UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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): November 27, 2001

FIRST MERCHANTS CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of incorporation)

0-17071	35-1544218
(Commission File Number)	(IRS Employer Identification No.)

200 East Jackson Street P.O. Box 792 Muncie, Indiana	47305
(Address of principal executive offices)	(Zip Code)

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

Item 5. Other Events and Regulation FD Disclosure.

On October 15, 2001, First Merchants Corporation (the "Registrant") and Lafayette Bancorporation ("Lafayette") jointly announced the signing of a definitive agreement (the "Agreement") pursuant to which Lafayette will be merged with and into Registrant (the "Merger"). Registrant filed a Current Report on Form 8-K (the "Current Report") with the Securities and Exchange Commission on October 15, 2001, disclosing certain terms of the Merger. A copy of the Agreement was attached to the Current Report as an exhibit. Subject to various contingencies, the Merger is expected to be completed in the second quarter of 2002.

In connection with the Merger, Registrant is filing the following financial information as exhibits hereto:

(a) Audited consolidated financial statements of Lafayette as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000;

(b) Unaudited consolidated financial statements of Lafayette as of September 30, 2001 and for each of the three month periods and nine month periods ended September 30, 2001 and 2000; and

(c) Unaudited pro forma combined consolidated financial information for Registrant and for Lafayette giving effect to the Merger, as of September 30, 2001, for the nine month period ended September 30, 2001, and for the year ended December 31, 2000.

On November 27, 2001, Registrant announced that it had executed two agreements pursuant to which it would enter the title insurance business by acquiring Delaware County Abstract Company, Inc. ("DCA") and Beebe & Smith Title Insurance Company, Inc. ("B&S") (the "Acquisitions"). A copy of the November 27, 2001 press release announcing the Acquisitions is attached hereto as an exhibit.

Subject to certain contingencies, DCA and B&S are to be merged into Indiana Title Insurance Company, a wholly-owned subsidiary of the Registrant ("ITIC"), effective January 1, 2002. As part of the Acquisitions, the shareholders of DCA and B&S will receive unregistered shares of the Registrant's common stock with a value of approximately $1.1 million and $1.1 million, respectively, in consideration for their shares of DCA and B&S. In addition, the shareholders of DCA and B&S will each receive additional unregistered shares of the Registrant's common stock with a market value equal to 10% of ITIC's (or any successor thereto's) income before taxes for the year ending December 31, 2002.

Following completion of the Acquisitions, it is contemplated that ITIC, MutualFirst Financial, Inc. in Muncie, Indiana ("Mutual") and Americana Bancorp in New Castle, Indiana ("Americana") will form Indiana Title Insurance Company, LLC, an Indiana limited liability

company (the "LLC"), to which ITIC will transfer all of the former assets of DCA and B&S which were acquired through the Acquisitions. Mutual and Americana will each contribute cash to LLC in exchange for their ownership interests. The ownership interests of the LLC held by ITIC, Mutual and Americana and the amount of the cash contributions by Mutual and Ameriana to the LLC have yet to be determined.

Item 7. Financial Statements and Exhibits.

(c)

Exhibit	Description
23	Consent of Crowe, Chizek and Company LLP
99(a)	Audited consolidated financial statements of Lafayette Bancorporation as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000
99(b)	Unaudited consolidated financial statements of Lafayette as of September 30, 2001 and for each of the three month periods and nine month periods ended September 30, 2001 and 2000
99(c)	Unaudited pro forma combined consolidated financial information for Registrant and for Lafayette giving effect to the Merger, as of September 30, 2001, for the nine month period ended September 30, 2001, and for the year ended December 31, 2000
99(d)	Press release dated November 27, 2001

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.

By: /s/ Larry R. Helms
Larry R. Helms, Senior Vice President

Dated: December 21, 2001

EXHIBIT 23

Consent of Independent Auditors

We consent to the inclusion in the Current Report on Form 8-K of First Merchants Corporation of our report, dated January 25, 2001, on the consolidated financial statements of Lafayette Bancorporation as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000.

CROWE, CHIZEK AND COMPANY LLP
December 21, 2001
Indianapolis, Indiana

EXHIBIT 99(a)

LAFAYETTE BANCORPORATION
Lafayette, Indiana

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2000, 1999 and 1998

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REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Lafayette Bancorporation
Lafayette, Indiana

We have audited the accompanying consolidated balance sheets of Lafayette Bancorporation as of December 31, 2000 and 1999 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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 referred to above present fairly, in all material respects, the financial position of Lafayette Bancorporation as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with generally accepted accounting principles.

Crowe, Chizek and Company LLP
Indianapolis, Indiana
January 25, 2001

LAFAYETTE BANCORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2000 and 1999
(Dollar amounts in thousands)

	2000	1999
ASSETS		
Cash and due from banks	$ 26,452	$ 28,287
Interest-bearing deposits in other financial institutions	21,820	83
Federal funds sold	25,200	2,200
Total cash and cash equivalents	73,472	30,570
Securities available-for-sale	78,857	79,722
Securities held-to-maturity (fair value $4,580 and $4,709)	4,484	4,712
Loans held for sale	5,949	3,174
Loans	537,725	489,070
Less: Allowance for loan losses	(5,071)	(4,618)
Net loans	532,654	484,452
FHLB stock, at cost	2,200	1,897
Premises, furniture and equipment, net	11,353	10,583
Intangible assets	13,007	13,747
Accrued interest receivable and other assets	19,171	16,292
Total assets	$ 741,147	$ 645,149
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Noninterest-bearing deposits	$ 70,866	$ 63,206
Interest-bearing demand and savings deposits	230,984	229,302
Interest-bearing time deposits	276,447	229,739
Total deposits	578,297	522,247
Short-term borrowings	55,572	27,273
FHLB advances	35,737	30,027
Note payable	11,550	12,950
Accrued interest payable and other liabilities	7,190	6,867
Total liabilities	688,346	599,364
Shareholders' equity		
Common stock, no par value: 5,000,000 shares authorized; 3,953,616 and 3,586,140 shares issued and outstanding	3,954	3,586
Additional paid-in capital	38,024	32,886
Retained earnings	11,086	11,269
Accumulated other comprehensive income	(263)	(1,956)
Total shareholders' equity	52,801	45,785
Total liabilities and shareholders' equity	$ 741,147	$ 645,149

See accompanying notes.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2000, 1999 and 1998
(Dollar amounts in thousands, except per share data)

	2000	1999	1998
INTEREST INCOME			
Loans, including related fees	$ 46,620	$ 38,520	$29,810
Taxable securities	3,318	3,831	3,217
Tax exempt securities	1,664	1,529	991
Other	784	510	707
Total interest income	52,386	44,390	34,725
INTEREST EXPENSE			
Deposits	23,016	18,024	14,906
Short-term borrowings	1,773	1,358	712
Other borrowings	2,616	2,161	1,345
Total interest expense	27,405	21,543	16,963
NET INTEREST INCOME	24,981	22,847	17,762
Provision for loan losses	1,200	1,060	980
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	23,781	21,787	16,782
Noninterest income			
Fiduciary activities	1,187	1,134	964
Service charges on deposit accounts	1,880	1,581	1,309
Net realized gain/(loss) on securities	(12)	(144)	6
Net gain on loan sales	659	942	1,255
Other service charges and fees	1,042	923	727
Investment product commissions	758	318	357
Other	311	371	298
Total noninterest income	5,825	5,125	4,916
Noninterest expense			
Salaries and employee benefits	10,681	9,836	8,206
Occupancy, net	1,247	1,073	891
Equipment	1,731	1,314	1,054
Intangible amortization	740	597	81
Other	4,777	4,714	3,378
Total noninterest expenses	19,176	17,534	13,610
INCOME BEFORE INCOME TAXES	10,430	9,378	8,088
Income taxes	3,514	3,027	2,711
NET INCOME	$ 6,916	$ 6,351	$ 5,377
Basic earnings per share	$ 1.75	$ 1.61	$ 1.36
Diluted earnings per share	$ 1.74	$ 1.57	$ 1.34

See accompanying notes.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Years ended December 31, 2000, 1999 and 1998
(Dollar amounts in thousands, except per share data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Shareholders' Equity
Balance, January 1, 1998	$ 2,174	$ 24,555	$ 11,927	$ (90)	$ (97)	$ 38,469
Comprehensive income						
Net income			5,377			5,377
Change in net unrealized gain/ (loss) on securities available-for-sale				48		48
Total comprehensive income						5,425
Issue 2,825 shares under stock option plan	2	67				69
10% Stock dividend, 217,640 shares	218	7,998	(8,216)			--
Cash dividends ($.34 per share)			(1,341)			(1,341)
Purchase 188 treasury shares					(8)	(8)
Balance, December 31, 1998	2,394	32,620	7,747	(42)	(105)	42,614
Comprehensive income						
Net income			6,351			6,351
Change in net unrealized gain/ (loss) on securities available-for-sale				(1,914)		(1,914)
Total comprehensive income						4,437
Issue 11,884 shares under stock option plan	12	266				278
3-2 stock split, 1,200,738 shares	1,201		(1,201)			--
Cash dividends ($.39 per share)			(1,540)			(1,540)
Purchase 105 treasury shares					(4)	(4)
Retire 20,517 treasury shares	(21)		(88)		109	--
Balance, December 31, 1999	3,586	32,886	11,269	(1,956)	--	45,785
Comprehensive income						
Net income			6,916			6,916
Change in net unrealized gain/ (loss) on securities available-for-sale				1,693		1,693
Total comprehensive income						8,609
Issue 8,448 shares under stock option plan	9	108				117
10% Stock dividend 359,043 shares	359	5,030	(5,393)			(4)
Cash dividends ($.43 per share)			(1,706)			(1,706)
BALANCE, DECEMBER 31, 2000	$ 3,954	$ 38,024	$ 11,086	$ (263)	$ --	$ 52,801

See accompanying notes.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2000, 1999 and 1998
(Dollar amounts in thousands)

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 6,916	$ 6,351	$ 5,377
Adjustments to reconcile net income to net cash from operating activities			
Depreciation	1,339	948	646
Net amortization	722	726	311
Provision for loan losses	1,200	1,060	980
Net realized (gain)/loss on securities	12	144	(6)
Net realized (gain) loss on sale of other real estate	(5)	--	(43)
Change in assets and liabilities			
Loans originated for sale	(56,201)	(67,547)	(86,291)
Loans sold	53,426	74,459	83,845
Accrued interest receivable and other assets	(4,410)	(1,947)	(1,402)
Accrued interest payable and other liabilities	323	1,314	446
Net cash from operating activities	3,322	15,508	3,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in interest-bearing balances with other financial institutions	--	671	(671)
Purchase of securities available-for-sale	(86,815)	(172,049)	(54,270)
Proceeds from sales of securities available-for-sale	82,375	56,027	3,592
Proceeds from maturities of securities available-for-sale	8,119	109,826	40,176
Purchase of securities held-to-maturity	--	(2,000)	(2,532)
Proceeds from maturities of securities held-to-maturity	229	2,160	2,906
Loans made to customers, net of payments collected	(49,452)	(78,085)	(41,804)
Purchase of Federal Home Loan Bank stock	(303)	(358)	(297)
Property and equipment expenditures	(2,109)	(3,578)	(2,416)
Proceeds from sales of other real estate	470	--	251
Net cash from investing activities	(47,486)	(87,386)	(55,065)

