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: October 2, 1996

FIRST MERCHANTS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

INDIANA	0-17071	35-1544218
(State of Incorporation)	(SEC File No.)	(IRS Employer ID No.)

200 East Jackson Street
P.O. Box 792
Muncie, Indiana 47305-2814
(Address of Principal Executive Offices)

(317) 747-1500
(Registrant's Telephone Number)

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ITEM 1. Not Applicable.

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On October 2, 1996, First Merchants Corporation acquired all of the assets of Randolph County Bancorp through the merger of Randolph County Bancorp with and into First Merchants Corporation (the "Merger"). Randolph County Bancorp's principal asset was the shares of common stock of its wholly-owned subsidiary, The Randolph County Bank (the "Bank"). The Bank is an Indiana state chartered commercial bank providing various commercial and consumer banking services to its customers located primarily in the Winchester, Indiana community and the surrounding area. As a result of the Merger, the Bank became the fifth wholly-owned subsidiary of First Merchants Corporation, joining First Merchants Bank, National Association, Pendleton Banking Company, First United Bank and The Union County National Bank of Liberty. First Merchants Corporation accounted for the Merger under the pooling of interests method of accounting.

Pursuant to the terms of the Merger, shareholders of Randolph County Bancorp receive twenty and 53/100 (20.53) shares of First Merchants Corporation common stock for each share of Randolph County Bancorp common stock held. Cash will be paid for fractional shares of First Merchants Corporation common stock resulting from the exchange ratio. Based on the exchange ratio, shareholders of Randolph County Bancorp will receive approximately Five Hundred Sixty-five Thousand Seven Hundred Five (565,705) shares of First Merchants Corporation common stock. The terms of the Merger were agreed upon in arm's length negotiations between the respective managements of First Merchants Corporation and Randolph County Bancorp.

For further information regarding the terms of the Merger, see the Agreement of Reorganization and Merger between First Merchants Corporation and Randolph County Bancorp dated January 17, 1996, which is incorporated into this Form 8-K by reference and filed as an exhibit hereto.

ITEMS 3-6. Not Applicable.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired.

(i) Independent Auditor's Report.

(ii) Consolidated Balance Sheet as of December 31, 1995 and 1994.

(iii) Consolidated Statement of Income for the Years Ended December 31, 1995, 1994 and 1993.

(iv) Consolidated Statement of Changes in Stockholders' Equity for the Years Ended December 31, 1995, 1994 and 1993.

(v) Consolidated Statement of Cash Flows for the Years Ended December 31, 1995, 1994 and 1993.

(vi) Notes to Consolidated Financial Statements.

(vii) Consolidated Condensed Balance Sheet as of June 30, 1996 (unaudited).

(viii) Consolidated Condensed Statement of Income for the Six Months Ended June 30, 1996 and 1995 (unaudited).

(ix) Consolidated Condensed Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 1996 (unaudited).

(x) Consolidated Condensed Statement of Cash Flows for the Six Months Ended June 30, 1996 and 1995 (unaudited).

(xi) Notes to Consolidated Condensed Financial Statements (unaudited).

(b) Pro Forma Financial Information.

(i) Pro Forma Condensed Combined Financial Information Including Balance Sheet as of December 31, 1995 and Statements of Income for each of the Years in the Three-Year Period Ended December 31, 1995.

(ii) Pro Forma Condensed Combined Financial Information Including Balance Sheet as of June 30, 1996 and Statement of Income for the Six Months Ended June 30, 1996.

(c) Exhibits.

(2) Agreement of Reorganization and Merger by and between First Merchants Corporation and Randolph County Bancorp dated January 17, 1996. (Incorporated by reference to First Merchants Corporation's Registration Statement on Form S-4 [SEC File No. 33-02349] ordered effective on May 9, 1996.)

(23) Consent of Geo. S. Olive & Co., LLC

ITEM 8. Not Applicable.

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.

DATE: October 14, 1996.

FIRST MERCHANTS CORPORATION

By: /s/ Larry R. Helms

Larry R. Helms,
Senior Vice President

INDEX OF FINANCIAL STATEMENTS AND EXHIBITS

(A) Incorporated by reference to First Merchants Corporation's Registration Statement on Form S-4 (SEC File No. 33-02349) ordered effective on May 9, 1996.

RANDOLPH COUNTY BANCORP
AND SUBSIDIARY

Consolidated Financial Statements
December 31, 1995 and 1994

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and
Board of Directors
Randolph County Bancorp
Winchester, Indiana

We have audited the consolidated balance sheet of Randolph County Bancorp and subsidiary as of December 31, 1995 and 1994, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements described above present fairly, in all material respects, the consolidated financial position of Randolph County Bancorp and subsidiary as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in the notes to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993.

GEO. S. OLIVE & CO. LLC

Indianapolis, Indiana
January 17, 1996, except for the last
paragraph of the note on Loans and
Allowance as to which the date is
March 19, 1996

CONSOLIDATED BALANCE SHEET

DECEMBER 31	1995	1994
ASSETS		
Cash and due from banks	$ 4,080,023	$ 2,503,628
Federal funds sold	1,400,000	1,050,000
Cash and cash equivalents	5,480,023	3,553,628
Interest-bearing deposits	103,595	
Investment securities		
Available for sale	22,029,295	
Held to maturity		28,776,202
Total investment securities	22,029,295	28,776,202
Loans	43,493,754	43,778,184
Allowance for loan losses	(593,580)	(489,409)
Net loans	42,900,174	43,288,775
Premises and equipment	1,331,159	1,459,800
Interest receivable	1,082,609	1,037,736
Other assets	292,182	315,625
Total assets	$73,219,037	$78,431,766
LIABILITIES		
Deposits		
Noninterest bearing	$ 7,333,464	$ 6,537,517
Interest bearing	56,107,793	62,243,689
Total deposits	63,441,257	68,781,206
Due to broker	387,591	795,000
Interest payable	380,724	304,932
Other liabilities	256,405	223,635
Total liabilities	64,465,977	70,104,773
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, $100 stated value		
Authorized 60,000 shares		
Issued and outstanding 27,555 and 27,567 shares	2,755,500	2,756,700
Paid-in capital	709,036	709,344
Retained earnings	5,250,057	4,860,949
Net unrealized gain on securities available for sale	38,467	
Total stockholders' equity	8,753,060	8,326,993
Total liabilities and stockholders' equity	$73,219,037	$78,431,766

