SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _______ to _______

Commission File Number 0-17071

First Merchants Corporation

(Exact name of registrant as specified in its charter)

Indiana	35-1544218
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 East Jackson Street Muncie, IN	47305-2814
(Address of principal executive office)	(Zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [x] No [ ]

As of October 31, 2003, there were 18,489,892 outstanding common shares, without par value, of the registrant.

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FIRST MERCHANTS CORPORATION

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PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	September 30, 2003 (Unaudited)	December 31, 2002
ASSETS:		
Cash and due from banks	$ 87,619	$ 87,638
Federal funds sold		31,400
Cash and cash equivalents	87,619	119,038
Interest-bearing deposits	3,789	3,568
Investment securities available for sale	308,832	332,925
Investment securities held to maturity	8,020	9,137
Mortgage loans held for sale	12,042	21,545
Loans, net of allowance for loan losses of $29,842 and $22,417.	2,321,563	1,981,960
Premises and equipment	39,475	38,645
Federal Reserve and Federal Home Loan Bank Stock	14,057	11,409
Interest receivable	17,139	17,346
Goodwill	118,679	87,640
Core deposit intangibles	24,969	19,577
Cash surrender value of life insurance	37,536	14,309
Other assets	18,000	21,588
Total assets	$ 3,011,720	$ 2,678,687
LIABILITIES:		
Deposits:		
Noninterest-bearing	$ 316,058	$ 272,128
Interest-bearing	1,994,146	1,764,560
Total deposits	2,310,204	2,036,688
Borrowings	374,051	356,927
Interest payable	5,200	6,019
Other liabilities	21,064	17,924
Total liabilities	2,710,519	2,417,558
STOCKHOLDERS' EQUITY:		
Perferred stock, no-par value:		
Authorized and unissued - 500,000 shares		
Common Stock, $.125 stated value:		
Authorized --- 50,000,000 shares		
Issued and outstanding - 18,487,974 and 17,138,885 shares	2,311	2,142
Additional paid-in capital	149,810	116,401
Retained earnings	147,559	138,110
Accumulated other comprehensive income	1,521	4,476
Total stockholders' equity	301,201	261,129
Total liabilities and stockholders' equity	$ 3,011,720	$ 2,678,687

See notes to consolidated condensed financial statements.

FIRST MERCHANTS CORPORATION

FORM 10-Q
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Interest Income:				
Loans receivable				
Taxable	$35,607	$35,362	$106,539	$94,504
Tax exempt	185	169	512	403
Investment securities				
Taxable	1,342	2,442	4,621	6,986
Tax exempt	1,562	1,793	4,819	4,450
Federal funds sold	49	123	339	388
Deposits with financial institutions	13	53	54	159
Federal Reserve and Federal Home Loan Bank stock	201	206	610	527
Total interest income	38,959	40,148	117,494	107,417
Interest expense:				
Deposits	8,623	10,696	26,555	29,766
Borrowings	4,462	4,124	13,100	9,863
Total interest expense	13,085	14,820	39,655	39,629
Net Interest Income	25,874	25,328	77,839	67,788
Provision for loan losses	1,706	1,821	8,430	4,297
Net Interest Income After Provision for Loan Losses	24,168	23,507	69,409	63,491
Other Income:				
Net realized gains on sales of available-for-sale securities.	512	162	950	570
Other income	8,364	7,484	27,365	19,291
Total other income	8,876	7,646	28,315	19,861
Total other expenses	22,960	19,187	67,336	51,129
Income before income tax	10,084	11,966	30,388	32,223
Income tax expense	2,735	4,139	8,636	10,983
Net Income	$ 7,349	$ 7,827	$21,752	$21,240
Per share:(1)				
Basic	$ .40	$ .47	$ 1.20	$ 1.32
Diluted	.39	.46	1.19	1.31
Dividends	.23	.22	.67	.66

(1) Prior period per share amounts have been restated for the 5% stock dividend paid in September, 2003.

See notes to consolidated condensed financial statements.

FIRST MERCHANTS CORPORATION

FORM 10-Q
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
Net Income	$ 7,349	$ 7,827	$21,752	$ 21,240
Other comprehensive income, net of tax:				
Unrealized gains on securities available for sale:				
Unrealized holding gains (losses) arising during the period, net of income tax (expense) benefit of $2,753, $(1,563), $1,590, and $(2,739)	(4,129)	2,345	(2,385)	4,109
Less: Reclassification adjustment for gains included in net income, net of income tax expense of $205 $65, $380 and $228	307	97	570	342
	(4,436)	2,248	(2,955)	3,767
Comprehensive income	$ 2,913	$ 10,075	$18,797	$ 25,007

See notes to consolidated condensed financial statements

FIRST MERCHANTS CORPORATION

FORM 10-Q
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)
(Unaudited)

	2003	2002
Balances, January 1	$ 261,129	$ 179,128
Net income	21,752	21,240
Cash dividends	(12,302)	(10,243)
Other comprehensive income (loss), net of tax	(2,955)	3,767
Stock issued under employee benefits plans	819	658
Stock issued under dividend reinvestment and stock purchase plan	887	686
Stock options exercised	838	458
Stock Redeemed	(301)	(4,333)
Issuance of stock in acquisitions	31,218	68,547
Cash paid in lieu of fractional shares	116	(35)
Balances, September 30	$ 301,201	$ 259,873