(Continued)

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended December 31, 2000, 1999, and 1998
(Dollar amounts in thousands)

	2000	1999	1998
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in deposit accounts	$ 56,050	$ 9,686	$ 40,351
Cash received in branch acquisition for liabilities assumed, net of assets acquired	--	45,266	--
Net change in short-term borrowings	28,299	10,871	(3,970)
Proceeds from other borrowings	22,000	30,000	4,800
Payments on other borrowings	(17,690)	(10,877)	(832)
Common stock issued	117	278	69
Dividends paid	(1,706)	(1,540)	(1,341)
Purchase of fractional shares from stock dividend	(4)	--	--
Purchase of treasury stock	--	(4)	(8)
Net cash from financing activities	87,066	83,680	39,069
Net change in cash and cash equivalents	42,902	11,802	(12,133)
Cash and cash equivalents at beginning of year	30,570	18,768	30,901
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 73,472	$ 30,570	$ 18,768
Supplemental disclosures of cash flow information			
Cash paid during the period for			
Interest	$ 26,882	$ 20,765	$ 16,824
Income taxes	3,405	3,168	2,939
Non-cash investing and financing activities			
Loans transferred to other real estate	$ 50	$ 465	$ --
See also Note 18 regarding 1999 branch acquisition.			

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements include the accounts of Lafayette Bancorporation (Corporation) and its wholly owned subsidiary, Lafayette Bank and Trust Company (Bank), after elimination of significant intercompany transactions and accounts.

The Corporation provides financial services to its customers, primarily commercial and retail banking and trust services, with operations conducted through its main office and 16 branches located in Tippecanoe, White, and Jasper Counties in Indiana. The majority of the Corporation's revenue is derived from commercial and retail business lending activities and investments. Although the overall loan portfolio is diversified, the economy of Tippecanoe County is heavily dependent on Purdue University, one of the area's largest employers, and the economy of White and Jasper County is heavily dependent on the agricultural industry. The majority of the Bank's loans are secured by specific items of collateral including business assets, real property and consumer assets.

Use of Estimates: Management must make estimates and assumptions in preparing financial statements that affect the amounts reported therein and the disclosures provided. These estimates and assumptions may change in the future and future results could differ from these estimates. Estimates that are more susceptible to change in the near term include the allowance for loan losses, the fair value of securities and other financial instruments, and the determination and carrying value of impaired loans.

Securities: Securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available-for-sale when they might be sold before maturity. Securities available-for-sale are reported at fair value, with unrealized gains or losses included in other comprehensive income.

Realized gains or losses are determined based on the amortized cost of the specific security sold. Interest and dividend income, adjusted by amortization of purchase premium or discount, is included in earnings.

Loans Held for Sale: The Bank sells certain fixed-rate first mortgage loans in the secondary market on a servicing-released basis. Mortgage loans held for sale are carried at the lower of cost or estimated market value determined on an aggregate basis.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans: Interest on real estate, commercial and most installment loans is accrued over the term of the loans based on the principal outstanding. The recognition of interest income is discontinued when, in management's judgment, the interest will not be collectible in the normal course of business. Loans are evaluated for non-accrual when the loan is impaired or payments are past due over 90 days. Interest received is recognized on the cash basis or cost recovery method until qualifying for return to accrual status. Accrual is resumed when all contractually due payments are brought current and future payments are reasonably assured. The Bank defers loan fees, net of certain direct loan origination costs. The net amount deferred is reported in the balance sheet as part of loans and is recognized into interest income over the term of the loan using a method which approximates a level-yield.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed.

Loan impairment is recognized if a loan's full principal or interest payments are not expected to be received. Loans considered to be impaired are reduced to the present value of expected future cash flows using the loans' existing rate or to the fair value of collateral if repayment is expected solely from the collateral, by allocating a portion of the allowance for loan losses to such loans. Smaller-balance homogeneous loans are evaluated for impairment in total. Such loans include residential real estate loans secured by one to four family residences and installment loans to individuals for household, family and other personal expenditures. Commercial and agricultural loans are evaluated individually for impairment.

Premises, Furniture and Equipment: Premises, furniture and equipment are stated at cost less accumulated depreciation. Depreciation expense is recognized over the estimated useful lives of the assets, principally on the straight-line method.

Foreclosed Assets: Assets acquired through or instead of loan foreclosure are initially recorded at fair value when acquired, establishing a new cost basis. If fair value declines, a valuation allowance is recorded through expense. Holding costs after acquisition are expensed.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Assets: These assets are reviewed for impairment when events indicate their carrying amounts may not be recoverable from future undiscounted cash flows. If impaired, the assets are recorded at discounted amounts.

Repurchase Agreements: Substantially all repurchase agreement liabilities represent amounts advanced by various customers. Securities are pledged to cover these liabilities, which are not covered by federal deposit insurance. The Bank retains possession of and control over pledged securities.

Intangibles: Intangibles include goodwill and core deposit intangibles. Goodwill is amortized on the straight-line method over 15 to 25 years, and core deposit is amortized on an accelerated method over 10 years. Intangibles are assessed for impairment based on estimated undiscounted cash flows, and written down if necessary.

Stock Compensation: Expense for employee compensation under stock option plans is based on Opinion 25, with expense reported only if options are granted below market price at grant date. Pro forma disclosures of net income and earnings per share are provided as if the fair value method of Financial Accounting Standard No. 123 were used for stock-based compensation.

Income Taxes: Deferred tax liabilities and assets are determined at each balance sheet date. They are measured by applying enacted tax laws to future taxable income or expense resulting from differences in the financial statement and tax basis of assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Earnings Per Share: Basic earnings per share is net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the dilutive effect of additional potential common shares issuable under stock options. Earnings and dividends per share are restated for all stock splits and dividends through the date of issue of the financial statements.

Statement of Cash Flows: Cash and cash equivalents are defined to include cash on hand, amounts due from banks, and federal funds sold. The Corporation reports net cash flows for customer loan transactions, deposit transactions, and short-term borrowings.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments: Financial instruments include credit instruments, such as commitments to make loans and standby letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay.

Fair Values of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed separately. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are now such matters that will have a material effect on the financial statements.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale, which are also recognized as a separate component of equity.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the bank to the holding company or by the holding company to shareholders.

Industry Segments: Internal financial information is primarily reported and aggregated in three lines of business, banking, mortgage banking and trust services.

New Accounting Pronouncements: Beginning January 1, 2001, a new accounting standard will require all derivatives to be recorded at fair value. Unless designated as hedges, changes in these fair values will be recorded in the income statement. Fair value changes involving hedges will generally be recorded by offsetting gains and losses on the hedge and on the hedged item, even if the fair value of the hedged item is not otherwise recorded. Adoption of this standard on January 1, 2001 did not have a material effect on the financial statements.

Reclassifications: Some items in the prior financial statements were reclassified to conform to the current presentation.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 2 - SECURITIES

The amortized cost and fair values of securities are as follows at December 31, 2000:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
SECURITIES AVAILABLE-FOR-SALE				
U.S. Government and its agencies	$ 4,201	$ 10	$ (18)	$ 4,193
Obligations of states and political subdivisions	30,880	418	(286)	31,012
Corporate obligations	3,953	48	--	4,001
Mortgage-backed and other asset-backed securities	37,699	58	(652)	37,105
Other securities	2,560	515	(529)	2,546
	$79,293	$ 1,049	$ (1,485)	$78,857
SECURITIES HELD-TO-MATURITY				
Obligations of states and political subdivisions	$ 4,484	$ 98	$ (2)	$ 4,580

The amortized cost and fair values of securities are as follows at December 31, 1999:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
SECURITIES AVAILABLE-FOR-SALE				
U.S. Government and its agencies	$ 5,207	$ --	$ (202)	$ 5,005
Obligations of states and political subdivisions	28,785	10	(1,527)	27,268
Corporate obligations	2,000	--	(27)	1,973
Mortgage-backed and other asset-backed securities	44,402	35	(1,549)	42,888
Other securities	2,567	21	--	2,588
	$82,961	$ 66	$ (3,305)	$79,722
SECURITIES HELD-TO-MATURITY				
Obligations of states and political subdivisions	$ 4,712	$ 40	$ (43)	$ 4,709

Gross gains of $2, $35 and $6 and gross losses of $14, $179 and $0 were realized on sales of securities available-for-sale in 2000, 1999 and 1998.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 2 - SECURITIES (Continued)

The amortized cost and estimated market value of securities at December 31, 2000, by contractual maturity, are shown below. Securities not due at a single maturity date are shown separately.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	$ --	$ --	$ 415	$ 415
Due after 1 year through 5 years	6,805	6,826	1,353	1,394
Due after five years through 10 years	10,730	10,754	1,632	1,686
Due after 10 years	24,059	24,172	1,084	1,085
Subtotal	41,594	41,752	4,484	4,580
Mortgage-backed and other asset-backed securities	37,699	37,105	--	--
Total	$79,293	$78,857	$4,484	$4,580

Securities with a carrying value of $57,405 and $28,206 at December 31, 2000 and 1999 were pledged to secure public deposits and repurchase agreements. See Note 8 regarding additional securities pledges.

At December 31, 2000 and 1999, mortgage-backed securities include collateralized mortgage obligations (CMO's) and real estate mortgage investment conduits (REMIC's) with an amortized cost of $17,295 and $20,256 and fair value of $16,753 and $19,144, all of which are issued by U.S. Government agencies. At December 31, 2000 and 1999, approximately $8,481 and $8,432 are variable rate, with the remainder fixed rate.