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31	1995	1994	1993
INTEREST INCOME			
Loans receivable			
Taxable	$3,857,471	$3,446,748	$3,358,934
Tax exempt	26,112	34,340	34,793
Investment securities			
Taxable	854,488	1,024,299	1,182,463
Tax exempt	340,132	435,395	586,638
Federal funds sold	68,798	27,523	46,706
Deposits with financial institutions	5,297		1,055
Total interest income	5,152,298	4,968,305	5,210,589
INTEREST EXPENSE			
Deposits	2,489,584	2,326,572	2,532,477
Short-term borrowings	8,636	44,095	3,927
Total interest expense	2,498,220	2,370,667	2,536,404
NET INTEREST INCOME	2,654,078	2,597,638	2,674,185
Provision for loan losses	408,000	120,000	240,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,246,078	2,477,638	2,434,185
OTHER INCOME			
Fiduciary activities	35,680	59,705	45,635
Service charges on deposit accounts	143,992	119,292	112,264
Other customer fees	28,425	36,184	27,246
Security gain			220,000
Other income	14,715	26,494	12,775
Total other income	222,812	241,675	417,920
OTHER EXPENSES			
Salaries and employee benefits	812,950	822,890	773,491
Net occupancy expenses	143,934	152,663	56,404
Equipment expenses	77,953	62,107	45,691
Data processing fees	71,209	70,211	66,583
Deposit insurance expense	78,431	156,958	151,157
Printing and office supplies	45,087	53,839	48,686
Advertising	46,250	44,650	39,500
Legal and professional fees	69,685	50,541	40,457
Director and committee fees	65,900	71,050	69,800
Other expenses	123,128	129,372	111,848
Total other expenses	1,534,527	1,614,281	1,403,617

(continued)

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31	1995	1994	1993
INCOME BEFORE INCOME TAX AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHOD	$ 934,363	$1,105,032	$1,448,488
Income tax expense	267,337	302,931	409,877
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHOD	667,026	802,101	1,038,611
CUMULATIVE EFFECT OF CHANGE IN METHOD OF ACCOUNTING FOR INCOME TAXES			33,500
NET INCOME	$ 667,026	$ 802,101	$1,072,111
PER SHARE			
Income before cumulative effect of change in accounting method	$24.20	$29.10	$37.68
Net income	24.20	29.10	38.89
WEIGHTED AVERAGE SHARES OUTSTANDING	27,565	27,567	27,567

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	COMMON STOCK					
	SHARES OUTSTANDING	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	NET UNREALIZED GAIN ON SECURITIES AVAILABLE FOR SALE	TOTAL
BALANCES, JANUARY 1, 1993	9,189	$ 918,900	$709,344	$5,270,204		$6,898,448
Net income for 1993				1,072,111		1,072,111
Cash dividends ($11.50 per share)				(169,997)		(169,997)
200% stock dividend	18,378	1,837,800		(1,837,800)		
BALANCES, DECEMBER 31, 1993	27,567	2,756,700	709,344	4,334,518		7,800,562
Net income for 1994				802,101		802,101
Cash dividends ($10 per share)				(275,670)		(275,670)
BALANCES, DECEMBER 31, 1994	27,567	2,756,700	709,344	4,860,949		8,326,993
Net income for 1995				667,026		667,026
Cash dividends ($10 per share)				(275,586)		(275,586)
Unrealized gain on securities available for sale, net of taxes of $15,237					$38,467	38,467
Purchase of stock	(12)	(1,200)	(308)	(2,332)		(3,840)
BALANCES, DECEMBER 31, 1995	27,555	$2,755,500	$709,036	$5,250,057	$38,467	$8,753,060

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31	1995	1994	1993
OPERATING ACTIVITIES			
Net income	$ 667,026	$ 802,101	$1,072,111
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for loan losses	408,000	120,000	240,000
Depreciation and amortization	130,957	100,449	36,353
Deferred income tax	(15,862)	27,159	(76,018)
Investment securities amortization, net	95,274	361,978	312,138
Security gain			(220,000)
Net change in			
Interest receivable	(44,873)	68,134	(60,642)
Interest payable	75,792	47,644	(48,100)
Other assets	111,231	(263,005)	110,380
Other adjustments	48,578	3,474	(61,023)
Net cash provided by operating activities	1,476,123	1,267,934	1,305,199
INVESTING ACTIVITIES			
Net change in interest-bearing deposits	(103,595)		100,000
Purchases of securities held to maturity	(8,133,079)	(11,802,796)	(19,940,074)
Proceeds from maturities and payments of securities held to maturity	14,441,000	16,055,577	17,880,875
Net change in loans	(132,280)	(3,718,068)	(5,110,851)
Purchases of premises and equipment	(2,316)	(707,920)	(483,189)
Premiums paid on life insurance			(744,800)
Refunds of life insurance premiums		744,800	
Other		82,053	47,510
Net cash provided (used) by investing activities	6,069,730	653,646	(8,250,529)
FINANCING ACTIVITIES			
Net change in			
Noninterest-bearing, NOW, money market and savings deposits	(3,256,441)	(8,282,200)	2,268,738
Certificates of deposit	(2,083,507)	5,519,650	799,827
Cash dividends	(275,670)	(179,186)	(169,997)
Purchase of stock	(3,840)		
Net cash provided (used) by financing activities	(5,619,458)	(2,941,736)	2,898,568
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,926,395	(1,020,156)	(4,046,762)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,553,628	4,573,784	8,620,546
CASH AND CASH EQUIVALENTS, END OF YEAR	$5,480,023	$3,553,628	$4,573,784
ADDITIONAL CASH FLOWS INFORMATION			
Interest paid	$2,422,418	$2,429,994	$2,584,504
Income tax paid	249,253	404,195	419,860

See notes to consolidated financial statements.

