

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

DATE OF REPORT (Date of earliest event reported): January 24, 2013

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of incorporation)

35-1544218
(IRS Employer Identification No.)

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

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

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

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

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

On January 24, 2013, First Merchants Corporation will conduct a fourth quarter earnings conference call and web cast on Thursday, January 24, 2013 at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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

Exhibit 99.1 Slide presentation, utilized January 24, 2013, during conference call and web cast by First Merchants Corporation

SIGNATURES

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

First Merchants Corporation
(Registrant)

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

Dated: January 24, 2013

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized January 24, 2013, during conference call and web cast by First Merchants Corporation



First Merchants Corporation 4th Quarter 2012 Earnings Call

January 24, 2013

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Michael C. Rechin

President
and Chief Executive Officer

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Forward-Looking Statement

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

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

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



2012 Highlights

EPS

- § 2012 Record Net Income of \$40.6 Million
- § \$1.41 Full-Year EPS
- § \$0.32 4th Quarter EPS

Reported Total Revenue and Loan Growth

- § \$189M Loan Growth,
7.0% Year-over-Year Increase
- § \$158M Total Net-Interest Income-FTE,
6.0% Year-over-Year Increase
- § \$64M Total Non-Interest Income,
31.0% Year-over-Year Increase
- § \$222M Total Revenue,
12.2% Year-over-Year Increase



Mark K. Hardwick

Executive Vice President
and Chief Financial Officer

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Total Assets

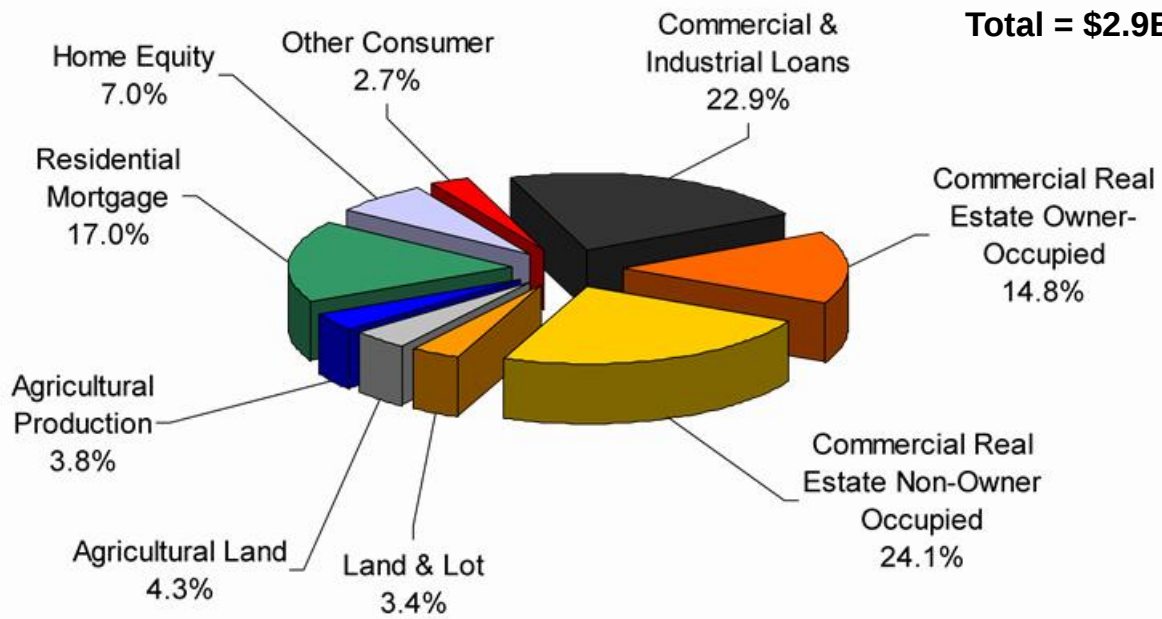
(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>
1. Investments	\$ 827	\$ 946	\$ 874
2. Loans Held for Sale	21	18	22
3. Loans	2,836	2,713	2,902
4. Allowance	(83)	(71)	(69)
5. CD&I & Goodwill	154	150	150
6. BOLI	97	124	125
7. Other	<u>319</u>	<u>293</u>	<u>301</u>
8. Total Assets	\$4,171	\$4,173	\$4,305