(Dollar amounts in thousands, except per share data)

NOTE 3 - LOANS

Loans are comprised of the following as of December 31:

	2000	1999
Commercial and agricultural loans	$215,087	$192,760
Real estate construction	54,768	47,375
Residential real estate loans	212,190	197,181
Installment loans to individuals	50,696	51,754
Commercial paper	4,984	--
Total	$537,725	$489,070

Non-performing loans consist of the following at December 31:

	2000	1999
Loans past due 90 days or more	$ 1,052	$ 584
Non-accrual loans	2,718	622
Restructured loans	55	114
Total	$ 3,825	$ 1,320

Information regarding impaired loans is as follows:

	2000	1999
Year-end impaired loans		
With no allowance for loan losses allocated	$ 25	$ 70
With allowance for loan losses allocated	5,151	576
Amount of the allowance allocated	1,658	151
Average balance of impaired loans during the year	2,885	697
Interest income recognized during impairment	55	3
Cash-basis interest income recognized	41	3

The Bank had $34 and $14 of loans on non-accrual at December 31, 2000 or 1999 that management did not deem to be impaired.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 3 - LOANS (Continued)

Certain directors and officers of the Corporation and Bank were customers of the Bank in the ordinary course of business. Loan activity with these related parties is as follows:

Balance as of January 1, 2000	$ 989
Change in persons included	--
New loans	231
Loan payments	(310)
Balance as of December 31, 2000	$ 910

NOTE 4 - ALLOWANCE FOR LOAN LOSSES

The activity in the allowance for loan losses is as follows:

	2000	1999	1998
Balance, January 1	$ 4,618	$ 4,241	$ 3,464
Provision charged to operations	1,200	1,060	980
Loans charged-off	(877)	(829)	(411)
Recoveries on loans previously charged-off	130	146	208
Balance, December 31	$ 5,071	$ 4,618	$ 4,241

NOTE 5 - PREMISES, FURNITURE AND EQUIPMENT

A summary of premises, furniture and equipment by major category follows:

	2000	1999
Land	$ 870	$ 870
Buildings and improvements	8,782	8,468
Leasehold improvements	1,786	1,296
Furniture and equipment	9,781	9,922
Total	21,219	20,556
Accumulated depreciation	(9,866)	(9,973)
Premises, furniture and equipment, net	$ 11,353	$ 10,583

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 6 - INTEREST-BEARING TIME DEPOSITS

Time deposits of $100 or greater totaled $53,514 and $38,665 at December 31, 2000 and 1999.

At December 31, 2000, the scheduled maturities of time deposits are as follows:

2001	$ 147,135
2002	89,613
2003	34,173
2004	2,633
2005	2,401
Thereafter	492
Total	$ 276,447

NOTE 7 - SHORT-TERM BORROWINGS

Short-term borrowings are comprised of the following at year-end:

	2000	1999
Balance of repurchase agreements outstanding	$ 54,275	$ 24,645
Balance of treasury tax and loan open-end note	1,297	2,628
Total short-term borrowings	$ 55,572	$ 27,273

At December 31, 2000 and 1999, the Corporation had $1,054 and $240 in related party repurchase agreements.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 8 - FHLB ADVANCES AND NOTE PAYABLE

FHLB advances and note payable outstanding at December 31 consist of the following:

	2000	1999
Federal Home Loan Bank advances; annual principal payments; various maturities with final maturity May 15, 2008; interest payable monthly at various fixed interest rates from 5.45% - 6.82%; secured by a blanket pledge of the Bank's obligations of the U.S. Government and U.S. Government agencies and one-to-four family residential mortgage loans.	$ 8,737	$ 9,527
Federal Home Loan Bank advances; principal callable one year from date of advance and quarterly thereafter, otherwise, principal payments due at maturity, with final maturities in 2002 and 2010; interest payable monthly at various fixed interest rates from 4.98%-6.20%; secured by a blanket pledge of the Bank's obligations of the U.S. Government and U.S. Government agencies and one-to-four family residential mortgage loans.	27,000	20,500
Total FHLB advances	35,737	30,027
Note payable to Northern Trust Company; quarterly principal payments of $350 required; matures March 31, 2006; interest payable monthly at a variable rate, which is currently 8.28% based on the Federal Funds rate plus an applicable margin based on the Corporation's existing capital ratios; obligation is unsecured but subject to various covenants, including defined minimum return on average assets, tangible net worth, capital ratios, loan loss allowance to non-performing loans ratio, and maximum non-performing assets. At year-end, the Corporation was in compliance with all covenants.	11,550	12,950
Total	$ 47,287	$ 42,977

Annual principal payments required are as follows:

2001	$ 2,155
2002	7,399
2003	4,426
2004	1,479
2005	1,485
Thereafter	30,343
Total FHLB advances and note payable	$ 47,287

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 9 - EMPLOYEE BENEFIT PLANS

The following sets forth the defined benefit pension plan's funded status and amount recognized in the balance sheet at December 31 (amounts computed as of September 30, 2000 and 1999):

	2000	1999
Change in benefit obligation:		
Beginning benefit obligation	$ 12,626	$ 12,240
Service cost	783	647
Interest cost	928	812
Actuarial (gain) loss	(503)	(648)
Benefits paid	(520)	(425)
Ending benefit obligation	13,314	12,626
Change in plan assets, at fair value:		
Beginning plan assets	16,603	15,199
Actual return	258	1,829
Employer contribution	--	--
Benefits paid	(520)	(425)
Ending plan assets	16,341	16,603
Funded status	3,027	3,977
Unrecognized net actuarial (gain) loss	(382)	(1,134)
Unrecognized prior service cost	19	20
Unrecognized transition asset	(631)	(782)
Prepaid benefit cost	$ 2,033	$ 2,081

The components of pension expense and related actuarial assumptions were as follows.

	2000	1999	1998
Service cost	$ 783	$ 647	$ 612
Interest cost	928	812	803
Expected return on plan assets	(1,513)	(1,386)	(1,341)
Amortization of prior service cost	2	2	2
Amortization of transition asset	(151)	(151)	(151)
	$ 49	$ (76)	$ (75)
Discount rate on benefit obligation	7.50%	7.50%	6.75%
Long-term expected rate of return on plan assets	9.25	9.25	9.25
Rate of compensation increase	4.00	4.00	4.00

At December 31, 2000 and 1999, the plan's assets include Lafayette Bancorporation common stock of $582 and $1,028. At December 31, 2000 and 1999 the plan's assets also included Lafayette Bank and Trust Company certificates of deposit of $436 and $421.

(Continued)

NOTE 9 - EMPLOYEE BENEFIT PLANS (Continued)

The Bank maintains a retirement savings plan covering substantially all employees. The plan requires employees to complete one year of service and be 21 years of age before entering the plan. The plan allows for Bank contributions at an annually determined matching percentage of the first 4% of employee salary contributions, as well as an annual discretionary contribution. Total 401(k) contributions charged to expense were $161, $140 and $116 for 2000, 1999 and 1998.

The Bank maintains a deferred compensation plan for the benefit of certain directors. Under the plan, the Bank agrees, in return for the directors deferring the receipt of a portion of their current compensation, to pay a retirement benefit computed as the amount of the compensation deferred plus accrued interest at a variable rate. Accrued benefits payable totaled $1,289 and $1,049 at December 31, 2000 and 1999. Deferred compensation expense was $106 for 2000, and $90 for 1999 and 1998. In conjunction with the plan formation, the Bank purchased life insurance on the directors. In November 2000 the Bank purchased $2,995 in additional life insurance coverage. The cash surrender value of that insurance is carried as an other asset on the consolidated balance sheet, and was approximately $6,834 and $3,678 at December 31, 2000 and 1999.

NOTE 10 - POSTRETIREMENT BENEFITS

The Bank sponsors a postretirement benefit plan which provides defined medical benefits. Retirees contribute an amount equal to their individual applicable premium to provide the coverage, less 30%, which is paid monthly by the Bank. Retirees must pay 100% of medical premiums for all dependent coverage. The plan is not funded and has no assets.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 10 - POSTRETIREMENT BENEFITS (Continued)

The following sets forth the plan's benefit obligation and amounts recognized in the balance sheet at December 31:

	2000	1999
Change in postretirement benefit obligation:		
Beginning benefit obligation	$ 550	$ 494
Unrecognized net actuarial (gain) loss	(159)	--
Service cost	35	31
Interest cost	38	34
Benefits paid, net	(10)	(9)
Ending benefit obligation	454	550
Unrecognized net gain	302	153
Accrued benefit obligation	$ 756	$ 703

Components of net periodic postretirement benefit cost as of December 31:

	2000	1999	1998
Service cost	$ 35	$ 31	$ 28
Interest cost	38	34	31
Amortization of unrecognized gain	(10)	(11)	(14)
Benefit cost	$ 63	$ 54	$ 45

For measurement purposes, the annual rate of increase in the per capita cost of covered health care benefits assumed was 8% for 2000, and 11.5% for 1999 and 1998, with the rate assumed to decrease to 6% over the next two years in the 2000 calculation, and to 5.5% over the next two years in the 1999 and 1998 calculation. The health care cost trend is a significant assumption. However, either an increase or decrease in the assumed health care cost trend rates by 1% in each year would affect the accumulated postretirement benefit obligation as of December 31, 2000 and the aggregate service and interest cost components of net periodic postretirement benefit cost for the year then ended by amounts not considered to be material.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8% for 2000, and 7% for 1999 and 1998.

(Continued)

NOTE 11 - STOCK APPRECIATION RIGHTS AND STOCK OPTION PLAN

The Corporation maintains an Officers' Stock Appreciation Rights Plan for granting rights to certain officers, under which all available rights have been granted. Upon exercise of a stock appreciation right, the holder may receive cash equal to the excess of the fair market value of common stock at the date of exercise over the option price. Stock appreciation rights are vested at 20% per year and must be exercised within 10 years of grant. The plan expires May 2002. Granted rights outstanding were fully vested and consisted of 38,105 at an option price of $3.66 for 2000, and 54,605 at an option price of $3.66 for 1999. In 2000, 16,500 rights were exercised when the fair market value was $23.18 per share. In 1999, 18,150 rights were exercised when the fair market value was $24.62 per share. The aforementioned amounts of rights and prices are adjusted for stock dividends and splits. Compensation expense (benefit) charged to operations in 2000, 1999 and 1998 was ($376), $14 and $450 and is based on an increase (decrease) in market value. The liability at December 31, 2000 and 1999 was $356 and $1,053.

The Corporation has established two nonqualified stock option plans to provide stock options to directors and key members of management. One plan was adopted in 1995 ("1995 Plan") and the other in 1998 ("1998 Plan"). There are no shares of common stock remaining available for grant under the 1995 Plan. The total number of shares of common stock remaining available for grant to directors and management under the 1998 Plan is 4,967 and 37,675, respectively. All shares for both plans were available for grant at a price equal to the market price of the stock at the date of grant.