See notes to consolidated condensed financial statements

FIRST MERCHANTS CORPORATION

FORM 10-Q
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Cash Flows From Operating Activities:		
Net income	$ 21,752	$ 21,240
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	8,430	4,297
Depreciation and amortization	3,495	4,969
Mortgage loans originated for sale	(190,639)	(78,607)
Proceeds from sales of mortgage loans	200,142	72,384
Change in interest receivable	1,069	(513)
Change in interest payable	(1,175)	(524)
Other adjustments	564	(6,657)
Net cash provided by operating activities	$ 43,638	$ 16,589
Cash Flows From Investing Activities:		
Net change in interest-bearing deposits	(221)	4,075
Purchases of		
Securities available for sale	(188,244)	(105,594)
Proceeds from maturities of		
Securities available for sale	144,172	91,640
Securities held to maturity		2,935
Proceeds from sales of		
Securities available for sale	58,245	16,908
Net change in loans	(49,331)	(87,704)
Net cash received (paid) in acquisitions	(7,793)	(12,532)
Other adjustments	(3,207)	(4,582)
Net cash provided (used) by investing activities	$ (46,379)	$ (94,854)
Cash Flows From Financing Activities:		
Net change in		
Demand and savings deposits	$ 7,023	$ (27,333)
Certificates of deposit and other time deposits	(5,044)	18,536
Borrowings	(20,713)	78,816
Cash dividends	(12,604)	(10,243)
Stock issued under employee benefit plans	887	658
Stock issued under dividend reinvestment and stock purchase plan	838	686
Stock options exercised	819	458
Stock repurchased		(4,333)
Cash paid in lieu of fractional shares	116	(35)
Net cash provided (used) by financing activities	(28,678)	57,210
Net Change in Cash and Cash Equivalents	(31,419)	(21,055)
Cash and Cash Equivalents, January 1	119,038	103,028
Cash and Cash Equivalents, September 30	$ 87,619	$ 81,973

See notes to consolidated condensed financial statements.

(Table dollars in thousands)

NOTE 1. General

The significant accounting policies followed by First Merchants Corporation ("Corporation") and its wholly owned subsidiaries for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments which are of a normal recurring nature and are in the opinion of management necessary for a fair statement of the results for the periods reported have been included in the accompanying consolidated condensed financial statements.

The consolidated condensed balance sheet of the Corporation as of December 31, 2002 has been derived from the audited consolidated balance sheet of the Corporation as of that date. Certain information and note disclosures normally included in the Corporation's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's Form 10-K annual report filed with the Securities and Exchange Commission.

The results of operations for the period are not necessarily indicative of the results to be expected for the year.

Stock options are granted for a fixed number of shares to employees. The Corporation's stock option plans are accounted for in accordance with Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations. APB No. 25 requires compensation expense for stock options to be recognized only if the market price of the underlying stock exceeds the exercise price on the date of the grant. Accordingly, the Corporation recognized compensation expense of $2,000 for the three months ended September 30, 2003 and $12,000 for the nine months ended September 30, 2003, related to specific grants in which the market price exceeded the exercise price. For all remaining grants, no stock-based employee compensation cost is reflected in net income, as options granted under those plans had an exercise price equal to the market value of the underlying common stock on the grant date.

The following table illustrates the effect on net income and earnings per share if the Corporation has applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Net income, as reported	$ 7,349	$ 7,827	$ 21,752	$ 21,240
Add: Total stock-based employee compensation cost included in reported net income, net of income taxes	2	6	12	18
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	(149)	(197)	(641)	(542)
Pro forma net income	$ 7,202	$ 7,636	$ 21,123	$ 20,716
Earnings per share:				
Basic - as reported	$ .40	$ .47	$ 1.20	$ 1.32
Basic - pro forma	.39	.45	1.16	1.29
Diluted - as reported	.39	.46	1.19	1.31
Diluted - pro forma	.39	.44	1.16	1.27

Options to purchase 167,483 and 237,534 shares for the three months ended September 30, 2003 and 2002 and options to purchase 289,909 and 134,341 shares for the nine months ended September 30, 2003 were not included in the earnings per share calculation because the exercise price exceeded the average market price.

NOTE 1. General (continued)

The Corporation makes its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, available on its website at www.firstmerchants.com without charge, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission. Additionally, upon request the Corporation will also provide without charge, a copy of its Form 10-Q to any shareholder by mail. Requests should be sent to Mr. Brian Edwards, Shareholder Relations Officer, First Merchants Corporation, P.O. Box 792, Muncie, IN 47308-0792.

NOTE 2. Accounting Matters

Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" was issued in May of 2003 and is effective for financial instruments entered into or modified after May 31, 2003. This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability. The Corporation currently classifies its obligated mandatory redeemable capital securities and cumulative trust preferred securities as liabilities. Therefore, this pronouncement has no impact on the Corporation's financial statements.

(Table dollars in thousands)

NOTE 3. Business Combinations

On March 1, 2003, the Corporation acquired 100% of the outstanding stock of CNBC Bancorp, the holding company of Commerce National Bank ("Commerce National"), CNBC Retirement Services, Inc. ("CRS, Inc.") and CNBC Statutory Trust I (the "Trust"). Commerce National is a national chartered bank located in Columbus, Ohio. CNBC Bancorp was merged into the Corporation, and Commerce National maintained its national charter as a wholly-owned subsidiary of the Corporation. CRS, Inc. and the Trust are also maintained as wholly-owned subsidiaries of the Corporation. The Corporation issued approximately 1,166,897 shares of its common stock and approximately $24,562,000 in cash to complete the transaction. As a result of the acquisition, the Corporation will have an opportunity to increase its customer base and continue to increase its market share. The purchase had a recorded acquisition price of $55,729,000, including goodwill of $30,291,000 none of which is deductible for tax purposes. Additionally, core deposit intangibles totaling $8,171,000 were recognized and will be amortized over 10 years using the 150% declining balance method.

The combination was accounted for under the purchase method of accounting. All assets and liabilities were recorded at their fair values as of March 1, 2003. The purchase accounting adjustments will be amortized over the life of the respective asset or liability. Commerce National's results of operations are included in the Corporation's consolidated income statement beginning March 1, 2003. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Investments	$ 12,500
Loans	298,702
Premises and equipment	1,293
Core deposit intangibles	8,171
Goodwill	30,291
Other	20,789
Total assets acquired	371,746
Deposits	271,537
Other	44,480
Total liabilities acquired	316,017
Net assets acquired	$ 55,729

The following proforma disclosures, including the effect of the purchase accounting adjustments, depict the results of operations as though the CNBC Bancorp merger had taken place at the beginning of each period.