Loan and Yield Detail

(as of 12/31/2012)

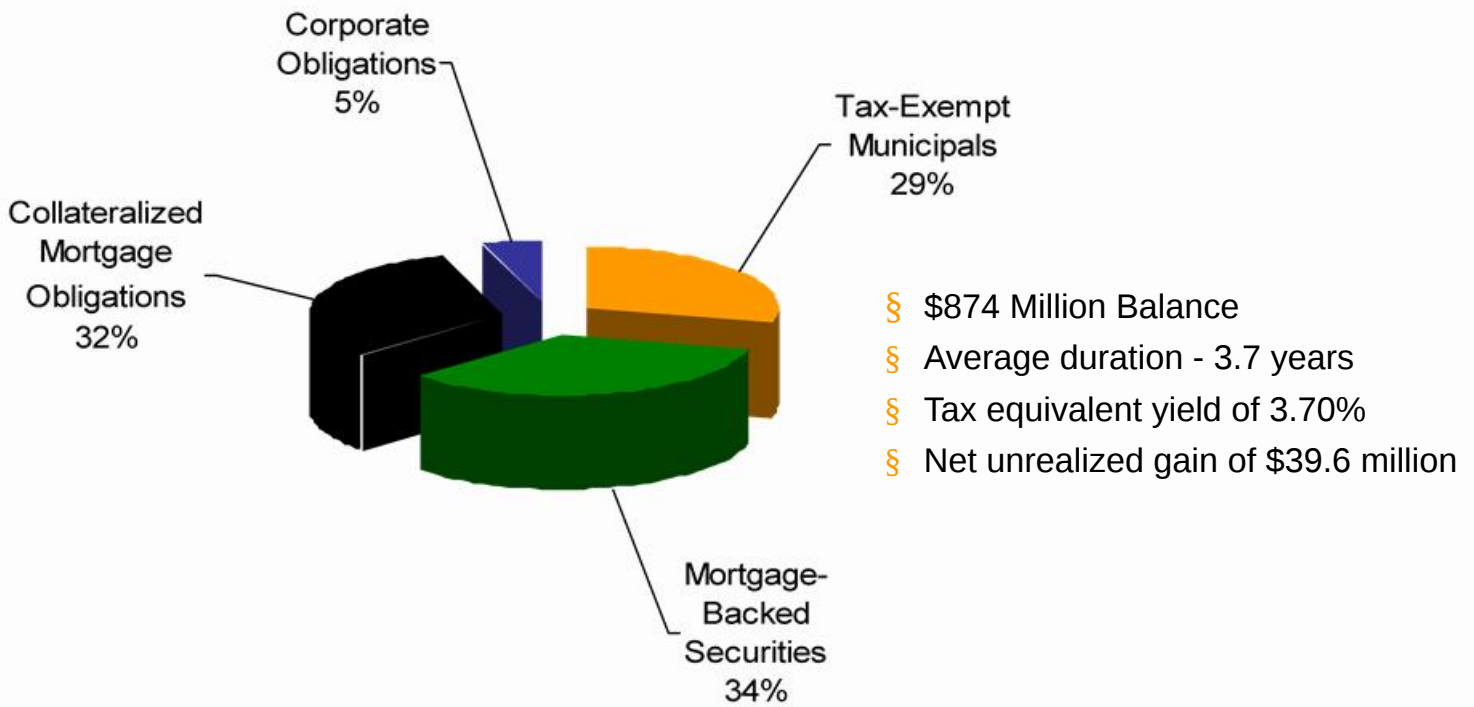
QTD Yield = 4.97%
YTD Yield = 5.16%
Total = \$2.9B





Investment Portfolio

(as of
12/31/2012)