Under the 1995 Plan, options granted to directors at the effective date are exercisable any time after the date of grant, and options granted to directors elected after the effective date are exercisable after two years. Under the 1998 Plan, options granted to directors at the effective date and directors elected after the effective date are exercisable after two years. Options granted to management under both plans become 20% exercisable after one year and 20% each subsequent year. Both plans are effective for five years and options must be exercised within ten years from the date of grant.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 11 - STOCK APPRECIATION RIGHTS AND STOCK OPTION PLAN (Continued)

A summary of the Corporation's stock option activity, and related information for the years ended December 31, follows (adjusted for stock dividends and splits):

	2000		1999	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding beginning of year	215,337	$ 13.75	227,427	$ 12.89
Granted	20,075	15.23	14,834	24.70
Exercised	(9,144)	11.37	(17,166)	11.26
Forfeited	(8,441)	15.69	(9,758)	14.72
Outstanding end of year	217,827	$ 13.91	215,337	$ 13.75
Exercisable at end of year	159,867	$ 12.94	134,309	$ 12.00
Weighted average fair value per option granted during the year	$ 2.19		$ 3.98	

Options outstanding at December 31, 2000 include 169,479 with exercise prices ranging from $10.39 to $15.23 (weighted average exercise price of $11.77) and a weighted average remaining life of 6.23 years; and 48,348 with exercise prices ranging from $17.63 to $24.70 (weighted average exercise price of $21.40) and a weighted average remaining life of 8.27 years. Options exercisable at December 31, 2000 include 127,791 with exercise prices ranging from $10.39 to $13.34 (weighted average exercise price of $11.07); and 32,076 with exercise prices ranging from $17.63 to $24.70 (weighted average exercise price of $20.39).

Pro forma information regarding net income and earnings per share has been determined as if the Corporation had accounted for its stock options under the fair value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for the years 2000, 1999 and 1998, respectively: risk-free interest rates of 6.7%, 5.4% and 5.6%; dividend yields of 3% for 2000 and 2% for 1999 and 1998, respectively; volatility factors of the expected market price of the Corporation's common stock of .24, .13 and .16; and a weighted average expected life of the options of five years for management options and two years for directors' options.

(Continued)

NOTE 11 - STOCK APPRECIATION RIGHTS AND STOCK OPTION PLAN (Continued)

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Corporation's pro forma information follows (in thousands except for earnings per share information):

	2000	1999	1998
Pro forma net income	$ 6,859	$ 6,270	$ 5,242
Pro forma earnings per share			
Basic	$ 1.74	$ 1.59	$ 1.33
Diluted	$ 1.72	$ 1.55	$ 1.30

In future years, the pro forma effect of not applying this standard may increase if additional options are granted.

NOTE 12 - INCOME TAXES

Income taxes consist of the following:

	2000	1999	1998
Currently payable	$ 3,498	$ 3,004	$ 3,085
Deferred income taxes (benefit)	3	(50)	(385)
Non-qualified stock option benefit allocated to additional paid-in capital	13	73	11
Total	$ 3,514	$ 3,027	$ 2,711

The following is a reconciliation of statutory federal income taxes and the amount computed by applying the statutory rate of 34% to income before income taxes:

	2000	1999	1998
Statutory rate applied to income before income taxes	$ 3,546	$ 3,188	$ 2,750
Add/(deduct)			
Tax exempt interest income	(486)	(430)	(337)
State tax expense (net of federal benefit)	474	417	358
Other	(20)	(148)	(60)
Total	$ 3,514	$ 3,027	$ 2,711

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 12 - INCOME TAXES (Continued)

The net deferred tax asset reflected in the consolidated balance sheet is comprised of the following components as of December 31:

	2000	1999
Deferred tax assets		
Allowance for loan losses	$ 1,380	$ 1,053
Accrued stock appreciation rights	139	417
Accrued post-retirement benefit obligation	426	372
Deferred compensation	470	381
Deferred loan fees	57	42
Net unrealized loss on securities available-for-sale	173	1,283
Total tax assets	2,645	3,548
Deferred tax liabilities		
Depreciation	(341)	(280)
Net pension benefit	(795)	(825)
Intangible asset amortization	(186)	(93)
Other	(248)	(162)
Total deferred tax liabilities	(1,570)	(1,360)
Valuation allowance	--	--
Net deferred tax asset	$ 1,075	$ 2,188

NOTE 13 - PER SHARE DATA

The following table illustrates the computation of basic and diluted earnings per share. Weighted average shares outstanding have been restated for all periods for stock splits and dividends.

	2000	1999	1998
Basic earnings per share			
Net income	$ 6,916	$ 6,351	$ 5,377
Weighted average shares outstanding	3,950,297	3,940,024	3,940,123
Basic earnings per share	$ 1.75	$ 1.61	$ 1.36
Diluted earnings per share			
Net income	$ 6,916	$ 6,351	$ 5,377
Weighted average shares outstanding	3,950,297	3,940,024	3,940,123
Diluted effect of assumed exercise of stock options	35,224	94,364	87,137
Diluted average shares outstanding	3,985,521	4,034,388	4,027,260
Diluted earnings per share	$ 1.74	$ 1.57	$ 1.34

(Continued)

NOTE 14 - CAPITAL REQUIREMENTS

The Corporation and Bank are subject to various regulatory capital requirements administered by federal and state banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined).

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, the institution may be required to limit capital distributions, limit asset growth and expansion, and prepare capital restoration plans.

On March 12, 1999 the Corporation's wholly-owned subsidiary bank acquired three branches in Jasper County, Indiana. As a result of this transaction consolidated and bank-only capital levels were reduced. The Corporation borrowed $14,000 and contributed $13,000 to the Bank in order for the bank to maintain its well-capitalized status. As of December 31, 2000, the Bank was categorized as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. The Corporation was categorized as undercapitalized as of December 31, 1999, as the total capital ratio was slightly below the minimum required level for capital adequacy purposes. The Corporation returned to adequately capitalized status as of March 31, 2000 and has maintained that status through December 31, 2000. Although the Corporation's capital was slightly below the minimum at December 31, 1999, no corrective regulatory action was initiated by the banking regulatory authorities and management anticipates maintaining its adequately capitalized status in the foreseeable future.

(Continued)

NOTE 14 - CAPITAL REQUIREMENTS (Continued)

The actual capital amounts and ratios are presented in the following table (in millions) for the Corporation and the Bank.

	Actual		Minimum Required For Capital Adequacy Purposes		Minimum Required To Be Well-Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2000						
Total capital to risk weighted assets						
Consolidated	$ 45.1	8.33%	$ 43.3	8.00%	$ 54.1	10.00%
Lafayette Bank and Trust	55.5	10.19	43.6	8.00	54.5	10.00
Tier 1 capital to risk weighted assets						
Consolidated	40.0	7.40	21.7	4.00	32.5	6.00
Lafayette Bank and Trust	50.5	9.26	21.8	4.00	32.7	6.00
Tier 1 capital to average assets						
Consolidated	40.0	5.79	27.7	4.00	34.6	5.00
Lafayette Bank and Trust	50.5	7.29	27.7	4.00	34.6	5.00
1999						
Total capital to risk weighted assets						
Consolidated	$ 38.6	7.99%	$ 38.7	8.00%	$ 48.3	10.00%
Lafayette Bank and Trust	50.2	10.33	38.9	8.00	48.6	10.00
Tier 1 capital to risk weighted assets						
Consolidated	34.0	7.04	19.3	4.00	29.0	6.00
Lafayette Bank and Trust	45.6	9.38	19.4	4.00	29.1	6.00
Tier 1 capital to average assets						
Consolidated	34.0	5.42	25.1	4.00	31.4	5.00
Lafayette Bank and Trust	45.6	7.22	25.2	4.00	31.5	5.00

The Bank is also subject to state regulations restricting the amount of dividends payable to the Corporation. At December 31, 2000, the Bank had $7,979 of retained earnings available for dividends under these regulations.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

The Bank leases branch facilities under operating leases expiring in various years through 2007. Expense for leased premises was $281, $244 and $219 for 2000, 1999 and 1998.

Future minimum lease payments are as follows:

2001	$ 282
2002	282
2003	261
2004	222
2005	161
Thereafter	90
Total	$ 1,298

In the ordinary course of business, the Bank has loans, commitments and contingent liabilities, such as guarantees and commitments to extend credit, which are not reflected in the consolidated balance sheet. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to make loans and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policy to make such commitments as it uses for on-balance sheet items.

At December 31, off-balance sheet financial instruments whose contract amount represents credit risk are summarized as follows:

	2000	1999
Unused lines of credit	$ 64,987	$ 59,753
Commitments to make loans	7,229	10,987
Standby letters of credit	1,585	4,235
Commercial letters of credit	--	21

Since many commitments to make loans expire without being used, the amount does not necessarily represent future cash commitments. Collateral obtained upon exercise of the commitment is determined using management's credit evaluation of the borrower, and may include accounts receivable, inventory, property, land and other items. These commitments are generally variable rate or carry a term of one year or less.

The cash balance required to be maintained on hand or on deposit with the Federal Reserve was $9,639 and $9,434 at December 31, 2000 and 1999. These reserves do not earn interest.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 16 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value and estimated fair values of the Corporation's financial instruments as of December 31 are as follows:

	2000		1999	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	$ 73,472	$ 73,472	$ 30,570	$ 30,570
Securities available-for-sale	78,857	78,857	79,722	79,722
Securities held-to-maturity	4,484	4,580	4,712	4,709
Loans held for sale	5,949	6,058	3,174	3,204
Loans, net	532,654	524,222	484,452	479,127
FHLB stock	2,200	2,200	1,897	1,897
Accrued interest receivable	7,830	7,830	6,833	6,833
Financial liabilities				
Deposits	$ (578,297)	$ (580,115)	$ (522,247)	$ (522,033)
Short-term borrowings	(55,572)	(55,572)	(27,273)	(27,273)
FHLB advances	(35,737)	(35,903)	(30,027)	(29,602)
Note payable	(11,550)	(11,550)	(12,950)	(12,950)
Accrued interest payable	(2,772)	(2,772)	(2,249)	(2,249)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. The carrying amount is considered to estimate fair value for cash and short-term instruments, demand deposits, short-term borrowings, accrued interest, and variable rate loans, deposits and note payable that re-price frequently and fully. Securities fair values are based on quoted market prices or, if no quotes are available, on the rate and term of the security and on information about the issuer. For loans held for sale, the fair value of loans held for sale is based on quoted market prices. For commercial, real estate, consumer, and other loans, fair value is estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. FHLB stock is restricted in nature and is not actively traded on a secondary market and the carrying amount is a reasonable estimate of fair value. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. For FHLB advances, fair value is estimated using rates currently available to the Corporation for debt with similar terms and remaining maturities. The estimated fair value for off-balance sheet loan commitments approximates carrying value and are not considered significant to this presentation.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 17 - PARENT COMPANY STATEMENTS

Presented below are condensed balance sheets, statements of income and cash flows for the parent company:

CONDENSED BALANCE SHEETS
December 31

	2000	1999
ASSETS		
Cash on deposit with subsidiary	$ 1,901	$ 2,568
Investment in bank	63,221	57,350
Other assets	265	490
	$65,387	$60,408
LIABILITIES AND SHAREHOLDERS' EQUITY		
Note payable	$11,550	$12,950
Other liabilities	1,036	1,673
Shareholders' equity	52,801	45,785
	$65,387	$60,408