	Three Months Ended September 30, 2003	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2002
Net Interest Income	$25,874	$27,714	$79,453	$75,121
Net Income	7,349	8,145	17,871	22,652
Per Share - combined:				
Basic Net Income	.40	.41	.97	1.31
Diluted Net Income	.39	.41	.96	1.30

Effective January 1, 2003, the Corporation formed Merchants Trust Company, National Association ("MTC"), a wholly-owned subsidiary of the Corporation, through a capital contribution totaling approximately $2,038,000. On January 1, 2003, MTC purchased the trust operations of First Merchants Bank, N.A., First National Bank and Lafayette Bank and Trust Company for a fair value acquisition price of $20,687,000. MTC unites the trust and asset management services of all affiliate banks of the Corporation. All intercompany transactions related to this purchase by MTC have been eliminated in the consolidated condensed financial statements of the Corporation.

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Table dollars in thousands)
(Unaudited)

NOTE 4. Investment Securities

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale at September 30, 2003				
U.S. Treasury	$ 1,497	$		$ 1,497
Federal agencies..................	25,024	251	$ (46)	25,229
State and municipal	124,422	5,932	(38)	130,316
Mortgage-backed securities	132,600	891	(2,604)	130,887
Other asset-backed securities.....	3,115	14		3,129
Corporate obligations.............	999	24		1,023
Marketable equity securities......	16,790	15	(54)	16,751
Total available for sale	304,447	7,127	(2,742)	308,832
Held to maturity at September 30, 2003				
State and municipal...............	7,933	449		8,382
Mortgage-backed securities........	87			87
Total held to maturity	8,020	449		8,469
Total investment securities ..	$312,467	$ 7,576	$ (2,742)	$317,301

(Table dollars in thousands)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale at December 31, 2002				
U.S. Treasury	$ 125			$ 125
Federal agencies	27,630	$ 814	$ (8)	28,436
State and municipal	135,715	5,787	(178)	141,324
Mortgage-backed securities	117,724	2,448	(54)	120,118
Other asset-backed securities	1,000			1,000
Corporate obligations	12,101	465		12,566
Marketable equity securities	29,452	20	(116)	29,356
Total available for sale	323,747	9,534	(356)	332,925
Held to maturity at December 31, 2002				
State and municipal	9,013	448		9,461
Mortgage-backed securities	124			124
Total held to maturity	9,137	448		9,585
Total investment securities	$332,884	$ 9,982	$ (356)	$342,510

FORM 10-Q
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Table dollars in thousands)
(Unaudited)

NOTE 5. Loans and Allowance

	September 30, 2003	December 31, 2002
Loans:		
Commercial and industrial loans	$ 425,945	$ 406,644
Agricultural production financing and other loans to farmers	100,734	85,059
Real estate loans:		
Construction	149,456	133,896
Commercial and farmland	558,407	401,561
Residential	852,333	746,349
Individuals' loans for household and other personal expenditures	196,439	206,083
Tax-exempt loans	20,542	12,615
Other loans	47,549	12,170
	2,351,405	2,004,377
Allowance for loan losses	(29,842)	(22,417)
Total Loans	$ 2,321,563	$ 1,981,960

	Nine Months Ended September 30 2003	2002
Allowance for loan losses:		
Balances, January 1	$ 22,417	$ 15,141
Allowance acquired in acquisition	3,727	6,902
Provision for losses	8,430	4,297
Recoveries on loans	1,539	959
Loans charged off	(6,271)	(5,152)
Balances, September 30	$ 29,842	$ 22,147

Information on nonaccruing, contractually past due 90 days or more other than nonaccruing and restructured loans is summarized below:	September 30, 2003	December 31, 2002
As of:		
Non-accrual loans	$ 20,093	$ 14,134
Loans contractually past due 90 days or more other than nonaccruing	4,790	6,676
Restructured loans	647	2,508
Total	$ 25,530	$ 23,318

(Table dollars in thousands)

NOTE 6. Net Income Per Share

	Three Months Ended September 30, 2003			Three Months Ended September 30, 2002		
	Income	Weighted-Average Shares	Per Share Amount	Income	Weighted-Average Shares	Per Share Amount
Basic net income per share:						
Net income available to common stockholders	$ 7,349	18,466,678	$ .40	$ 7,827	17,079,298	$ .47
Effect of dilutive stock options		155,628			145,060	
Diluted net income per share:						
Net income available to common stockholders and assumed conversions	$ 7,349	18,622,306	$ .39	$ 7,827	17,224,358	$ .46

Options to purchase 167,483 and 237,534 share for the three months ended September 30, 2003 and 2002 were not included in the earnings per share calculation because the exercise price exceded the average market price.

	Nine Months Ended September 30, 2003			Nine Months Ended September 30, 2002		
	Income	Weighted-Average Shares	Per Share Amount	Income	Weighted-Average Shares	Per Share Amount
Basic net income per share:						
Net income available to common stockholders	$ 21,752	18,144,970	$ 1.20	$ 21,240	16,107,554	$ 1.32
Effect of dilutive stock options		128,352			142,159	
Diluted net income per share:						
Net income available to common stockholders and assumed conversions	$ 21,752	18,273,322	$ 1.19	$ 21,240	16,249,713	$ 1.31

Options to purchase 289,909 and 134,341 share for the nine months ended September 30, 2003 and 2002 were not included in the earnings per share calculation because the exercise price exceded the average market price.