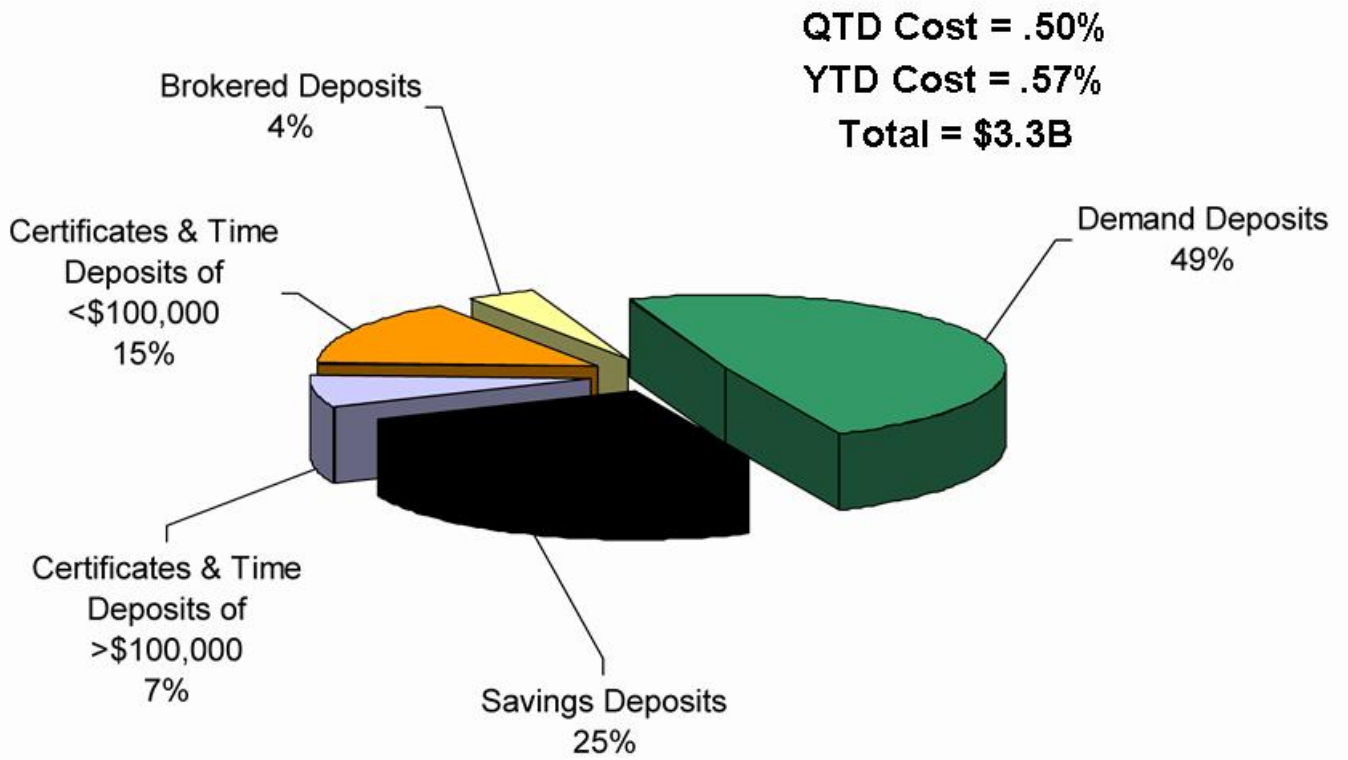
Total Liabilities and Capital

	<u>2010</u>	<u>2011</u>	<u>2012</u>
(\$ in Millions)			
1. Customer Non-Maturity Deposits	\$2,127	\$2,196	\$2,479
2. Customer Time Deposits	996	816	739
3. Brokered Deposits	146	123	128
4. Borrowings	277	378	260
5. Other Liabilities	28	34	39
6. Hybrid Capital	142	111	107
7. Preferred Stock (CPP)	68	—	—
8. Preferred Stock (SBLF)	—	91	91
9. Common Equity	<u>387</u>	<u>424</u>	<u>462</u>
10. Total Liabilities and Capital	\$4,171	\$4,173	\$4,305