CONDENSED STATEMENTS OF INCOME
Years ended December 31

	2000	1999	1998
OPERATING INCOME			
Dividends received from subsidiary bank	$ 3,200	$ 2,960	$1,850
Interest income	74	75	26
	3,274	3,035	1,876
OPERATING EXPENSES			
Interest expense	1,007	749	--
Compensation expense (benefit)	(376)	14	450
Other operating expenses	119	111	93
	750	874	543
INCOME BEFORE INCOME TAXES AND EQUITY IN UNDISTRIBUTED EARNINGS OF BANK	2,524	2,161	1,333
Income tax benefit	215	389	205
Income before equity in undistributed earnings of bank	2,739	2,550	1,538
Equity in undistributed earnings of bank	4,177	3,801	3,839
NET INCOME	6,916	6,351	5,377
Other comprehensive income, net of tax	1,693	(1,914)	48
COMPREHENSIVE INCOME	$ 8,609	$ 4,437	$5,425

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 17 - PARENT COMPANY STATEMENTS (Continued)

CONDENSED STATEMENTS OF CASH FLOWS
Years ended December 31

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 6,916	$ 6,351	$ 5,377
Adjustments to reconcile net income to net cash from operating activities			
Amortization of deferred costs	6	6	6
Equity in undistributed earnings of bank	(4,177)	(3,801)	(3,839)
Other assets and other liabilities	(419)	(160)	466
Net cash from operating activities	2,326	2,396	2,010
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from note payable	--	14,000	--
Principal payments on note payable	(1,400)	(1,050)	--
Capital contribution to subsidiary bank	--	(13,000)	--
Common stock issued	117	278	69
Dividends paid	(1,706)	(1,540)	(1,341)
Purchase of fractional shares	(4)	--	--
Purchase of treasury shares	--	(4)	(8)
Net cash from financing activities	(2,993)	(1,316)	(1,280)
Net change in cash and cash equivalents	(667)	1,080	730
Cash and cash equivalents at beginning of year	2,568	1,488	758
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,901	$ 2,568	$ 1,488

NOTE 18 - BRANCH ACQUISITION

In March 1999, the Bank purchased three branches located in DeMotte, Remington, and Rensselaer, Indiana.

The fair value of assets acquired was $71,749 (consisting primarily of goodwill and core deposit intangibles of $13,510, and commercial loans, net of a $563 purchase adjustment for credit quality), the fair value of liabilities assumed was $117,015 (consisting primarily of customer deposits), and the Bank received $45,266 of cash at settlement.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 19 - OTHER COMPREHENSIVE INCOME

Other comprehensive income components and related taxes were as follows:

	2000	1999	1998
Unrealized holding gains (losses) on securities available-for-sale	$ 2,791	$(3,314)	$ 85
Less: reclassification adjustments for gains and losses later recognized in income	12	144	(6)
Net unrealized gains (losses)	2,803	(3,170)	79
Tax effect	(1,110)	1,256	(31)
Other comprehensive income	$ 1,693	$(1,914)	$ 48

NOTE 20 - QUARTERLY FINANCIAL DATA (UNAUDITED)

	Interest Income	Net Interest Income	Net Income	Earnings per Share Basic	Earnings per Share Fully Diluted
2000					
First quarter	$12,123	$6,084	$1,798	$ .46	$ .45
Second quarter	12,878	6,297	1,807	.46	.46
Third quarter	13,427	6,226	1,634	.41	.41
Fourth quarter	13,958	6,374	1,677	.42	.42
1999					
First quarter	$ 9,483	$4,911	$1,519	$ .38	$ .37
Second quarter	11,267	5,815	1,650	.42	.41
Third quarter	11,693	6,022	1,750	.44	.43
Fourth quarter	11,947	6,099	1,432	.37	.36

Earnings per share amounts have been restated for subsequent stock divid ends and splits.

(Continued)

NOTE 21 - SEGMENT INFORMATION

The Corporation's operations include three primary segments: banking, mortgage banking, and trust services. Through its banking subsidiary's locations in Tippecanoe, Jasper and White Counties, the Corporation provides traditional community banking services, such as accepting deposits and making commercial, residential and consumer loans. Mortgage banking activities include the origination of residential mortgage loans for sale on a servicing released basis to various investors. The Corporation's trust department provides both personal and corporate trust services.

The Corporation's three reportable segments are determined by the products and services offered. Loans, investments and deposits comprise the primary revenues and expenses of the banking operation, net gains on loans sold account for the revenues in the mortgage banking segment, and trust administration fees provide the primary revenues in the trust department.

The following segment financial information has been derived from the internal profitability reporting system utilized by management to monitor and manage the financial performance of the Corporation. The accounting policies of the three segments are the same as those described in the summary of significant accounting policies. The Corporation evaluates segment performance based on profit or loss before income taxes. The evaluation process for the mortgage banking and trust segments include only direct expenses, while certain indirect expenses, including goodwill, are absorbed by the banking operation. The difference between segment totals and consolidated totals are holding company amounts and income tax expense.

(Continued)

(Dollar amounts in thousands, except per share data)

NOTE 21 - SEGMENT INFORMATION (Continued)

2000

	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 25,769	$ 146	$ --	$ 25,915
Net gain on loan sales	--	659	--	659
Other revenue	3,973	6	1,187	5,166
Non-cash items:				
Depreciation	1,243	48	48	1,339
Provision for loan loss	1,200	--	--	1,200
Segment profit, before taxes	10,655	67	385	11,107
Segment assets	734,581	6,122	179	740,822

1999

	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 23,310	$ 211	$ --	$ 23,521
Net gain on loan sales	--	942	--	942
Other revenue	2,959	90	1,134	4,183
Noncash items:				
Depreciation	868	42	38	948
Provision for loan loss	1,060	--	--	1,060
Segment profit, before taxes	9,328	459	390	10,177
Segment assets	641,132	3,325	202	644,659

1998

	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 17,239	$ 497	$ --	$ 17,736
Net gain on loan sales	--	1,255	--	1,255
Other revenue	2,685	12	964	3,661
Noncash items:				
Depreciation	594	27	25	646
Provision for loan loss	980	--	--	980
Segment profit, before taxes	7,636	760	209	8,605
Segment assets	473,019	10,224	167	483,410

EXHIBIT 99(b)

LAFAYETTE BANCORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands)

	(Unaudited) September 30, 2001	December 31, 2000
ASSETS		
Cash and due from banks	$ 22,416	$ 26,452
Interest-bearing balances with other financial institutions	14,942	21,820
Federal funds sold	8,800	25,200
Total cash and cash equivalents	46,158	73,472
Securities available-for-sale (at market)	94,235	78,857
Securities held-to-maturity (market value $4,095 and $4,580)	3,918	4,484
Loans held for sale	9,253	5,949
Loans	555,238	537,725
Less: Allowance for loan losses	(5,445)	(5,071)
Loans, net	549,793	532,654
Federal Home Loan Bank stock (at cost)	2,344	2,200
Premises, furniture and equipment, net	10,756	11,353
Intangible assets	12,470	13,007
Accrued interest receivable and other assets	18,626	19,171
Total assets	$ 747,553	$ 741,147
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Noninterest-bearing deposits	$ 65,432	$ 70,866
Interest-bearing demand and savings deposits	259,973	230,984
Interest-bearing time deposits	278,055	276,447
Total deposits	603,460	578,297
Short-term borrowings	32,519	55,572
FHLB advances	35,066	35,737
Note payable	10,500	11,550
Accrued interest payable and other liabilities	7,354	7,190
Total liabilities	688,899	688,346
Shareholders' equity		
Common stock, no par value: 20,000,000 shares authorized; 3,961,589 and 3,953,616 shares issued and outstanding	3,962	3,954
Additional paid-in capital	38,119	38,024
Retained earnings	15,461	11,086
Accumulated other comprehensive income	1,112	(263)
Total shareholders' equity	58,654	52,801
Total liabilities and shareholders' equity	$ 747,553	$ 741,147

See accompanying notes to consolidated financial statements.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the three months ended September 30, 2001 and 2000
(Dollar amounts in thousands, except per share data)
(Unaudited)

	2001	2000
INTEREST INCOME		
Loans	$ 11,747	$ 12,036
Taxable securities	838	826
Tax exempt securities	427	413

Other	361	152
Total interest income	13,373	13,427
INTEREST EXPENSE		
Deposits	5,468	6,069
Short-term borrowings	393	416
Other borrowings	677	716
Total interest expense	6,538	7,201
NET INTEREST INCOME	6,835	6,226
Provision for loan losses	300	300
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,535	5,926
Noninterest income		
Income from fiduciary activities	296	245
Service charges on deposit accounts	541	507
Net realized gain on securities	--	(12)
Net gain on loan sales	527	193
Other service charges and fees	267	271
Investment product commissions	93	135
Other operating income	126	64
Total noninterest income	1,850	1,403
Noninterest expense		
Salaries and employee benefits	3,156	2,776
Occupancy expenses, net	320	325
Equipment expenses	466	446
Intangible amortization	179	185
Other operating expenses	1,279	1,203
Total noninterest expense	5,400	4,935
INCOME BEFORE INCOME TAXES	2,985	2,394
Income taxes	966	760
NET INCOME	2,019	1,634
Other comprehensive income, net of tax:		
Change in unrealized gains / (losses) on securities	709	460
COMPREHENSIVE INCOME	$ 2,728	$ 2,094
Basic earnings per share	$ .51	$ .41
Diluted earnings per share	$ .50	$ .41
Dividend per share	$ .11	$ .10

See accompanying notes to consolidated financial statements.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the nine months ended September 30, 2001 and 2000
(Dollar amounts in thousands, except per share data)
(Unaudited)

	2001	2000
INTEREST INCOME		
Loans	$ 35,581	$ 34,276
Taxable securities	2,473	2,508
Tax exempt securities	1,279	1,239
Other	1,571	405
Total interest income	40,904	38,428
INTEREST EXPENSE		
Deposits	17,876	16,696
Short-term borrowings	1,291	1,241
Other borrowings	2,114	1,884
Total interest expense	21,281	19,821
NET INTEREST INCOME	19,623	18,607
Provision for loan losses	900	900
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	18,723	17,707
Noninterest income		
Income from fiduciary activities	890	878
Service charges on deposit accounts	1,551	1,373
Net realized gain on securities	--	(12)
Net gain on loan sales	1,397	464
Other service charges and fees	793	796
Investment product commissions	308	574
Other operating income	376	216
Total noninterest income	5,315	4,289
Noninterest expense		
Salaries and employee benefits	9,226	7,806
Occupancy expenses, net	965	907
Equipment expenses	1,395	1,279
Intangible amortization	537	555
Other operating expenses	3,732	3,536
Total noninterest expense	15,855	14,083
INCOME BEFORE INCOME TAXES	8,183	7,913
Income taxes	2,580	2,674
NET INCOME	5,603	5,239
Other comprehensive income, net of tax:		
Change in unrealized gains / (losses) on securities	1,375	543
COMPREHENSIVE INCOME	$ 6,978	$ 5,782
Basic earnings per share	$ 1.41	$ 1.33
Diluted earnings per share	$ 1.40	$ 1.31
Dividend per share	$ .31	$ .28

See accompanying notes to consolidated financial statements.