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Randolph County Bancorp ("Company"), and its wholly owned subsidiary, The Randolph County Bank ("Bank"), conform to generally accepted accounting principles and reporting practices followed by the banking industry. The more significant of the policies are described below.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company is a bank holding company whose principal activity is the ownership and management of the Bank. The Bank operates under a state bank charter and provides full banking services, including trust services. As a state bank, the Bank is subject to the regulation of the Department of Financial Institutions, State of Indiana and the Federal Deposit Insurance Corporation.

The Bank generates commercial, mortgage and consumer loans and receives deposits from customers located primarily in Randolph County, Indiana and surrounding counties. The Bank's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent upon economic conditions in the agricultural industry.

CONSOLIDATION--The consolidated financial statements include the accounts of the Company and the Bank after elimination of all material intercompany transactions and accounts.

INVESTMENT SECURITIES--The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 115, ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES, on January 1, 1994.

Debt securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Securities held to maturity are carried at amortized cost. Debt securities not classified as held to maturity are classified as available for sale. Securities available for sale are carried at fair value with unrealized gains and losses reported separately in stockholders' equity, net of tax.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

At January 1, 1994, the Bank determined there were no securities which should be reclassified as available for sale, and therefore there was no change in total stockholders' equity.

Prior to the adoption of SFAS No. 115, investment securities were carried at cost, adjusted for amortization of premiums and discounts. Realized gains and losses on sales were included in other income. Gains and losses on the sale of securities were determined on the specific-identification method.

Loans are carried at the principal amount outstanding. Interest income is accrued on the principal balances of loans, except for installment loans with add-on interest, for which a method that approximates the level yield method is used. Loans are placed in a nonaccrual status when the collection of interest becomes doubtful. Interest income previously accrued but not deemed collectible is reversed and charged against current income. Interest on nonaccrual loans is then recognized as income when collected.

Allowance for loan losses is maintained to absorb potential loan losses based on management's continuing review and evaluation of the loan portfolio and its judgment as to the impact of economic conditions on the portfolio. The evaluation by management includes consideration of past loss experience, changes in the composition of the portfolio, the current condition and amount of loans outstanding, and the probability of collecting all amounts due. Impaired loans are measured by the present value of expected future cash flows, or the fair value of the collateral of the loan, if collateral dependent.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. Management believes that, as of December 31, 1995, the allowance for loan losses is adequate based on information currently available. A worsening or protracted economic decline in the area within which the Company operates would increase the likelihood of additional losses due to credit and market risks and could create the need for additional loss reserves.

Premises and equipment are carried at cost net of accumulated depreciation. Depreciation is computed using the straight-line method for bank premises and the declining-balance method for equipment based principally on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Advertising costs are expensed as incurred.

Income tax in the consolidated statement of income includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes. The Company files consolidated income tax returns with its subsidiary.

Earnings per share have been computed based upon the weighted average common shares outstanding during each year.

- - ACQUISITION OF COMPANY

In January, 1996, the Company signed a definitive agreement to be acquired by First Merchants Corporation ("First"), Muncie, Indiana. The agreement provides that each stockholder of the Company would receive shares of First common stock for each common share of Company stock held. The proposed transaction is subject to the approval of the Company's stockholders and appropriate regulatory authorities.

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

- - RESTRICTION ON CASH AND DUE FROM BANKS

The Bank is required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank. The reserve required at December 31, 1995, was $586,000.

- - INVESTMENT SECURITIES

	1995			
DECEMBER 31	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Available for sale				
U.S. Treasury	$ 3,709	$ 23	$ 8	$ 3,724
Federal agencies	4,892	28	10	4,910
State and municipal	8,428	50	18	8,460
Corporate obligations	4,937	25	27	4,935
Total investment securities	$21,966	$126	$63	$22,029

	1994			
DECEMBER 31	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Held to maturity				
U.S. Treasury	$ 5,468		$182	$ 5,286
Federal agencies	4,999		120	4,879
State and municipal	9,826	$20	84	9,762
Corporate obligations	8,483	5	185	8,303
Total investment securities	$28,776	$25	$571	$28,230

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

The amortized cost and estimated market value of securities available for sale at December 31, 1995, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	1995	
MATURITY DISTRIBUTION AT DECEMBER 31	AMORTIZED COST	FAIR VALUE
Within one year	$ 9,073	$ 9,073
One to five years	12,406	12,454
Five to ten years	352	367
After ten years	135	135
Totals	$21,966	$22,029

Securities with a carrying value of $103,000 and $99,600 were pledged at December 31, 1995 and 1994 to secure certain deposits and for other purposes as permitted or required by law.

There were no sales of investment securities during 1995, 1994 or 1993. However, a gain of $220,000 was realized in 1993 from proceeds of an investment security previously written off in 1992. The tax expense on this gain was $87,000 in the year ended December 31, 1993.

On December 31, 1995, the Bank transferred all securities from held to maturity to available for sale in accordance with a transition reclassification allowed by the Financial Accounting Standards Board. Such securities had a carrying value of $21,966,000 and a fair value of $22,029,000.