Note 7. Borrowings

CUMULATIVE TRUST PREFERRED SECURITIES

In April 2002, the Corporation and FMC Trust I (the "Trust") entered into an Underwriting Agreement with Stifel, Nicolaus & Company, Incorporated and RBC Dain Rauscher, Inc. for themselves and as co-representatives for several other underwriters (the "Underwriting Agreement"). In April 2002, and pursuant to the Underwriting Agreement, the Trust issued 2,127,500 8.75% Cumulative Trust Preferred Securities (liquidation amount $25 per Preferred Security) (the "Preferred Securities") with an aggregate liquidation value of $53,187,500. The proceeds from the sale of the Preferred Securities were invested by the Trust in the Corporation's 8.75% Junior Subordinated Debentures due June 30, 2032 (the "Debentures"). The Preferred Securities are recorded as borrowings in the Corporation's consolidated September 30, 2003, balance sheet and treated as Tier 1 Capital for regulatory capital purposes. The Debentures will mature and the Preferred Securities must be redeemed on June 30, 2032. The Trust has the option of shortening the maturity date to a date not earlier than June 30, 2007, requiring prior approval of the Board of Governors of the Federal Reserve System.

OBLIGATED MANDATORY REDEEMABLE CAPITAL SECURITIES

As part of the March 1, 2003, acquisition of CNBC Bancorp ("CNBC"), referenced in Note 3 to the consolidated condensed financial statements, the Corporation assumed $4.0 million of 10.20% fixed rate obligated mandatory redeemable capital securities issued in February 2001 through a subsidiary trust of CNBC as part of a pooled offering. The Corporation may redeem them, in whole or in part, at its option commencing February 22, 2011, at a redemption price of 105.10% of the outstanding principal amount and, thereafter, at a premium which declines annually. On or after February 22, 2021, the securities may be redeemed at face value with prior approval of the Board of Governors of the Federal Reserve System. The securities are recorded as borrowings in the Corporation's consolidated September 30, 2003, balance sheet and treated as Tier 1 Capital for regulatory capital purposes.

SUBORDINATED DEBENTURES, REVOLVING CREDIT LINES AND TERM LOANS

On September 30, 2003, other borrowed funds included $40,594,000 which represents the outstanding balance of a Loan and Subordinated Debenture Loan Agreement entered into with LaSalle Bank, N.A. on March 25, 2003. The Agreement includes three credit facilities:

* The Term Loan of $5,000,000 matures on March 25, 2010. Interest is calculated at a floating rate equal to the lender's prime rate or LIBOR plus 1.50%. The Term Loan is secured by 100% of the common stock of First Merchants Bank, National Association, Muncie, Indiana and 100% of the common stock of Lafayette Bank and Trust Company, Lafayette, Indiana. The Agreement contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness.
* The Revolving Loan had a balance of $10,594,000 at September 30, 2003. Interest is payable quarterly based on LIBOR plus 1%. Principal and interest are due on or before March 23, 2004. The total principal amount outstanding at any one time may not exceed $20,000,000.
* The Subordinated Debt of $25,000,000 matures on March 25, 2010. Interest is calculated at a floating rate equal to, at the Corporation's option, either the lender's prime rate or LIBOR plus 2.50%. The Agreement is secured by 100% of the common stock of First Merchants Bank, National Association, Muncie, Indiana and 100% of the common stock of Lafayette Bank and Trust Company, Lafayette, Indiana. The Agreement contains several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. The Subordinated Debentures are recorded as borrowings in the Corporation's consolidated balance sheet and treated as Tier 2 capital for regulatory capital purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

The Corporation from time to time includes forward-looking statements in its oral and written communication. The Corporation may include forward-looking statements in filings with the Securities and Exchange Commission, such as this Form 10-Q, in other written materials and in oral statements made by senior management to analysts, investors, representatives of the media and others. The Corporation intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and the Corporation is including this statement for purposes of these safe harbor provisions. Forward-looking statements can often be identified by the use of words like "estimate," "project," "intend," "anticipate," "expect" and similar expressions. These forward-looking statements include:

* statements of the Corporation's goals, intentions and expectations;

* statements regarding the Corporation's business plan and growth strategies;

* statements regarding the asset quality of the Corporation's loan and investment portfolios; and

* estimates of the Corporation's risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors which could affect the actual outcome of future events:

* fluctuations in market rates of interest and loan and deposit pricing, which could negatively affect the Corporation's net interest margin, asset valuations and expense expectations;

* adverse changes in the Indiana and Ohio economies, which might affect the Corporation's business prospects and could cause credit-related losses and expenses;

* adverse developments in the Corporation's loan and investment portfolios;

* competitive factors in the banking industry, such as the trend towards consolidation in the Corporation's market; and

* changes in the banking legislation or the regulatory requirements of federal and state agencies applicable to bank holding companies and banks like the Corporation's affiliate banks.

Because of these and other uncertainties, the Corporation's actual future results may be materially different from the results indicated by these forward-looking statements. In addition, the Corporation's past results of operations do not necessarily indicate its future results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations continued

CRITICAL ACCOUNTING POLICIES

Generally accepted accounting principles are complex and require management to apply significant judgments to various accounting, reporting and disclosure matters. Management of the Corporation must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of the Corporation's significant accounting policies, see "Notes to the Consolidated Financial Statements" in the Corporation's 2002 Annual Report on pages 23 to 27. Certain policies are considered critical because they are highly dependent upon subjective or complex judgments, assumptions and estimates. Changes in such estimates may have a significant impact on the financial statements. Management has reviewed the application of these policies with the Audit Committee of the Corporation's Board of Directors. For a discussion of applying critical accounting policies, see "Critical Accounting Policies" on page 4 in the Corporation's 2002 Annual Report.

RESULTS OF OPERATIONS

Net income for the three months ended September 30, 2003, equaled $7,349,000, compared to $7,827,000 in the same period of 2002. Diluted earnings per share were $.39 a decrease of $.07 from the $.46 reported for the third quarter 2002.

Net income for the nine months ended September 30, 2003, equaled $21,752,000, compared to $21,240,000 during the same period in 2002. Diluted earnings per share were $1.19, a 8.6% decrease from $1.31 in 2002.