LAFAYETTE BANCORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2001 and 2000
(Dollar amounts in thousands)
(Unaudited)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 5,603	$ 5,239
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	1,092	983
Net amortization	572	546
Provision for loan losses	900	900
Net realized (gain) loss on sale of:		
Securities	--	12
Other real estate	(5)	(5)
Change in assets and liabilities:		
Loans originated for sale	(93,225)	(37,190)
Loans sold	89,921	36,818
Accrued interest receivable and other assets	(244)	(1,206)
Accrued interest payable and other liabilities	164	442
Net cash from operating activities	4,778	6,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities available-for-sale	(79,877)	(49,160)
Proceeds from sales of securities available-for-sale	--	2,375
Proceeds from maturities of securities available-for-sale	66,746	49,520
Proceeds from maturities of securities held-to-maturity	566	229
Loans made to customers, net of payments collected	(18,314)	(45,687)
Purchase of Federal Home Loan Bank stock	(144)	(303)
Property and equipment expenditures	(495)	(1,975)
Proceeds from sales of other real estate	162	470
Net cash from investing activities	(31,356)	(44,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposit accounts	25,163	35,434
Net change in short-term borrowings	(23,053)	791
Proceeds from FHLB advances	--	17,000
Payments on FHLB advances	(671)	(16,204)
Payments on note payable	(1,050)	(1,050)
Common stock issued	103	98
Dividends paid	(1,228)	(1,113)
Net cash from financing activities	(736)	34,956
Net change in cash and cash equivalents	(27,314)	(3,036)
Cash and cash equivalents at beginning of period	73,472	30,570
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 46,158	$ 27,534
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 21,694	$ 19,386
Income taxes	3,040	2,610
Non-cash investing activity		
Loans transferred to other real estate	$ 298	$ 50

See accompanying notes to consolidated financial statements.

(Dollar amounts in thousands, except per share data)

NOTE 1 - BASIS OF PRESENTATION

The significant accounting policies followed by Lafayette Bancorporation (the "Corporation") for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. The consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Principles and in accordance with instructions to Form 10-Q and may not include all information and footnotes normally disclosed for full annual financial statements. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the periods reported have been included in the accompanying unaudited consolidated financial statements and all such adjustments are of a normal recurring nature. Certain prior period information has been reclassified to correspond with the 2001 presentation.

NOTE 2 - PENDING MERGER

On October 15, 2001, Lafayette Bancorporation signed a definitive agreement with First Merchants Corporation, located in Muncie, Indiana, to merge with and into First Merchants Corporation.

Under the terms of the agreement, upon the closing of this transaction, Lafayette Bank and Trust Company will be a wholly-owned subsidiary of First Merchants Corporation.

The transaction is subject to shareholder and regulatory approval and is expected to be effective in the first quarter of 2002.

NOTE 3 - PER SHARE DATA

The following illustrates the computation of basic and diluted earnings per share, and includes the weighted average number of shares used in calculating earnings and dividends per share amounts for the periods presented. The weighted average number of shares has been retroactively restated for stock dividends and splits.

	Nine Months Ended	
	September 30, 2001	September 30, 2000
Basic earnings per share		
Net income	$ 5,603	$ 5,239
Weighted average shares outstanding	3,958,906	3,949,445
Basic earnings per share	$ 1.41	$ 1.33
Diluted earnings per share		
Net income	$ 5,603	$ 5,239
Weighted average shares outstanding	3,958,906	3,949,445
Dilutive effect of assumed exercise of Stock Options	38,634	40,400
Diluted average shares outstanding	3,997,540	3,989,845
Diluted earnings per share	$ 1.40	$ 1.31

(Dollar amounts in thousands, except per share data)

	Three Months Ended	
	September 30, 2001	September 30, 2000
Basic earnings per share		
Net income	$ 2,019	$ 1,634
Weighted average shares outstanding	3,961,589	3,952,256
Basic earnings per share	$ .51	$ .41
Diluted earnings per share		
Net income	$ 2,019	$ 1,634
Weighted average shares outstanding	3,961,589	3,952,256
Dilutive effect of assumed exercise of Stock Options	48,139	25,089
Diluted average shares outstanding	4,009,728	3,977,345
Diluted earnings per share	$ .50	$ .41

NOTE 4 - SECURITIES

The amortized cost and estimated fair values of securities are as follows at September 30, 2001:

	Amortized Cost	Estimated Fair Value
Securities Available-for-Sale		
U.S. Government and its agencies	$ 3,000	$ 3,030
Obligations of states and political subdivisions	31,352	32,109
Corporate obligations	10,108	10,534
Mortgage-backed and other asset-backed securities	45,379	45,996
Other securities	2,554	2,566
	$92,393	$94,235
Securities Held-to-Maturity		
Obligations of states and political subdivisions	$ 3,918	$ 4,095

The amortized cost and estimated fair values of securities are as follows at December 31, 2000:

	Amortized Cost	Estimated Fair Value
Securities Available-for-Sale		
U.S. Government and its agencies	$ 4,201	$ 4,193
Obligations of states and political subdivisions	30,880	31,012
Corporate obligations	3,953	4,001
Mortgage-backed and other asset-backed securities	37,699	37,105
Other securities	2,560	2,546
	$79,293	$78,857
Securities Held-to-Maturity		
Obligations of states and political subdivisions	$ 4,484	$ 4,580

(Dollar amounts in thousands, except per share data)

NOTE 5 - LOANS

Loans are comprised of the following:

	September 30, 2001	December 31, 2000
Commercial and agricultural loans	$228,914	$215,087
Real estate construction loans	64,171	54,768
Residential real estate loans	210,843	212,190
Installment loans to individuals	46,323	50,696
Commercial paper	4,987	4,984
Total loans	$555,238	$537,725

NOTE 6 - ALLOWANCE FOR LOAN LOSSES

The activity in the allowance for loan losses is as follows:

	2001	2000
Balance, January 1	$ 5,071	$ 4,618
Provision charged to operations	900	900
Loans charged-off	(605)	(527)
Recoveries on loans previously charged-off	79	95
Balance, September 30	$ 5,445	$ 5,086

NOTE 7 - SHORT-TERM BORROWINGS

Short-term borrowings are comprised of the following:

	September 30, 2001	December 31, 2000
Repurchase agreements	$29,719	$54,275
Treasury tax and loan open-end note	2,800	1,297
Total short-term borrowings	$32,519	$55,572

(Dollar amounts in thousands, except per share data)

NOTE 8 - SEGMENT INFORMATION

The Corporation's operations include three primary segments: banking, mortgage banking, and trust. Through its banking subsidiary's locations in Tippecanoe, White, and Jasper Counties, the Corporation provides traditional community banking services, such as accepting deposits and making commercial, residential and consumer loans. Mortgage banking activities include the origination of residential mortgage loans for sale on a servicing released basis to various investors. The Corporation's trust department provides both personal and corporate trust services.

The Corporation's three reportable segments are determined by the products and services offered. Interest on loans, investments and deposits comprise the primary revenues and expenses of the banking operation, net gains on loans sold account for the revenues in the mortgage banking segment, and trust administration fees provide the primary revenues in the trust department.

The following segment financial information has been derived from the internal profitability reporting system utilized by management to monitor and manage the financial performance of the Corporation. The accounting policies of the three segments are the same as those described in the summary of significant accounting policies of the annual report. The Corporation evaluates segment performance based on profit or loss before income taxes. The evaluation process for the mortgage banking and trust segments include only direct expenses, while certain indirect expenses, including goodwill, are absorbed by the banking operation. The difference between segment totals and consolidated totals are holding company amounts and income tax expense.

Quarter ended September 30:

2001	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 6,894	$ 81	$ --	$ 6,975
Net gain on loan sales	--	527	--	527
Other revenue	1,027	--	296	1,323
Noncash items:				
Depreciation	347	14	12	373
Provision for loan loss	300	--	--	300
Segment profit	2,864	287	92	3,243
Segment assets	737,532	9,408	145	747,085

2000	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 6,434	$ 35	$ --	$ 6,469
Net gain on loan sales	--	193	--	193
Other revenue	965	--	245	1,210
Noncash items:				
Depreciation	324	13	12	349
Provision for loan loss	300	--	--	300
Segment profit	2,646	(21)	62	2,687
Segment assets	682,097	3,700	191	685,988

(Dollar amounts in thousands, except per share data)

Nine months ended September 30:

2001	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 19,912	$ 207	$ --	$ 20,119
Net gain on loan sales	--	1,397	--	1,397
Other revenue	3,027	1	890	3,918
Noncash items:				
Depreciation	1,013	43	36	1,092
Provision for loan loss	900	--	--	900
Segment profit	8,018	692	230	8,940
Segment assets	737,532	9,408	145	747,085

2000	Banking	Mortgage Banking	Trust	Total Segments
Net interest income	$ 19,201	$ 105	$ --	$ 19,306
Net gain on loan sales	--	464	--	464
Other revenue	2,941	6	878	3,825
Noncash items:				
Depreciation	912	35	36	983
Provision for loan loss	900	--	--	900
Segment profit	7,993	85	312	8,390
Segment assets	682,097	3,700	191	685,988

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENT

In 2001, new accounting guidance was issued that will, beginning in 2002, revise the accounting for goodwill and intangible assets. Intangible assets with indefinite lives and goodwill will no longer be amortized, but will periodically be reviewed for impairment and written down if impaired. Additional disclosures about intangibles assets and goodwill may be required. An initial goodwill impairment test is required during the first six months of 2002. The Corporation's management is currently evaluating the impact of this new guidance.

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following is the unaudited pro forma combined consolidated financial information for First Merchants Corporation ("First Merchants") and for Lafayette Bancorporation ("Lafayette") giving effect to the merger of Lafayette with and into First Merchants. The information is presented under two separate assumptions relating to the level of shares of Lafayette common stock which are exchanged for First Merchants common stock. The financial information listed for "Assumption A" was compiled assuming 100% of the outstanding shares of Lafayette common stock are exchanged for shares of First Merchants common stock through the merger. The financial information listed for "Assumption B" was compiled assuming 60% of the outstanding shares of Lafayette common stock are exchanged for shares of First Merchants common stock and 40% of the outstanding shares of Lafayette common stock are exchanged for cash, as financed through the issuance of First Merchants trust preferred securities. The balance sheet information presented gives effect to the merger and, under Assumption B, the related issuance of the First Merchants trust preferred securities, as if each occurred on September 30, 2001. The income statement information presented gives effect to the merger and, under Assumption B, the related issuance of the First Merchants trust preferred securities as if each occurred on the first day of each period presented.