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

LOANS AND ALLOWANCE

DECEMBER 31	1995	1994
Commercial and industrial loans	$ 3,230	$ 3,578
Real estate loans (includes $10,111 and $9,687 secured by farmland)	22,590	18,848
Agricultural production financing and other loans to farmers	6,063	5,681
Individuals' loans for household and other personal expenditures	12,988	17,016
Tax-exempt loans	85	90
Other loans	5	47
	44,961	45,260
Unearned interest on loans	(1,467)	(1,482)
Total loans	$43,494	$43,778

DECEMBER 31	1995	1994	1993
Allowance for loan losses			
Balances, January 1	$489	$567	$382
Provision for losses	408	120	240
Recoveries on loans	21	20	16
Loans charged off	(324)	(218)	(71)
Balances, December 31	$594	$489	$567
Nonperforming loans			
Nonaccruing loans			$33
Loans contractually past due 90 days or more other than nonaccruing	$36	$343	$45

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

The Company 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. The adoption of SFAS No. 114 and 118 did not have a material impact on the Company's financial position or results of operations. Impaired loans totaled $631,000 at December 31, 1995. An allowance for losses at December 31, 1995, was not deemed necessary for impaired loans totaling $525,000, but an allowance of $73,000 was recorded for the remaining balance of impaired loans of $106,000. The average balance of impaired loans for 1995 was $572,000. Interest income and cash receipts of interest totaled $47,000 and $37,000 during the period in 1995 that the loans were impaired.

The Bank has entered into transactions with certain directors, executive officers, significant stockholders and their affiliates or associates (related parties). Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans, as defined, to such related parties were as follows:

	1995	1994
Balances, January 1	$963	$795
Changes in composition of related parties	(442)	
New loans, including renewals	84	1,167
Payments, etc., including renewals	(96)	(999)
Balances, December 31	$509	$963

On March 19, 1996, the Company charged off $188,000 in loans to a single borrower. In conjucnction with the chargeoff, a provision for loan losses of $188,000 was also recorded. These transactions were the result of information related to the borrower which became available subsequent to December 31, 1995 and discussions with regulatory authorities. Both of these transactions are reflected in the December 31, 1995 consolidated financial statements.

- - PREMISES AND EQUIPMENT

DECEMBER 31	1995	1994
Land	$ 223	$ 223
Buildings	1,208	1,203
Equipment	511	512
Total cost	1,942	1,938
Accumulated depreciation	(611)	(478)
Net	$1,331	$1,460

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

DEPOSITS

DECEMBER 31	1995	1994
Noninterest bearing	$ 7,333	$ 6,538
Interest-bearing demand	9,446	10,464
Savings deposits	9,949	12,981
Certificates and other time deposits of $100,000 or more	5,476	4,279
Other certificates and time deposits	31,237	34,519
Total deposits	$63,441	$68,781

Certificates maturing in years ending December 31:

1996	$25,555
1997	6,109
1998	4,154
1999	642
2000	253
	$36,713

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

INCOME TAX

YEAR ENDED DECEMBER 31	1995	1994	1993
Income tax expense			
Currently payable			
Federal	$196	$188	$339
State	87	88	147
Deferred			
Federal	(12)	19	(55)
State	(4)	8	(21)
Total income tax expense	$267	$303	$410
Reconciliation of federal statutory to actual tax expense			
Federal statutory income tax at 34%	$318	$376	$492
Tax exempt interest	(107)	(139)	(183)
Effect of state income taxes	55	63	83
Other	1	3	18
Actual tax expense	$267	$303	$410

A cumulative net deferred tax asset is included in other assets.The components of the asset are as follows:

DECEMBER 31	1995	1994
Differences in depreciation methods	$(32)	$(17)
Differences in accounting for loan losses	187	143
State income tax	(14)	(13)
Differences in accounting for pensions	(19)	(2)
Differences in accounting for securities available for sale	(25)	
Other	5	
	$ 102	$111
Assets	$192	$151
Liabilities	(90)	(32)
	$ 102	$119

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business there are outstanding commitments and contingent liabilities, such as commitments to extend credit and standby letters of credit, which are not included in the accompanying financial statements. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The Bank uses the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheet.

Financial instruments whose contract amount represents credit risk as of December 31 were as follows:

	1995	1994
Commitments to extend credit	$2,746	$3,276
Standby letters of credit	55	55

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party.

The Company and Bank are also subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

- - RESTRICTION ON DIVIDENDS

Without prior approval, the Bank is restricted by Indiana law and regulations of the Department of Financial Institutions, State of Indiana, and the Federal Deposit Insurance Corporation as to the maximum amount of dividends it can pay to its parent to the balance of the undivided profits account, adjusted for defined bad debts. As a practical matter, the Bank restricts dividends to a lesser amount because of the need to maintain an adequate capital structure.

At December 31, 1995, total stockholders' equity of the Bank was $8,756,000 of which $6,152,000 was restricted from dividend distribution to the Company.

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

PENSION PLAN

The Bank's defined-benefit pension plan covers substantially all of its employees. The benefits are based primarily on years of service and employees' pay near retirement. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Pension expense was $52,000 for 1995, $77,000 for 1994 and $50,000 for 1993.

The following tables set forth the plan's funded status and amounts recognized in the consolidated balance sheet:

DECEMBER 31	1995	1994
Actuarial present value of		
Accumulated benefit obligation including vested benefits of $1,481 and $1,287	$1,510	$1,309
Projected benefit obligation for service rendered to date	$(1,890)	$(1,591)
Plan assets at fair value, primarily time deposits in financial institutions	1,678	1,411
Projected benefit obligation in excess of plan assets	(212)	(180)
Unrecognized net loss from experience different than that assumed	211	149
Unrecognized prior service cost	153	158
Unrecognized net asset at January 1, 1987 being recognized over 17 years	(108)	(123)
Prepaid pension cost included in other assets	$ 44	$ 4

YEAR ENDED DECEMBER 31	1995	1994	1993
Pension expense includes the following components			
Service cost - benefits earned during the year	$57	$65	$52
Interest cost on projected benefit obligation	105	100	98
Actual return on plan assets	(246)	(6)	(21)
Net amortization and deferral	136	(82)	(79)
	$52	$77	$50
Assumptions used in the accounting were:			
Discount rate	6.25%	6.75%	6.00%
Rate of increase in compensation	4.00%	4.00%	4.50%
Expected long-term rate of return on assets	8.00%	7.00%	7.00%

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

CASH AND CASH EQUIVALENTS--The fair value of cash and cash equivalents approximates carrying value.

