Non-Accrual Loans	\$ 90.6	\$ 69.6	\$ 74.5	\$ 63.1	\$ 57.0
2. Other Real Estate	20.9	16.3	15.6	14.2	13.8
3. Renegotiated Loans	7.1	14.3	6.7	3.9	6.9
4. 90+ Days Delinquent Loans	1.3	0.6	0.2	0.7	2.0
5. Specific Reserves	13.9	7.6	5.9	6.1	6.3
6. Allowance for Loan and Lease Losses	83.0	70.9	70.4	70.1	69.5
7. ALLL/Non-Accrual Loans	91.6%	101.9%	94.5%	111.1%	121.9%
8. Classified Assets	\$ 313.0	\$ 227.2	\$ 225.2	\$ 204.5	\$ 196.8
9. Criticized Assets (includes Classified)	\$ 393.0	\$ 319.2	\$ 341.2	\$ 291.0	\$ 275.4

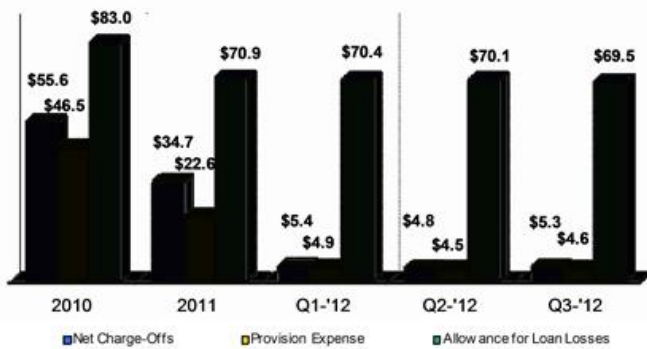


Net Charge-Offs, Provision & Allowance

(\$ in Millions)



Allowance coverage of non-accrual loans increased to 121.9%



Allowance remains robust at 2.43% of total loans

Net charge-offs and provision expense stable at \$5.3MM and \$4.6MM. YTD down \$11.2MM and \$2.7MM from YTD 9/30/11



Non-Performing Asset Reconciliation

(\$ in Millions)

	Q2'-11	Q3'-11	Q4'-11	Q1'-12	Q2'-12	Q3'-12
1. Beginning Balance NPA's & 90+ Days Delinquent	\$107.6	\$109.5	\$106.7	\$100.8	\$97.0	\$81.9
Non-Accrual						
2. Add: New Non-Accruals	26.7	21.4	10.2	16.4	6.6	8.3
3. Less: To Accrual/Payoff/Renegotiated	(8.3)	(8.7)	(7.6)	(2.7)	(9.2)	(5.1)
4. Less: To OREO	(1.6)	(9.7)	(1.2)	(2.5)	(1.1)	(1.5)
5. Less: Charge-offs	<u>(16.9)</u>	<u>(11.6)</u>	<u>(10.7)</u>	<u>(6.3)</u>	<u>(7.6)</u>	<u>(7.8)</u>
6. Increase / (Decrease): Non-Accrual Loans	(0.1)	(8.6)	(9.3)	4.9	(11.3)	(6.1)
Other Real Estate Owned (ORE)						
7. Add: New ORE Properties	1.6	9.7	1.2	2.5	1.1	1.5
8. Less: ORE Sold	(1.6)	(5.0)	(3.3)	(1.8)	(1.6)	(1.1)
9. Less: ORE Losses (write-downs)	<u>(1.6)</u>	<u>(0.7)</u>	<u>(1.1)</u>	<u>(1.4)</u>	<u>(0.9)</u>	<u>(0.8)</u>
10. Increase / (Decrease): ORE	(1.6)	4.0	(3.2)	(0.7)	(1.4)	(0.4)
11. Increase / (Decrease): 90 Days Delinquent	(0.5)	1.4	(1.0)	(0.4)	0.4	1.3
12. Increase / (Decrease): Restructured Loans	<u>4.1</u>	<u>0.4</u>	<u>7.6</u>	<u>(7.6)</u>	<u>(2.8)</u>	<u>2.9</u>
13. Total NPA Change	<u>1.9</u>	<u>(2.8)</u>	<u>(5.9)</u>	<u>(3.8)</u>	<u>(15.1)</u>	<u>(2.3)</u>
14. Ending Balance NPA's & 90+ Days Delinquent	\$109.5	\$106.7	\$100.8	\$97.0	\$81.9	\$79.6



Loan Portfolio Trends

(\$ in Millions)	<u>3Q-'11</u>	<u>4Q-'11</u>	<u>1Q-'12</u>	<u>2Q-'12</u>	<u>3Q-'12</u>	<u>\$ ▲</u>
						<u>2Q to 3Q</u>
1. Core Loan Portfolio	2,712.9	2,713.4	2,793.0	2,797.6	2,836.3	38.7
2. Held for Sale	12.3	17.9	22.1	15.3	27.7	12.4
<u>Loan Growth:</u>						
3. CRE Non-Owner Occupied	598.9	598.1	632.7	639.2	682.0	42.8 ↑
4. Commercial/Industrial	552.9	572.0	583.2	597.7	634.2	36.5 ↑
<u>Loan Declines:</u>						
5. CRE Owner-Occupied	486.6	464.7	466.3	453.1	431.7	(21.4)
6. Other Consumer Loans	94.9	87.7	81.8	86.9	80.1	(6.8)



Credit Summary

Core Loan Portfolio Growth Led by C & I and Non-Owner Occupied CRE

Renegotiated "A/B" Note Strategy Improving Asset Quality

Limited Impact from Drought on the Agriculture Portfolio

OREO and Other Credit-Related Expenses Trending Lower



Michael C. Rechin

President
and Chief Executive Officer

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3rd Quarter 2012 Recap

Growth Company Attributes

- § Robust Mortgage and Commercial Pipelines
- § Loan Growth Beginning to Take Hold
- § Strong Core Deposit Funding Base
- § Tangible Common Equity - 7.51%
- § Adequate Reserve Level for Portfolio Risk
- § Engaged Workforce Directed Towards Customers and Communities

Continue Investments for the Future

- § Investing in Customers - Product Offerings and ATM Platform
- § Investing in Facilities - Refurbishments and New Facilities
- § Investing in Employees - Hiring, Training and Development



Overview of 2012-2013 Strategy and Tactics

“Growth and Top-Tier
Performance”

Intensify Revenue-Generating Activity and Grow Revenue

- § Accelerate Pipeline Conversion of Commercial Banking Opportunities
- § Deploy Retail Point-of-Sale CRM System
- § Add Business Banking Professionals in Key Markets

Improve Efficiency and Utilize Capital Flexibility

- § Complete Three Announced Banking Center Consolidations
- § Harvest Benefits from Investments in Consumer Collections, Human Resource and Finance Systems
- § Leverage Back-Office Infrastructure
- § Clarify SBLF Repayment Alternatives

Evaluating Non-Organic Growth Opportunities



Contact Information

First Merchants Corporation common stock is traded on the NASDAQ Global Select Market under the symbol FRME.

Additional information can be found at www.firstmerchants.com

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