The pro forma combined figures are simply arithmetical combinations of First Merchants' and Lafayette's separate financial results in order to assist you in analyzing the future prospects of First Merchants. The pro forma combined figures illustrate the possible scope of the change in First Merchants' historical figures caused by the merger. You should not assume that First Merchants and Lafayette would have achieved the pro forma combined results if the merger had actually occurred during the periods presented.

The combined company expects to achieve merger benefits in the form of operating cost savings. The pro forma earnings, which do not reflect any potential savings that are expected to result from the consolidation of the operations of First Merchants and Lafayette, are not indicative of the results of future operations. No assurances can be given with respect to the ultimate level of expense savings.

The pro forma information reflects the "purchase" method of accounting, with Lafayette's assets and liabilities recorded at their estimated fair values as of September 30, 2001. The actual fair value adjustments to the assets and the liabilities of Lafayette will be made on the basis of appraisals and evaluations that will be made as of the date the merger is completed. Thus, the actual fair value adjustments may differ significantly from those reflected in these pro forma financial statements. In the opinion of First Merchants' management, the estimates used in the preparation of these pro forma financial statements are reasonable under the circumstances.

You should read the unaudited pro forma combined consolidated financial information in conjunction with the accompanying notes.

UNAUDITED PROFORMA COMBINED CONSOLIDATED CONDENSED BALANCE SHEET
AS OF SEPTEMBER 30, 2001
ASSUMPTION A--100% STOCK ISSUED
(Dollar Amounts in Thousands)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Assets				
Cash and due from banks	$ 46,149	$ 22,416	$ (1,400)(1) (400)(2) 3,303 (3) (1,004)(4)	$ 69,064
Interest-bearing deposits		14,942		14,942
Federal funds sold	18,525	8,800		27,325
Cash and cash equivalents	64,674	46,158	499	111,331
Interest-bearing time deposits	3,119			3,119
Investment securities				
Available for sale	241,080	94,235		335,315
Held to maturity	8,942	3,918	177 (5)	13,037
Total investment securities	250,022	98,153	177	348,352
Mortgage loans held for sale	830	9,253	165 (5)	10,248
Loans, net of allowance	1,346,731	549,793	3,140 (5)	1,899,664
Premises and equipment	27,184	10,756	9,441 (6)	47,381
Federal Reserve and FHLB stock	7,856	2,344		10,200
Interest Receivable	13,556	7,411		20,967
Core deposit intangible and goodwill	32,795	12,470	30,156 (7) (12,470)(8) 16,200 (9)	79,151

Other assets	14,904	11,215	755 (10) 9,957 (11) (1,917)(15)	34,914
Total assets	$ 1,761,671	$ 747,553	$ 56,103	$ 2,565,327
Liabilities				
Deposits				
Noninterest-bearing	$ 163,689	$ 65,432		$ 229,121
Interest-bearing	1,224,881	538,028	4,799 (5)	1,767,708
Total deposits	1,388,570	603,460	4,799	1,996,829
Borrowings	182,455	78,085	509 (5)	261,049
Trust preferred				
Other liabilities	13,061	7,354	139 (16)	20,554
Total liabilities	1,584,086	688,899	5,447	2,278,432
Stockholders' equity				
Preferred stock-no par value				
Common stock	1,584	3,962	(3,962)(13) 582 (14)	2,166
Additional paid in capital	50,817	38,119	(38,119)(13) 108,728 (14)	159,545
Retained earnings	121,711	15,461	(15,461)(13)	121,711
Accumulated comprehensive income	3,473	1,112	(1,112)(13)	3,473
Total stockholders' equity	177,585	58,654	50,656	286,895
Total liabilities and stockholder's equity	$ 1,761,671	$ 747,553	$ 56,103	$ 2,565,327

The accompanying notes are an integral part of the
unaudited proforma combined consolidated financial information.

UNADITED PROFORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
ASSUMPTION A--100% STOCK ISSUED
(Dollar Amounts in Thousands, except Share and Per Share Amounts)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Interest Income				
Loans receivable	$ 96,109	$ 46,620	$ (648)(17)	$ 142,081
Investment securities	19,065	4,982	(39)(17)	24,008
Other	1,354	784		2,138
Total interest income	116,528	52,386	(687)	168,227
Interest Expense				
Deposits	49,607	23,016	(4,799)(17)	67,824
Securities sold under repurchase agreements	4,263	1,773		6,036
Federal Home Loan Bank advances & other	6,676	2,616	(339)(17)	8,953
Total interest expense	60,546	27,405	(5,138)	82,813
Net Interest Income	55,982	24,981	4,451	85,414
Provision for loan losses	2,625	1,200		3,825
Net interest income after provision for loan losses	53,357	23,781	4,451	81,589
Other Income				
Fiduciary activities	4,972	1,187		6,159
Service charges on deposit accounts	4,776	1,880		6,656
Other customer fees	3,519	1,042		4,561
Net realized losses on sales of available-for-sale securities	(107)	(12)		(119)
Commission income	1,950	758		2,708
Other income	1,524	970		2,494
Total other income	16,634	5,825		22,459
Other expenses				
Salaries and employee benefits	21,418	10,681		32,099
Net occupancy expenses	2,471	1,247	236 (18)	3,954
Equipment expenses	4,299	1,731		6,030
Goodwill and core deposit amortization	896	740	3,600 (20) (740)(22)	4,496
Other expenses	10,999	4,777		15,776
Total other expenses	40,083	19,176	3,096	62,355
Income before income tax	29,908	10,430	1,355	41,693
Income tax expense	9,968	3,514	549 (19)	14,031
Net income	$ 19,940	$ 6,916	$ 806	$ 27,662
Per Share Data				
Basic earnings per common share	$ 1.67	$ 1.75		$ 1.67
Diluted earnings per common share	1.66	1.74		1.66
Average common shares-basic	11,909,457	3,950,297		16,564,912
Average common shares-diluted	11,992,231	3,985,521		16,647,686

The accompanying notes are an integral part of the unaudited proforma combined consolidated financial information.

UNAUDITED PROFORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
ASSUMPTION A--100% STOCK ISSUED (Dollar
Amounts in Thousands, except Share and Per Share Amounts)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Interest Income				
Loans receivable	$ 77,632	$ 35,581	$ (486)(17)	$ 112,727
Investment securities	12,426	3,752	(30)(17)	16,148
Other	855	1,571		2,426
Total interest income	90,913	40,904	(516)	131,301
Interest Expense				
Deposits	35,817	17,876	(3,599)(17)	50,094
Securities sold under repurchase agreements .	2,665	1,291		3,956
Federal Home Loan Bank advances and other ...	5,209	2,114	(255)(17)	7,068
Total interest expense	43,691	21,281	(3,854)	61,118
Net Interest Income	47,222	19,623	3,338	70,183
Provision for loan losses	2,371	900		3,271
Net interest income after provision for loan losses	44,851	18,723	3,338	66,912
Other Income				
Fiduciary activities	4,117	890		5,007
Service charges on deposit accounts	4,106	1,551		5,657
Other customer fees	231	793		1,024
Net realized losses on sales of available-for-sale securities	(167)			(167)
Commission income	1,465	308		1,773
Other income	3,890	1,773		5,663
Total other income	13,642	5,315		18,957
Other expenses				
Salaries and employee benefits	18,094	9,226		27,320
Net occupancy expenses	2,037	965	177 (18)	3,179
Equipment expenses	3,282	1,395		4,677
Goodwill and core deposit amortization	1,181	537	2,700 (20) (537)(22)	3,881
Other expenses	8,365	3,732		12,097
Total other expenses	32,959	15,855	2,340	51,154
Income before income tax	25,534	8,183	998	34,714
Income tax expense	8,834	2,580	404 (19)	11,818
Net income	$ 16,700	$ 5,603	$ 594	$ 22,897
Per Share Data				
Basic earnings per common share	$ 1.36	$ 1.41		$ 1.35
Diluted earnings per common share	1.35	1.40		1.34
Average common shares-basic	12,306,708	3,958,906		16,962,163
Average common shares-diluted	12,390,142	3,997,540		17,045,597

The accompanying notes are an integral part of the
unaudited proforma combined consolidated financial information.

UNAUDITED PROFORMA COMBINED CONSOLIDATED CONDENSED BALANCE SHEET
AS OF SEPTEMBER 30, 2001
ASSUMPTION B-60% STOCK ISSUED
(Dollar Amounts in Thousands)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Assets				
Cash and due from banks	$ 46,149	$ 22,416	$ (1,400)(1) (400)(2) 3,303 (3) (1,004)(4)	$ 69,064
Interest-bearing deposits		14,942		14,942
Federal funds sold	18,525	8,800	4,871 (12)	32,196
Cash and cash equivalents	64,674	46,158	5,370	116,202
Interest-bearing time deposits	3,119			3,119
Investment securities				
Available for sale	241,080	94,235		335,315
Held to maturity	8,942	3,918	177 (5)	13,037
Total investment securities	250,022	98,153	177	348,352
Mortgage loans held for sale	830	9,253	165(5)	10,248
Loans, net of allowance	1,346,731	549,793	3,140(5)	1,899,664
Premises and equipment	27,184	10,756	9,441(6)	47,381
Federal Reserve and FHLB stock	7,856	2,344		10,200
Interest Receivable	13,556	7,411		20,967
Core deposit intangible and goodwill	32,795	12,470	36,761 (7) (12,470)(8) 16,200 (9)	85,756
Other assets	14,904	11,215	755 (10) 9,957 (11) (1,917)(15)	34,914
Total assets	$ 1,761,671	$ 747,553	$ 67,579	$ 2,576,803
Liabilities				
Deposits				
Noninterest-bearing	$ 163,689	$ 65,432		$ 229,121
Interest-bearing	1,224,881	538,028	4,799 (5)	1,767,708
Total deposits	1,388,570	603,460	4,799	1,996,829
Borrowings	182,455	78,085	509 (5)	261,049
Trust preferred			55,200 (12)	55,200
Other liabilities	13,061	7,354	139 (16)	20,554
Total liabilities	1,584,086	688,899	60,647	2,333,632
Stockholders' equity				
Preferred stock-no par value				
Common stock	1,584	3,962	(3,962)(13) 349 (14)	1,933
Additional paid in capital	50,817	38,119	(38,119)(13) 65,237 (14)	116,054
Retained earnings	121,711	15,461	(15,461)(13)	121,711
Accumulated comprehensive income	3,473	1,112	(1,112)(13)	3,473
Total stockholders' equity	177,585	58,654	6,932	243,171
Total liabilities and stockholders' equity	$ 1,761,671	$ 747,553	$ 67,579	$ 2,576,803

The accompanying notes are an integral part of the
unaudited proforma combined consolidated financial information.