Annualized returns on average assets and average stockholders' equity for nine months ended September 30, 2003 were .99 percent and 9.98 percent, respectively, compared with 1.22 percent and 12.45 percent for the same period of 2002.

The declines in diluted earnings per share, return on equity and return on assets are primarily due to increased provision for loan losses, which is discussed in the "ASSET QUALITY/PROVISION FOR LOAN LOSSES" section of Management's Discussion & Analysis of Financial Condition and Results of Operations.

CAPITAL

The Corporation's capital continues to exceed regulatory minimums and management believes that its capital levels continue to be a distinct advantage in the competitive environment in which the Corporation operates.

The Corporation's Tier I capital to average assets ratio was 7.9 percent at year-end 2002 and 7.3 percent at September 30, 2003. At September 30, 2003, the Corporation had a Tier I risk-based capital ratio of 9.3 percent and total risk-based capital ratio of 11.7 percent. Regulatory capital guidelines require a Tier I risk-based capital ratio of 4.0 percent and a total risk-based capital ratio of 8.0 percent. Banks with Tier I risk-based capital ratios of 6.0 percent and total risk-based capital ratios of 10.0 percent are considered "well capitalized."

ASSET QUALITY/PROVISION FOR LOAN LOSSES

The allowance for loan losses is maintained through the provision for loan losses, which is a charge against earnings. The amount provided for loan losses and the determination of the adequacy of the allowance are based on a continuous review of the loan portfolio, including an internally administered loan "watch" list and an independent loan review provided by an outside accounting firm. The evaluation takes into consideration identified credit problems, as well as the possibility of losses inherent in the loan portfolio that are not specifically identified. (See the "CRITICAL ACCOUNTING POLICIES" section of Management's Discussion & Analysis of Financial Condition and Results of Operations).

At September 30, 2003, non-performing loans totaled $25,530,000, an increase during the period of $2,212,000 from December 31, 2002, as noted in the table on the following page. This increase was primarily due to two loans totaling $7,167,000, related to declining collateral values of a single borrower, being placed on non-accrual status, while loans 90 days past due other than non-accrual and restructured loans decreased by $3,747,000.

At September 30, 2003, impaired loans totaled $44,905,000, an increase of $554,000 from December 31, 2002. At September 30, 2003, an allowance for losses was not deemed necessary for impaired loans totaling $30,364,000, but an allowance of $7,510,000 was recorded for the remaining balance of impaired loans of $14,541,000 and is included in the Corporation's allowance for loan losses. The average balance of impaired loans for the first nine months of 2003 was $49,537,000.

At December 31, 2002, impaired loans totaled $44,351,000. An allowance for losses was not deemed necessary for impaired loans totaling $27,450,000, but an allowance of $7,299,000 was recorded for the remaining balance of impaired loans of $16,901,000 and is included in the Corporation's allowance for loan losses. The average balance of impaired loans for 2002 was $49,663,000.

At September 30, 2003, the allowance for loan losses was $29,842,000, an increase of $7,695,000 from year end 2002. As a percent of loans, the allowance was 1.26 percent at September 30, 2003 compared with 1.11 percent at December 31, 2002.

The provision for loan losses for the first nine months of 2003 was $8,430,000, an increase of $4,133,000 from $4,297,000 for the same period in 2002. The Corporation's adequacy of the allowance for loan losses reflects increased non-performing loans, increased specific reserves and increased impaired loans, resulting in increased provision expense. Of the $4.1 million increase, $2.8 million is due to declining collateral values of a single commercial borrower, with the remaining based on the regular ongoing evaluation of the loan portfolios of the Corporation's bank subsidiaries. Current non-performing and impaired loan balances indicate that some decline in loan asset quality has occurred, which management believes is a result of current economic conditions.

The following table summarizes the non-accrual, contractually past due 90 days or more other than non-accruing and restructured loans for the Corporation.

(dollars in thousands)	September 30, 2003	December 31, 2002
Non-accrual loans	$20,093	$14,134
Loans contractually past due 90 days or more other than non-accruing	4,790	6,676
Restructured loans	647	2,508
Total non-performing loans	$25,530	$23,318

	Nine Months Ended September 30, 2003	2002
	(Dollars in Thousands)	
Balance at beginning of period	$22,417	$15,141
Chargeoffs	6,271	5,152
Recoveries	1,539	959
Net chargeoffs	4,732	4,193
Provision for loan losses	8,430	4,297
Allowance acquired in acquisition.....................	3,727	6,902
Balance at end of period	$29,842	$22,147
Ratio of net chargeoffs during the period to average loans outstanding during the period (1)......................	.28%	.32%

(1) First nine months annualized

LIQUIDITY

Liquidity management is the process by which the Corporation ensures that adequate liquid funds are available for the Corporation and its subsidiaries. These funds are necessary in order for the Corporation and its subsidiaries to meet financial commitments on a timely basis. These commitments include withdrawals by depositors, funding credit obligations to borrowers, paying dividends to shareholders, paying operating expenses, funding capital expenditures, and maintaining deposit reserve requirements. Liquidity is monitored and closely managed by the asset/liability committees at each subsidiary and by the Corporation's asset/liability committee.

The liquidity of the Corporation is dependent upon the receipt of dividends from its bank subsidiaries, which are subject to certain regulatory limitations and access to other funding sources. Liquidity of the Corporation's bank subsidiaries is derived primarily from core deposit growth, principal payments received on loans, the sale and maturity of investment securities, net cash provided by operating activities, and access to other funding sources. The most stable source of liability-funded liquidity for both the long-term and short-term is deposit growth and retention in the core deposit base. In addition, the Corporation utilizes advances from the Federal Home Loan Bank ("FHLB") and a revolving line of credit with LaSalle Bank, N.A. as a funding source. At September 30, 2003, total borrowings from the FHLB were $211,369,000. The Corporation's bank subsidiaries have pledged certain mortgage loans and certain investments to the FHLB. The total available remaining borrowing capacity from the FHLB at September 30, 2003, was $203,255,000. At September 30, 2003, the Corporation's revolving line of credit had a balance of $10,594,000 and a remaining borrowing capacity of $9,406,000. The principal source of asset-funded liquidity is investment securities classified as available-for-sale, the market values of which totaled $308,832,000 at September 30, 2003, a decrease of $24,093,000 or 6.5% over December 31, 2002. Securities classified as held-to-maturity that are maturing within a short period of time can also be a source of liquidity. Securities classified as held-to-maturity and that are maturing in one year or less totaled $1,415,000 at September 30, 2003. In addition, other types of assets such as cash and due from banks, federal funds sold and securities purchased under agreements to resell, and loans and interest-bearing deposits with other banks maturing within one year are sources of liquidity.