INTEREST-BEARING DEPOSITS--The fair value of interest-bearing time deposits approximates carrying value.

INVESTMENT SECURITIES--Fair values are based on quoted market prices.

LOANS-For both short-term loans and variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair value for other loans, are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

INTEREST RECEIVABLE/PAYABLE--The fair values of interest receivable/payable approximate carrying values.

DEPOSITS--The fair values of noninterest-bearing and interest-bearing demand accounts are equal to the amount payable on demand at the balance sheet date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on such time deposits.

DUE TO BROKER--The fair value of due to broker approximates carrying value.

The estimated fair values of the Company's financial instruments are as follows:

	1995	
DECEMBER 31	CARRYING AMOUNT	FAIR VALUE
ASSETS		
Cash and cash equivalents	$ 5,480	$ 5,480
Interest-bearing deposits	104	104
Investment securities available for sale	22,029	22,029
Loans, net	42,900	42,939
Interest receivable	1,083	1,083
LIABILITIES		
Deposits	63,441	63,409
Interest payable	381	381
Due to broker	388	388

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company:

CONDENSED BALANCE SHEET

DECEMBER 31	1995	1994
ASSETS		
Cash	$ 7	$ 2
Investment in subsidiary	8,756	8,321
Other assets	200	197
Total assets	$ 8,963	$ 8,520
LIABILITIES		
Dividend payable	$ 193	$ 193
Other liabilities	17	
Total liabilities	210	193
STOCKHOLDERS' EQUITY	8,753	8,327
Total liabilities and stockholders' equity	$8,963	$8,520

CONDENSED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31	1995	1994	1993
Income--dividends from subsidiary	$281	$279	$ 174
Expense--other expense	18	2	1
Income before income tax and equity in undistributed income of subsidiary	263	277	173
Income tax benefit	7	1	
Income before equity in undistributed income of subsidiary	270	278	173
Equity in undistributed income of subsidiary	397	524	899
NET INCOME	$667	$802	$1,072

(TABLE DOLLAR AMOUNTS IN THOUSANDS)

CONDENSED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31	1995	1994	1993
OPERATING ACTIVITIES			
Net income	$667	$802	$1,072
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiary	(397)	(524)	(899)
Change in			
Other assets	(3)	(101)	(4)
Other liabilities	18		
Net cash provided by operating activities	285	177	169
FINANCING ACTIVITIES			
Cash dividends	(276)	(179)	(165)
Purchase of stock	(4)		
Net cash used by financing activities	(280)	(179)	(165)
NET INCREASE (DECREASE) IN CASH	5	(2)	4
CASH AT BEGINNING OF YEAR	2	4	
CASH AT END OF YEAR	$ 7	$ 2	$ 4

RANDOLPH COUNTY BANCORP
CONSOLIDATED CONDENSED BALANCE SHEET
JUNE 30, 1996
(UNAUDITED)

ASSETS	
Cash and due from banks	$ 2,066,900
Interest-bearing deposits	107,319
Investment securities available for sale	24,270,905
Loans	44,829,303
Allowance for loan losses	(665,663)
Net loans	44,163,640
Premises and equipment	1,273,289
Interest receivable	1,088,399
Other assets	326,214
Total assets	$ 73,296,666
LIABILITIES	
Deposits	
Noninterest bearing	$ 5,333,893
Interest bearing	57,053,987
Total deposits	62,387,880
Federal funds purchased	1,500,000
Interest payable	407,725
Other liabilities	62,317
Total liabilities	64,357,922
Commitments and Contingencies	
STOCKHOLDERS' EQUITY	
Common stock, $100 stated value	
Authorized - 60,000 shares	
Issued and outstanding - 27,555 shares	2,755,500
Paid-in capital	709,036
Retained earnings	5,593,391
Net unrealized gain on securities available for sale	(119,183)
Total stockholders' equity	8,938,744
Total liabilities and stockholders' equity	$ 73,296,666

See notes to consolidated condensed financial statements.

RANDOLPH COUNTY BANCORP
CONSOLIDATED CONDENSED STATEMENT OF INCOME
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	1996	1995
INTEREST INCOME		
Loans receivable	$1,994,342	$1,867,882
Investment securities	593,654	624,834
Federal funds sold	53,597	9,289
Deposits with financial institutions	3,625	1,634
Total interest income	2,645,218	2,503,639
INTEREST EXPENSE		
Deposits	1,240,992	1,217,456
Short-term borrowings	7,869	8,636
Total interest expense	1,248,861	1,226,092
NET INTEREST INCOME	1,396,357	1,277,547
Provision for loan losses	90,000	60,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,306,357	1,217,547
OTHER INCOME		
Fiduciary	3,984	1,425
Service charges on deposit accounts	85,792	55,682
Other customer fees	21,897	14,333
Other income	7,960	9,442
Total other income	119,633	80,882
OTHER EXPENSES		
Salaries and employee benefits	421,074	422,495
Net occupancy expenses	77,604	71,417
Equipment expenses	33,010	41,737
Data processing fees	29,847	29,356
Deposit insurance expense	1,000	77,138
Printing and office supplies	22,822	21,886
Advertising	18,586	23,094
Legal and professional fees	26,473	23,231
Director and committee fees	30,300	35,100
Other expenses	141,082	57,620
Total other expenses	801,798	803,074
INCOME BEFORE INCOME TAX	624,192	495,355
Income tax expense	198,193	142,955
NET INCOME	$ 425,999	$ 352,400
PER SHARE		
Net income	$ 15.45	$ 12.78
WEIGHTED AVERAGE SHARES OUTSTANDING	27,565	27,567

See notes to consolidated condensed financial statements.