UNAUDITED PROFORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
ASSUMPTION B--60% STOCK ISSUED
(Dollar Amounts in Thousands, except Share and Per Share Amounts)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Interest Income				
Loans receivable	$ 96,109	$ 46,620	$ (648)(17)	$ 142,081
Investment securities	19,065	4,982	(39)(17)	24,008
Other	1,354	784	73 (23)	2,211
Total interest income	116,528	52,386	(614)	168,300
Interest Expense				
Deposits	49,607	23,016	(4,799)(17)	67,824
Securities sold under repurchase agreements	4,263	1,773		6,036
Federal Home Loan Bank advances & other	6,676	2,616	(339)(17)	8,953
Trust Preferred			4,964 (21)	4,964
Total interest expense	60,546	27,405	(174)	87,777
Net Interest Income	55,982	24,981	(440)	80,523
Provision for loan losses	2,625	1,200		3,825
Net interest income after provision for loan losses	53,357	23,781	(440)	76,698
Other Income				
Fiduciary activities	4,972	1,187		6,159
Service charges on deposit accounts	4,776	1,880		6,656
Other customer fees	3,519	1,042		4,561
Net realized losses on sales of available-for-sale securities	(107)	(12)		(119)
Commission income	1,950	758		2,708
Other income	1,524	970		2,494
Total other income	16,634	5,825		22,459
Other expenses				
Salaries and employee benefits	21,418	10,681		32,099
Net occupancy expenses	2,471	1,247	236 (18)	3,954
Equipment expenses	4,299	1,731		6,030
Goodwill and core deposit amortization	896	740	3,600 (20) (740)(22)	4,496
Other expenses	10,999	4,777		15,776
Total other expenses	40,083	19,176	3,096	62,355
Income before income tax	29,908	10,430	(3,536)	36,802
Income tax expense	9,968	3,514	(1,433)(19)	12,049
Net income	$ 19,940	$ 6,916	$ (2,103)	$ 24,753
Per Share Data				
Basic earnings per common share	$ 1.67	$ 1.75		$ 1.68
Diluted earnings per common share	1.66	1.74		1.67
Average common shares-basic	11,909,457	3,950,297		14,702,730
Average common shares-diluted	11,992,231	3,985,521		14,785,504

The accompanying notes are an integral part of the unaudited proforma combined consolidated financial information.

UNAUDITED PROFORMA COMBINED CONSOLIDATED CONDENSED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
ASSUMPTION B--60% STOCK ISSUED
(Dollar Amounts in Thousands, except Share and Per Share Amounts)

	First Merchants	Lafayette	Proforma Adjustments	Proforma Combined
Interest Income				
Loans receivable	$ 77,632	$ 35,581	$ (486)(17)	$ 112,727
Investment securities	12,426	3,752	(30)(17)	16,148
Other	855	1,571	55 (23)	2,481
Total interest income	90,913	40,904	(461)	131,356
Interest Expense				
Deposits	35,817	17,876	(3,599)(17)	50,094
Securities sold under repurchase agreements	2,665	1,291		3,956
Federal Home Loan Bank advances and other	5,209	2,114	(255)(17)	7,068
Trust Preferred			3,723 (21)	3,723
Total interest expense	43,691	21,281	(131)	64,841
Net Interest Income	47,222	19,623	(330)	66,515
Provision for loan losses	2,371	900		3,271
Net interest income after provision for loan losses	44,851	18,723	(330)	63,244
Other Income				
Fiduciary activities	4,117	890		5,007
Service charges on deposit accounts	4,106	1,551		5,657
Other customer fees	231	793		1,024
Net realized losses on sales of available-for-sale securities	(167)	--		(167)
Commission income	1,465	308		1,773
Other income	3,890	1,773		5,663
Total other income	13,642	5,315		18,957
Other expenses				
Salaries and employee benefits	18,094	9,226		27,320
Net occupancy expenses	2,037	965	177 (18)	3,179
Equipment expenses	3,282	1,395		4,677
Goodwill and core deposit amortization	1,181	537	2,700 (20)	3,881
			(537)(22)	
Other expenses	8,365	3,732	12,097	
Total other expenses	32,959	15,855	2,340	51,154
Income before income tax	25,534	8,183	(2,670)	31,047
Income tax expense	8,834	2,580	(1,082)(19)	10,332
Net income	$ 16,700	$ 5,603	$ (1,588)	$ 20,755
Per Share Data				
Basic earnings per common share	$ 1.36	$ 1.41		$ 1.37
Diluted earnings per common share	1.35	1.40		1.36
Average common shares-basic	12,306,708	3,958,906		15,099,981
Average common shares-diluted	12,390,142	3,997,540		15,183,415

The accompanying notes are an integral part of the unaudited proforma combined consolidated financial information.

Notes to Unaudited Pro Forma Combined Consolidated Financial Information

Note 1 - Basis of Presentation

First Merchants has agreed to acquire Lafayette for a fixed exchange ratio of 1.11 shares of First Merchants Corporation stock for each share of Lafayette stock, subject to possible upward or downward adjustment as provided for in the Merger Agreement, or a fixed payment of $30.00 per share for each share of Lafayette stock up to 1,677,642 shares. The acquisition will be accounted for under the purchase method of accounting and, accordingly, the assets and liabilities of Lafayette have been marked to estimated fair value based upon conditions as of September 30, 2001.

Since these are proforma statements, we cannot assure that the amounts reflected in these financial statements would have been representative of the actual amounts earned had the companies been combined at the time.

Note 2 - Pro Forma Adjustments

(1) To record payment by Lafayette for estimated transaction costs.

(2) To record payment by First Merchants for estimated transaction costs.

(3) To record receipt of cash for stock options exercised.

(4) To record payment of stock appreciation rights.

(5) To adjust interest-earning assets and interest-bearing liabilities of Lafayette to estimated fair value.

(6) To record premises and equipment at estimated fair value.

(7) To record goodwill for the cost of acquisition over the estimated fair value of net assets acquired as follows:

	Assumption A	Assumption B
Purchase Price:		
Common stock	$ 582	$ 349
Additional paid in capital	108,728	65,237
Acquisition costs	400	400
Cash paid to Lafayette stockholders		50,329
Total purchase price paid	109,710	116,315
Allocated to:		
Historical book value of Lafayette's assets and liabilities	58,654	58,654
Record transaction costs of Lafayette	(1,400)	(1,400)
Record payment of stock appreciation rights	(1,004)	(1,004)
Cash received for stock options exercised	3,303	3,303
Write off of Lafayette's historical goodwill and core deposit intangible	(12,470)	(12,470)
Adjusted book value of Lafayette	47,083	47,083
Core deposit intangible	16,200	16,200
Adjustments to record assets and liabilities at fair value:		
Securities	177	177
Mortgage loans held for sale	165	165
Loans	3,140	3,140
Premises and equipment	9,441	9,441
Other assets	755	755
Deposits	(4,799)	(4,799)
Borrowings	(509)	(509)
Deferred taxes	9,957	9,957
Pension assets/Liability	(2,056)	(2,056)
Total allocation	32,471	32,471
Goodwill	$ 30,156	$ 36,761

(8) To eliminate Lafayette's historical goodwill and core deposit intangible.

(9) To record core deposit intangible.

(10) To record other assets at fair value.

(11) To record deferred taxes on the purchase accounting adjustments.

(12) To record issuance of the trust preferred securities by First Merchants and investing of excess funds.

(13) To eliminate Lafayette's equity accounts.

(14) To record issuance of 4,655,455 shares of First Merchants' stock under Assumption A and the issuance of 2,793,273 shares of First Merchants' stock under Assumption B.

(15) To eliminate Lafayette's prepaid pension costs.

(16) To recognize Lafayette's pension liability.

(17) To record effect of amortization of purchase accounting adjustments in a manner that approximates the level yield method.

(18) To record amortization of purchase accounting adjustment related to premises and equipment.

(19) To record tax effect of purchase accounting adjustments at an effective rate of 40.525%.

(20) To record amortization of core deposit premium intangible.

(21) To record interest expense on the trust preferred securities issued by First Merchants.

(22) To eliminate Lafayette's goodwill and core deposit intangible amortization expense.

(23) To record interest income on investment of excess proceeds from issuance of trust preferred securities.

EXHIBIT 99(d)

N / E / W / S R / E / L / E / A / S / E

November 27, 2001

FOR IMMEDIATE RELEASE
For more information, contact:
James J. Thrash, Senior Vice President/Chief Financial Officer
765-747-1390, http://firstmerchants.com

SOURCE: First Merchants Corporation

EAST CENTRAL INDIANA FINANCIAL INSTITUTIONS FORM TITLE INSURANCE JOINT VENTURE

Michael L. Cox, President and Chief Executive Officer of First Merchants Corporation, announced today that First Merchants has structured an agreement to enter the title service business. First Merchants will acquire the stock of Delaware County Abstract Company and Beebe & Smith Title Company, Inc., the two largest title companies in Delaware County.

Upon completion of these transactions, it is intended that Mutual First Financial, Inc. in Muncie, Indiana, and Americana Bancorp in New Castle, Indiana, will join First Merchants and become members of the Indiana Title Insurance Company, LLC that will operate the title business.

R. Donn Roberts, CEO of Mutual First Financial, Harry J. Bailey, CEO of Americana Bancorp, and Michael Cox began exploring this business opportunity several months ago. As major financial institutions in the central and northern Indiana markets generating both residential and commercial mortgages, the title service business will be a strategic adjunct to their lending activities.

James W. Trulock, owner of Delaware County Abstract, and James W. Smith, owner of Beebe & Smith Title Company, Inc., will be the principal managers of the ongoing business. Both of these individuals are attorneys and have been in the title business for many years. Both companies have been fixtures in Muncie for nearly 100 years and have the only full Indiana Land Title Association certified title plants in Delaware County. As the business develops, it is expected to expand throughout central Indiana. The closing of this transaction is expected on or about December 15, 2001, with an effective date of January 1, 2002.

First Merchants Corporation is an East Central Indiana Financial Holding Company. Its subsidiaries include First Merchants Bank in Delaware County and Hamilton Counties, the

Madison Community Bank in Madison County, First United Bank in Henry County, Union County National Bank, The Randolph County Bank, the First National Bank of Portland in Jay County, Decatur Bank & Trust Company in Adams County, and Frances Slocum Bank in Wabash. The corporation previously announced the pending acquisition of Lafayette Bancorporation. The Corporation also operates First Merchants Insurance Services, a full-service property casualty, personal lines and healthcare insurer, headquartered in Muncie, Indiana.

Mutual Federal Savings Bank is a wholly owned subsidiary of Mutual First Financial, Inc. and primarily services Delaware, Randolph, Kosciusko and Grant Counties in Indiana. The company stock is traded on the NASDAQ National Market under the symbol "MFSF".

Americana Bancorp is a bank holding company. Through its wholly owned subsidiary, Americana Bank and Trust, the company offers an extensive line of banking services and provides a range of investments and securities products through branches in central Indiana and in the greater Cincinnati, Ohio area. As its name implies, Americana Bank and Trust also offers trust and investment management services, has an interest in Family Financial Life Insurance Company, and owns Americana Insurance Agency, a full-service insurance agency.