In the normal course of business, the Corporation is a party to a number of other off-balance sheet activities that contain credit, market and operational risk that are not reflected in whole or in part in the Corporation's consolidated financial statements. Such activities include: traditional off-balance sheet credit-related financial instruments, commitments under operating leases and long-term debt.

The Corporation provides customers with off-balance sheet credit support through loan commitments and standby letters of credit. Summarized credit-related financial instruments at September 30, 2003 are as follows:

(Dollars in thousands)	At September 30, 2003
Amounts of commitments:	
Loan commitments to extend credit	$ 429,284
Standby letters of credit	24,716
	$ 454,000

Since many of the commitments are expected to expire unused or be only partially used, the total amount of unused commitments in the preceding table does not necessarily represent future cash requirements.

In addition to owned banking facilities, the Corporation has entered into a number of long-term leasing arrangements to support the ongoing activities of the Corporation. The required payments under such commitments and long-term debt at September 30, 2003 are as follows:

(Dollars in thousands)	2003 remaining	2004	2005	2006	2007	2008 and after	Total
Operating leases	$ 224	$ 795	$ 533	$ 567	$ 345	$ 324	$ 2,788
Trust preferred securities						57,188	57,188
Long-term debt	60,300	42,594	23,000	22,403	14,495	154,071	316,863
Total	$ 60,524	$ 43,389	$ 23,533	$ 22,970	$ 14,840	$211,583	$376,839

INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK

Asset/Liability Management has been an important factor in the Corporation's ability to record consistent earnings growth through periods of interest rate volatility and product deregulation. Management and the Board of Directors monitor the Corporation's liquidity and interest sensitivity positions at regular meetings to review how changes in interest rates may affect earnings. Decisions regarding investment and the pricing of loan and deposit products are made after analysis of reports designed to measure liquidity, rate sensitivity, the Corporation's exposure to changes in net interest income given various rate scenarios and the economic and competitive environments.

It is the objective of the Corporation to monitor and manage risk exposure to net interest income caused by changes in interest rates. It is the goal of the Corporation's Asset Liability function to provide optimum and stable net interest income. To accomplish this, management uses two asset liability tools. GAP/Interest Rate Sensitivity Reports and Net Interest Income Simulation Modeling are both constructed, presented, and monitored quarterly.

Management believes that the Corporation's liquidity and interest sensitivity position at September 30, 2003, remained adequate to meet the Corporation's primary goal of achieving optimum interest margins while avoiding undue interest rate risk.

The Corporation places its greatest credence in net interest income simulation modeling. The GAP/Interest Rate Sensitivity Report is believed by the Corporation's management to have two major shortfalls. The GAP/Interest Rate Sensitivity Report fails to precisely gauge how often an interest rate sensitive product reprices, nor is it able to measure the magnitude of potential future rate movements.

Net interest income simulation modeling, or earnings-at-risk, measures the sensitivity of net interest income to various interest rate movements. The Corporation's asset liability process monitors simulated net interest income under three separate interest rate scenarios; base, rising and falling. Estimated net interest income for each scenario is calculated over a 12-month horizon. The immediate and parallel changes to the base case scenario used in the model are presented below. The interest rate scenarios are used for analytical purposes and do not necessarily represent management's view of future market movements. Rather, these are intended to provide a measure of the degree of volatility interest rate movements may introduce into the earnings of the Corporation.

The base scenario is highly dependent on numerous assumptions embedded in the model, including assumptions related to future interest rates. While the base sensitivity analysis incorporates management's best estimate of interest rate and balance sheet dynamics under various market rate movements, the actual behavior and resulting earnings impact will likely differ from that projected. For mortgage-related assets, the base simulation model captures the expected prepayment behavior under changing interest rate environments. Assumptions and methodologies regarding the interest rate or balance behavior of indeterminate maturity products, e.g., savings, money market, NOW and demand deposits reflect management's best estimate of expected future behavior.

The comparative rising and falling scenarios for the period ended September 30, 2004 assume further interest rate changes in addition to the base simulation discussed above. These changes are immediate and parallel changes to the base case senario. In addition, total rate movements (beginning point minus ending point) to each of the various driver rates utilized by management in the base simulation for the period ended September 30, 2004 are as follows:

Driver Rates	RISING	FALLING
Prime	200 Basis Points	(50) Basis Points
Federal Funds	200	(50)
One-Year T-Bill	200	(25)
Two-Year T-Bill	200	(25)
Three-Year T-Bill	200	(25)
Interest Checking	100	--
MMIA Savings	100	--
First Flex	100	(25)
CD's	200	(50)
FHLB Advances	200	(50)

Results for the base, rising and falling interest rate scenarios are listed below, based upon the Corporation's rate sensitive assets at September 30, 2003. The net interest income shown represents cumulative net interest income over a 12-month time horizon. Balance sheet assumptions used for the base scenario are the same for the rising and falling simulations.