RANDOLPH COUNTY BANCORP
CONSOLIDATED CONDENSED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	1996	1995
Balances, January 1	$8,753,060	$8,326,993
Net income	425,999	352,400
Cash dividends	(82,665)	(82,701)
Change in unrealized gain (loss) on securities available for sale, net of taxes of $103,402	(157,650)	
Balances, June 30	$8,938,744	$8,596,692

See notes to consolidated condensed financial statements.

RANDOLPH COUNTY BANCORP
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	1996	1995
OPERATING ACTIVITIES		
Net income	$ 425,999	$ 352,400
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	90,000	60,000
Depreciation and amortization	57,870	67,037
Investment securities amortization, net	58,082	51,606
Net change in		
Interest receivable	(5,790)	81,025
Interest payable	27,001	48,377
Other adjustments	34,373	92,037
Net cash provided by operating activities	687,535	752,482
INVESTING ACTIVITIES		
Net change in interest-bearing deposits	(3,724)	(100,000)
Purchase of securities held to maturity		(2,843,274)
Purchase of securities available for sale	(9,983,335)	
Proceeds from maturities of securities available for sale	7,035,000	
Proceeds from maturities of securities held to maturity		8,516,000
Net change in loans	(1,373,790)	(1,151,960)
Purchase of premises and equipment		(1,850)
Other	12,786	58,040
Net cash provided (used) by investing activities	(4,313,063)	4,476,956
FINANCING ACTIVITIES		
Net change in		
Noninterest-bearing, NOW, money market and savings deposits	(2,055,575)	(4,899,998)
Certificates of deposit	1,002,198	(1,041,491)
Net increase in short-term borrowings	1,500,000	
Cash dividends	(234,218)	(192,969)
Net cash used by financing activities	212,405	(6,134,458)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,413,123)	(905,020)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,480,023	3,553,628
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,066,900	$ 2,648,608

See notes to consolidated financial statements.

RANDOLPH COUNTY BANCORP AND SUBSIDIARY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1: General

The significant accounting policies followed by Randolph County Bancorp (Corporation) and its wholly owned subsidiary for interim financial reporting are consistent with the accounting polices followed for annual financial reporting. All adjustments which are in the opinion of management necessary for a fair statement of the results for the period reported have been included in the accompanying consolidated financial statements.

Note 2: Acquisition

On October 2, 1996, First Merchants Corporation of Muncie, Indiana (First Merchants) acquired all of the assets of the Corporation through the merger of the Corporation with and into First Merchants. Pursuant to the terms of the merger agreement, stockholders of the Corporation receive 20.53 shares of First Merchants common stock for each share of the Corporation common stock held.

PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined condensed balance sheet as of December 31, 1995, and the pro forma combined condensed statements of income for each of the years in the three-year period ended December 31, 1995, give effect to the Merger based on the historical consolidated financial statements of First Merchants Corporation ("First Merchants") and its subsidiaries and the historical consolidated financial statements of Randolph County Bancorp ("Randolph County") and its subsidiary under the assumptions and adjustments set forth in the accompanying notes to the pro forma financial statements.

The pro forma financial statements have been prepared by the managements of First Merchants and Randolph County based upon their respective financial statements. These pro forma statements, which include results of operations as if the Merger had been consummated at the beginning of each period presented, may not be indicative of the results that actually would have occurred if the Merger had been in effect on the dates indicated or which may be obtained in the future.

The following pro forma combined condensed balance sheet and condensed statements of income include:

(a) First Merchant's historical consolidated financial information.

(b) Randolph County's historical consolidated financial information.

(c) The combined statements of First Merchants and Randolph County, which have been designated herein as "First Merchants/Randolph County Pro Forma Combined."

(d) Union National Bancorp's ("Union National") historical consolidated financial information, which has been designated herein as "Union National." On August 1, 1996, Union National was merged with and into First Merchants. The merger was accounted for as a pooling of interests; accordingly, historical financial data for Union National is included for all periods presented.

(e) The combined statements of First Merchants, Randolph County and Union National which have been designated herein as "Pro Forma Combined."

PRO FORMA COMBINED CONDENSED BALANCE SHEET
December 31, 1995
(Unaudited)
(In Thousands)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS RANDOLPH COUNTY/ PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Assets:							
Cash and due from banks	$ 31,432	$ 4,080		$ 35,512	$ 3,461		$ 38,973
Federal funds sold	37,500	1,400		38,900			38,900
Interest-bearing deposits	155	104		259			259
Investment securities:							
Available for sale	143,120	22,029		165,149	60,789		225,938
Held to maturity	58,214			58,214	2,464		60,678
Total investment securities	201,334	22,029		223,363	63,253		286,616
Mortgage loans held for sale	736			736			736
Loans	418,994	43,494		462,488	89,850		552,338
Allowance for loan losses	(4,957)	(594)		(5,551)	(1,144)		(6,695)
Net loans	414,037	42,900		456,937	88,706		545,643
Premises and equipment	10,476	1,331		11,807	3,027		14,834
Goodwill	1,845			1,845			1,845
Other assets	10,344	1,375		11,719	2,631		14,350
Total Assets	$ 707,859	$ 73,219		$ 781,078	$161,078		$ 942,156
Liabilities:							
Deposits	$ 588,156	63,441		$ 651,597	$132,339		$ 783,936
Repurchase agreements	27,293			27,293	1,594		28,887
Other short-term borrowings	6,682			6,682	1,808		8,490
Federal Home Loan Bank advances	1,000			1,000	8,000		9,000
Other liabilities	4,255	1,025		5,280	1,596		6,876
Total Liabilities	627,386	64,466		691,852	145,337		$ 837,189
Stockholders' equity:							
Common stock	632	2,756	(2,686)(1)	702	970	(852) (2)	820
Additional paid - in capital	15,852	709	2,686(1)	19,247	1,957	852 (2)	22,056
Retained earnings	62,836	5,250		68,086	12,119		80,205
Net unrealized gain on securities available for sale	1,153	38		1,191	695		1,886
Total Stockholders' Equity	80,473	8,753		89,226	15,741		104,967
Total Liabilities and Stockholders' Equity	$707,859	$ 73,219		$ 781,078	$161,078		$ 942,156

See notes to pro forma consolidated balance sheet

NOTES TO PRO FORMA COMBINED CONDENSED BALANCE SHEET (Unaudited)

The following pro forma adjustments are necessary to record the Merger and pending merger.