	BASE	RISING	FALLING
Net Interest Income (dollars in thousands)	$112,043	$116,290	$109,678
Variance from base		$ 4,247	$ (2,365)
Percent of change from base		3.79%	(2.11)%

The comparative rising and falling scenarios for the period ended December 31, 2003 assume further interest rate changes in addition to the base simulation discussed above. These changes are immediate and parallel changes to the base case scenario. In addition, total rate movements (beginning point minus ending point) to each of the various driver rates utilized by management in the base simulation for the period ended December 31, 2003 are as follows:

Driver Rates	RISING	FALLING
Prime	200 Basis Points	(50) Basis Points
Federal Funds	200	(50)
One-Year T-Bill	200	(20)
Two-Year T-Bill	200	(59)
Interest Checking	100	--
MMIA Savings	100	--
First Flex	100	(25)
CD's	200	(53)
FHLB Advances	200	(66)

Results for the base, rising and falling interest rate scenarios are listed below, based upon the Corporation's rate sensitive assets at December 31, 2002. The net interest income shown represents cumulative net interest income over a 12-month time horizon. Balance sheet assumptions used for the base scenario are the same for the rising and falling simulations.

	BASE	RISING	FALLING
Net Interest Income (dollars in thousands)	$105,138	$113,855	$ 98,793
Variance from base		$ 8,717	$ (6,345)
Percent of change from base		8.29%	(6.03)%

EARNING ASSETS

The following table presents the earning asset mix as of September 30, 2003, and December 31, 2002.

Loans grew approximately $347 million from December 31, 2002 to September 30, 2003, while investment securities decreased by $25.2 million during the same period. $309.5 million of the increase in loans is attributable to the March 1, 2003 acquisition of CNBC Bancorp. Excluding increases related to this acquisition, loans increased by $37.5 million and investments decreased by $38 million during the nine month period.

EARNING ASSETS (Dollars in Millions)	September 30, 2003	December 31, 2002
Federal funds sold and interest-bearing deposits	$ 3.8	$ 35.0
Investment securities available for sale	308.8	332.9
Investment securities held to maturity	8.0	9.1
Mortgage loans held for sale	12.0	21.5
Loans	2,351.4	2,004.4
Federal Reserve and Federal Home Loan Bank stock	14.0	11.4
Total	$ 2,698.0	$ 2,414.3

DEPOSITS AND BORROWINGS

The following table presents the level of deposits and borrowed funds (Federal funds purchased, repurchase agreements, U.S. Treasury demand notes, Federal Home Loan Bank advances, trust preferred securities and other borrowed funds)at September 30, 2003, and December 31, 2002.

(Dollars in Millions)	September 30, 2003	December 31, 2002
Deposits	$ 2,310.2	$ 2,036.7
Securities sold under repurchase agreements......	63.3	89.6
FFP and U.S. Treasury demand notes...............		
Federal Home Loan Bank advances	211.4	184.7
Trust preferred securities.......................	57.2	53.2
Subordinated debentures, revolving credit lines and term loans................................	40.6	19.3
Other borrowed funds	1.6	10.2

The Corporation has continued to leverage its capital position with Federal Home Loan Bank advances, as well as, repurchase agreements which are pledged against acquired investment securities as collateral for the borrowings. Trust preferred securities are classified as Tier I Capital and the Subordinated Debenture of $25,000,000 is classified as Tier II Capital when computing risk based capital ratios due to the long-term nature of the investment. The interest rate risk is included as part of the Corporation's interest simulation discussed in Management's Discussion and Analysis under the headings "LIQUIDITY" and "INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK".

NET INTEREST INCOME

Net Interest Income is the primary source of the Corporation's earnings. It is a function of net interest margin and the level of average earning assets. The table below presents the Corporation's asset yields, interest expense, and net interest income as a percent of average earning assets for the three and nine months ended September 30, 2003 and 2002.

Annualized net interest income (FTE)for the nine months ended September 30, 2003 increased by $13.7 million, or 14.6 percent over the same period in 2002, due to an increase in average earning assets of over $516 million. For the same period interest income and interest expense, as a percent of average earning assets, decreased 83 basis points and 49 basis points respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in Thousands)	2003	2002	2003	2002
Annualized Net Interest Income........................	$ 103,496	$ 101,312	$ 103,785	$ 90,383
Annualized FTE Adjustment.............................	$ 3,809	$ 4,224	$ 3,827	$ 3,484
Annualized Net Interest Income On a Fully Taxable Equivalent Basis.................	$ 107,305	$ 105,536	$ 107,612	$ 93,867
Average Earning Assets................................	$2,712,070	$2,379,092	$2,628,319	$2,112,777
Interest Income (FTE) as a Percent of Average Earning Assets...........................	5.89%	6.92%	6.11%	6.94%
Interest Expense as a Percent of Average Earning Assets...........................	1.93%	2.49%	2.01%	2.50%
Net Interest Income (FTE) as a Percent of Average Earning Assets...........................	3.96%	4.43%	4.10%	4.44%

Average earning assets include the average balance of securities classified as available for sale, computed based on the average of the historical amortized cost balances without the effects of the fair value adjustment. In addition, annualized amounts are computed utilizing a 30/360 day basis.

OTHER INCOME

The Corporation has placed emphasis on the growth of non-interest income in recent years by offering a wide range of fee-based services. Fee schedules are regularly reviewed by a pricing committee to ensure that the products and services offered by the Corporation are priced to be competitive and profitable.

Other income in the third quarter of 2003 exceeded the same quarter in the prior year by $1,230,000, or 16.1 percent.

One major area accounts for most of the increase. Gains on sales of mortgage loans included in other income increased by $876,000 due to increased mortgage volume. In addition, decreasing mortgage loan rates caused an increase in refinancing volume, which facilitated an increase in loan sales activity.

Other income for the first nine months of 2003 exceeded the same period in the prior year by $8,454,000 or 42.6 percent.

Five major areas account for most of the increase:

1. Gains on sales of mortgage loans included in other income increased by $4,628,000 due to increased mortgage volume. In addition, decreasing mortgage loan rates caused an increase in refinancing volume, which facilitated an increase in loan sales activity.

2. Service charges on deposit accounts increased $1,753,000 or 26.4 percent due to increased number of accounts, price adjustments and approximately $948,000 of additional service charge income related to April 1, 2002 acquisition of Lafayette.