[1] To reflect exchange of shares of Randolph County common stock for shares of First Merchants common stock, retaining the historical cost basis of assets, liabilities and equity through the treatment as a pooling of interest. A total of 565,704 shares of First Merchants common stock will be issued at the exchange ratio of 20.53 shares of First Merchants common stock for each of the 27,555 issued and outstanding shares of Randolph County common stock as of December 31, 1995, resulting in a transfer from common stock to additional paid-in capital of $2,686,000 to reflect the decrease in the aggregate par value of the issued and outstanding shares of First Merchants common stock relative to the aggregate par value of the currently outstanding shares of Randolph County common stock.

Common stock	$ (2,686)
Additional paid-in capital	$ 2,686

[2] To reflect exchange of shares of Union National common stock for shares of First Merchants common stock, retaining the historical cost basis of assets, liabilities and equity through the treatment as a pooling of interest. A total of 942,685 shares of First Merchants common stock will be issued at the exchange ratio of 4.86 shares of First Merchants common stock for each of the 193,968 issued and outstanding shares of Union National common stock as of December 31, 1995, resulting in a transfer from common stock to additional paid-in capital of $852,000 to reflect the decrease in the aggregate par value of the issued and outstanding shares of First Merchants common stock relative to the aggregate par value of the currently outstanding shares of Union National common stock.

Common stock	$ (852)
Additional paid-in capital	$ 852

PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME
Year Ended December 31, 1995
(Unaudited)
(In thousands, except share and per share data)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS/ RANDOLPH COUNTY PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Interest income	$ 49,964	$ 5,152		$ 55,116	$ 11,332		$ 66,448
Interest expense	22,083	2,498		24,581	6,770		31,351
Net interest income	27,881	2,654		30,535	4,562		35,097
Provision for loan losses	640	408		1,048	340		1,388
Net interest income after provision for loan losses	27,241	2,246		29,487	4,222		33,709
Total other income	6,907	223		7,130	463		7,593
Total other expenses	18,842	1,535		20,377	2,617		22,994
Income before income taxes	15,306	934		16,240	2,068		18,308
Income taxes	5,448	267		5,715	545		6,260
Net income	$ 9,858	$ 667		$ 10,525	$ 1,523		$ 12,048
Net income per common share	$ 1.95			$ 1.87			$ 1.84
Average Shares Outstanding	$5,055,169			$5,621,078			$6,564,214

PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME
Year Ended December 31, 1994
(Unaudited)
(In thousands, except share and per share data)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS/ RANDOLPH COUNTY PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Interest income	$ 43,114	$ 4,968		$ 48,082	$ 9,684		$ 57,766
Interest expense	16,131	2,370		18,501	5,327		23,828
Net interest income	26,983	2,598		29,581	4,357		33,938
Provision for loan losses	782	120		902	300		1,202
Net interest income after provision for loan losses	26,201	2,478		28,679	4,057		32,736
Total other income	6,298	241		6,539	379		6,918
Total other expenses	18,434	1,614		20,048	2,584		22,632
Income before income taxes	14,065	1,105		15,170	1,852		17,022
Income taxes	4,907	303		5,210	449		5,659
Net income	$ 9,158	$ 802		$ 9,960	$ 1,403		$ 11,363
Net income per common share	$ 1.80			$ 1.76			$ 1.72
Average Shares Outstanding	5,077,307			5,643,257			6,587,564

PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME
Year Ended December 31, 1993
(Unaudited)
(In thousands, except share and per share data)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS/ RANDOLPH COUNTY PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Interest income	$ 42,006	$ 5,210		$ 47,216	$ 9,365		$ 56,581
Interest expense	16,498	2,536		19,034	5,022		24,056
Net interest income	25,508	2,674		28,182	4,343		32,525
Provision for loan losses	1,014	240		1,254	400		1,654
Net interest income after provision for loan losses	24,494	2,434		26,928	3,943		30,871
Total other income	6,589	418		7,007	343		7,350
Total other expenses	18,215	1,403		19,618	2,490		22,108
Income before income taxes	12,868	1,449		14,317	1,796		16,113
Income taxes	4,396	410		4,806	444		5,250
Net income(1)	$ 8,472	$ 1,039		$ 9,511	$ 1,352		$ 10,863
Net income per common share	$ 1.65			$ 1.67			$ 1.64
Average Shares Outstanding	5,124,626			5,690,576			6,634,145

(1) Net income excludes the cumulative effect of change in accounting for income taxes.

PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined condensed balance sheet as of June 30, 1996, and the pro forma combined condensed statement of income for the year ended June 30, 1996, give effect to the Merger based on the historical consolidated financial statements of First Merchants Corporation ("First Merchants") and its subsidiaries and the historical consolidated financial statements of Randolph County Bancorp ("Randolph County") and its subsidiary under the assumptions and adjustments set forth in the accompanying notes to the pro forma financial statements.

The pro forma financial statements have been prepared by the managements of First Merchants and Randolph County based upon their respective financial statements. These pro forma statements, which include results of operations as if the Merger had been consummated at the beginning of each period presented, may not be indicative of the results that actually would have occurred if the Merger had been in effect on the dates indicated or which may be obtained in the future.

The following pro forma combined condensed balance sheet and condensed statements of income include:

(a) First Merchant's historical consolidated financial information.

(b) Randolph County's historical consolidated financial information.