3. A gain on life insurance proceeds included in other income was $535,000 for the first nine months of 2003 compared to $0 for the same period last year. The gain represented the net insurance proceeds received.

4. Insurance Commissions increased by $483,000 or 37.9 percent primarily as a result of the September 6, 2002 acquisition of Stephenson Insurance Services, Inc.

5. Revenues from fiduciary activities increased $362,000 or 7.6 percent due primarily to the additional fees related to the acquisition of Lafayette.

OTHER EXPENSES

Total other expenses represent non-interest operating expenses of the Corporation. Total other expense during the third quarter of 2003 exceeded the same period of the prior year by $3,773,000, or 19.7 percent.

Two major areas account for most of the increase:

1. Salaries and benefit expense grew $2,601,000 or 24.5 percent, due to normal salary increases, staff additions and additional salary cost related to the March 1, 2003 acquisition of Commerce National Bank.

2. Net occupancy expenses increased by $190,000 or 19.0 percent primarily due to the acquisition of Commerce National Bank.

Total other expenses during the first nine months in 2003 exceeded the same period of the prior year by $16,207,000, or 31.7 percent.

Six major areas account for most of the increase:

1. Salaries and benefit expense grew $9,585,000 or 33.9 percent, due to normal salary increases, staff additions and additional salary cost related to the April 1, 2002 acquisition of Lafayette and the March 1, 2003 acquisition of Commerce National Bank.

2. Net occupancy expenses increased by $781,000 or 28.9 percent primarily due to the acquisitions of Lafayette and Commerce National Bank.

3. Equipment expense increased by $1,008,000 or 20.8 percent primarily due to the acquisitions of Lafayette and Commerce National Bank.

4. Core deposit intangible amortization increased by $940,000, due to utilization of the purchase method of accounting for the Corporation related to the acquisitions of Lafayette and Commerce National Bank.

5. The Corporation accrued $460,000 in anticipation of a settlement from a claim made against First Merchants Corporation, which is presently being negotiated.

6. Prepayment penalties for early prepayment of FHLB advances increased by $340,000 for the first nine months of 2003 over the same period in 2002.

INCOME TAXES

Income tax expense, for the nine months ended September 30, 2003, decreased by $1,247,000 from the same period in 2002. The effective tax rate was 28.4 and 34.1 percent for the 2003 and 2002 periods. Most of this decrease is a result of increases in tax exempt earnings from bank-owned life insurance contracts, tax exempt interest income and reduced state taxes, resulting from the effect of state income apportionment.

OTHER

The Securities and Exchange Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, including the Corporation, and that address is (http://www.sec.gov).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required under this item is included as part of Management's Discussion and Analysis of Financial Condition and Results of Operations, under the headings "LIQUIDITY" and "INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK".

Item 4. Controls and Procedures

At the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of it's disclosure controls and procedures. Based upon that evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in Corporation reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no changes in the Corporation's internal controls over financial reporting identified in connection with the evaluation referenced above that occurred during the Corporation's last fiscal quarter that have materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

FIRST MERCHANTS CORPORATION

FORM 10-Q

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

a. None

b. None

c. None

d. None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

FIRST MERCHANTS CORPORATION

FORM 10-Q

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit No.:	Description of Exhibit:	Form 10-Q Page No.:
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	33
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	34
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	35

Item 6. Exhibits and Reports on Form 8-K continued

b. Reports on Form 8-K

A report on Form 8-K, dated July 21, 2003, was filed on July 21, 2003 under report items number 9 and 7, concerning the Press Release announcing second quarter 2003 earnings.

Under report item number 7, the following exhibit was included in this Form 8-K.

(c) Exhibit

(99) Press Release, dated July 21, 2003, issued by First Merchants Corporation

A report on Form 8-K, dated August 15, 2003, was filed on August 15, 2003 under report item number 5, concerning the Corporation's declaration of a five percent (5%) stock dividend on its shares of common stock. The dividend was payable to shareholders of record on August 29, 2003. The date of delivery of shares to be issued pursuant to the stock dividend was September 12, 2003.

Under report item number 7, the following exhibit was included in the Form 8-K.

(c) Exhibit

(99) Press release dated August 15, 2003.

FIRST MERCHANTS CORPORATION

FORM 10-Q

SIGNATURES

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

First Merchants Corporation
(Registrant)

Date 11/14/03	by /s/ Michael L. Cox Michael L. Cox President and Chief Executive Officer
Date 11/14/03	by /s/ Mark K. Hardwick Mark K. Hardwick Senior Vice President and Chief Financial Officer (Principal Financial and Chief Accounting Officer)

INDEX TO EXHIBITS

(a)3. Exhibits:

Exhibit No.:	Description of Exhibit:	Form 10-Q Page No.:
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	33
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002	34
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Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Michael L. Cox, President and Chief Executive Officer of First Merchants Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Merchants Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003 /s/Michael L. Cox

Michael L. Cox
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Mark K. Hardwick, Senior Vice President and Chief Financial Officer of First Merchants Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Merchants Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board or directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/Mark K. Hardwick

Mark K. Hardwick
Senior Vice President and
Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

Exhibit 32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of First Merchants Corporation (the "Corporation") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Michael L. Cox, President and Chief Executive Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date 11/14/03 by /s/ Michael L. Cox

Michael L. Cox
President and Chief Executive Officer

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

In connection with the quarterly report of First Merchants Corporation (the "Corporation") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Mark K. Hardwick, Senior Vice President and Chief Financial Officer of the Corporation, do hereby certify, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o (d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date 11/14/03 by /s/ Mark K. Hardwick

Mark K. Hardwick
Senior Vice President and
Chief Financial Officer
(Principal Financial and Chief
Accounting Officer)

A signed copy of this written statement required by Section 906 has been provided to First Merchants Corporation and will be retained by First Merchants Corporation and furnished to the Securities and Exchange Commission or its staff upon request.