(c) The combined statements of First Merchants and Randolph County, which have been designated herein as "First Merchants/Randolph County Pro Forma Combined."

(d) Union National Bancorp's ("Union National") historical consolidated financial information, which has been designated herein as "Union National." On August 1, 1996, First Merchants acquired for shares of First Merchants common stock, all of the issued and outstanding common stock of Union National. The transaction will be accounted for as a pooling of interests; accordingly, historical financial data for Union National is included for all periods presented.

(e) The combined statements of First Merchants, Randolph County and Union National which have been designated herein as "Pro Forma Combined."

PRO FORMA COMBINED CONDENSED BALANCE SHEET
June 30, 1996
(Unaudited)
(In thousands)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS/ RANDOLPH COUNTY PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Assets:							
Cash and due from banks	$ 31,106	$ 2,067		$ 33,173	$ 3,627		$ 36,800
Federal funds sold	15,100			15,100			15,100
Interest-bearing deposits		107		107			107
Investment securities:							
Available for sale	145,992	24,271		170,263	56,984		227,247
Held to maturity	51,015			51,015	3,025		54,040
Total investment securities	197,007	24,271		221,278	60,009		281,287
Loans	439,926	44,829		484,755	99,170		583,925
Allowance for loan losses	(4,919)	(665)		(5,584)	(1,047)		(6,631)
Net loans	435,007	44,164		479,171	98,123		577,294
Premises and equipment	10,467	1,273		11,740	3,021		14,761
Goodwill	1,780			1,780			1,780
Other assets	13,742	1,415		15,157	2,795		17,952
Total Assets	$ 704,209	$ 73,297		$777,506	$167,575		$945,081
Liabilities:							
Deposits	$ 574,225	$ 62,388		$ 636,613	$ 135,851		$772,464
Short-term borrowings	41,611	1,500		43,111	5,274		48,385
Federal Home Loan Bank advances					9,000		9,000
Other liabilities	5,872	470		6,342	1,609		7,951
Total Liabilities	621,708	64,358		686,066	151,734		837,800
Stockholders' equity:							
Common stock	633	2,756	(2,686)(1)	703	970	(852)(2)	821
Additional paid -in capital	16,132	709	2,686 (1)	19,527	1,957	852 (2)	22,336
Retained earnings	65,971	5,593		71,564	12,800		84,364
Net unrealized gain (loss) on securities available for sale	(235)	(119)		(354)	114		(240)
Total Stockholders' Equity	82,501	8,939		91,440	15,841		107,281
Total Liabilities and Stockholders' Equity	$ 704,209	$ 73,297		$ 777,506	$ 167,575		$945,081

See notes to pro forma consolidated balance sheet

NOTES TO PRO FORMA COMBINED CONDENSED BALANCE SHEET (Unaudited)

The following pro forma adjustments are necessary to record the Mergers.

[1] To reflect exchange of shares of Randolph County common stock for shares of First Merchants common stock, retaining the historical cost basis of assets, liabilities and equity through the treatment as a pooling of interest. A total of 565,705 shares of First Merchants common stock were issued at the exchange ratio of 20.53 shares of First Merchants common stock for each of the 27,555 issued and outstanding shares of Randolph County common stock as of June 30, 1996, resulting in a transfer from common stock to additional paid-in capital of $2,686,000 to reflect the decrease in the aggregate par value of the issued and outstanding shares of First Merchants common stock relative to the aggregate par value of the currently outstanding shares of Randolph County common stock.

Common stock	$ (2,686)
Additional paid-in capital	$ 2,686

[2] To reflect exchange of shares of Union National common stock for shares of First Merchants common stock, retaining the historical cost basis of assets, liabilities and equity through the treatment as a pooling of interest. A total of 942,685 shares of First Merchants common stock were issued at the exchange ratio of 4.86 shares of First Merchants common stock for each of the 193,968 issued and outstanding shares of Union National common stock as of June 30, 1996, resulting in a transfer from common stock to additional paid-in capital of 852,000 to reflect the decrease in the aggregate par value of the issued and outstanding shares of First Merchants common stock relative to the aggregate par value of the currently outstanding shares of Union National common stock.

Common stock	$ (852)
Additional paid-in capital	$ 852

PRO FORMA COMBINED CONDENSED STATEMENT OF INCOME
Six Months Ended June 30, 1996
(Unaudited)
(In thousands, except share and per share data)

	(a) FIRST MERCHANTS	(b) RANDOLPH COUNTY	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(c) FIRST MERCHANTS/ RANDOLPH COUNTY PRO FORMA COMBINED	(d) UNION NATIONAL	PRO FORMA ADJUSTMENTS INCREASE (DECREASE)	(e) PRO FORMA COMBINED
Interest income	$ 25,376	$ 2,645		$ 28,021	$ 5,993		$ 34,014
Interest expense	11,176	1,249		12,425	3,467		15,892
Net interest income	14,200	1,396		15,596	2,526		18,122
Provision for loan losses	320	90		410	170		580
Net interest income after provision for loan losses	13,880	1,306		15,186	2,356		17,542
Total other income	3,610	120		3,730	239		3,969
Total other expenses	9,546	802		10,348	1,446		11,794
Income before income taxes	7,944	624		8,568	1,149		9,717
Income taxes	2,785	198		2,983	333		3,316
Net income	$ 5,159	$ 426		$ 5,585	$ 816		$ 6,401
Net income per common share	$ 1.02			$ 0.99			$ 0.97
Average Shares Outstanding	5,062,259			5,627,964			6,570,649

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the use of our report, dated January 17, 1996, except for the last paragraph of the note on Loans and Allowance as to which the date is March 19, 1996, on the consolidated financial statements of Randolph County Bancorp included herein in the Current Report on Form 8-K of First Merchants Corporation, dated October 2, 1996.

GEO S. OLIVE & CO. LLC

Indianapolis, Indiana
October 11, 1996