Deposits and Cost of Funds Detail

(as of
12/31/2012)





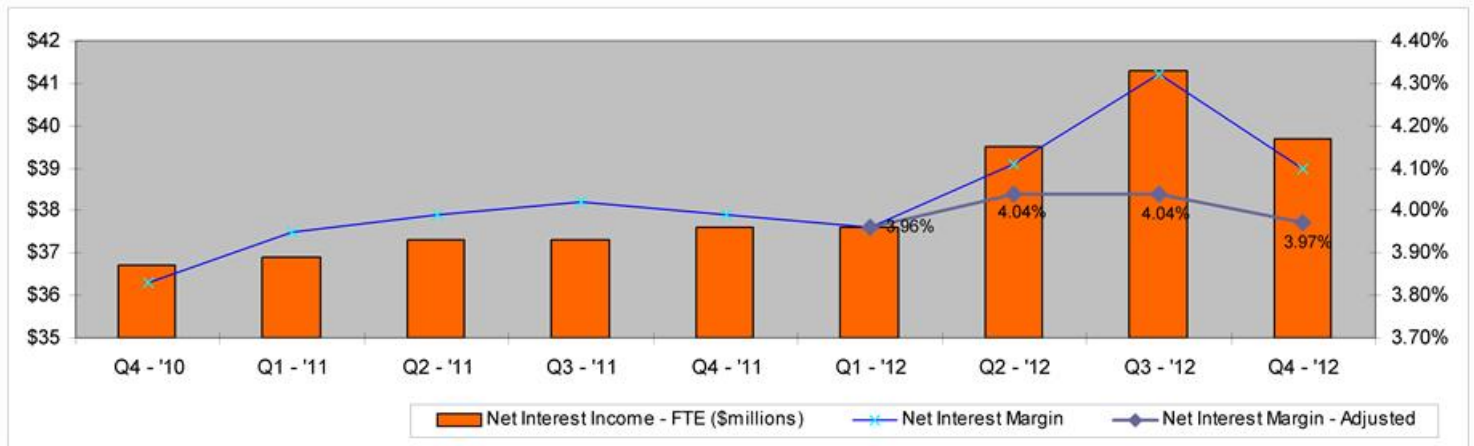
Capital Ratios

	<u>2010</u>	<u>2011</u>	<u>2012</u>
1. Total Risk-Based Capital Ratio	15.74%	16.54%	16.34%
2. Tier 1 Risk-Based Capital Ratio	12.82%	13.92%	14.15%
3. Leverage Ratio	9.50%	10.17%	11.03%
4. Tier 1 Common Risk-Based Capital Ratio	7.64%	8.83%	9.62%
5. TCE/TCA	5.86%	6.84%	7.55%



Net Interest Margin

	<u>Q4-'10</u>	<u>Q1-'11</u>	<u>Q2-'11</u>	<u>Q3-'11</u>	<u>Q4-'11</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>	<u>Q4-'12</u>
Net Interest Income - FTE (\$millions)	\$ 36.7	\$ 36.9	\$ 37.3	\$ 37.3	\$ 37.6	\$ 37.6	\$ 39.5	\$ 41.3	\$ 39.7
Tax Equivalent Yield on Earning Assets	5.13%	5.11%	5.04%	5.01%	4.83%	4.74%	4.75%	4.89%	4.58%
Cost of Supporting Liabilities	1.30%	1.16%	1.05%	0.99%	0.84%	0.78%	0.64%	0.57%	0.48%
Net Interest Margin	3.83%	3.95%	3.99%	4.02%	3.99%	3.96%	4.11%	4.32%	4.10%





Non-Interest Income

	(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>
1.	Service Charges on Deposit Accounts	\$13.3	\$12.0	\$11.6
2.	Trust Fees	7.7	7.7	7.9
3.	Insurance Commission Income	6.2	5.7	6.2
4.	Electronic Card Fees	6.1	6.5	7.3
5.	Cash Surrender Value of Life Ins	2.1	2.6	3.4
6.	Gains on Sales Mortgage Loans	6.8	7.4	10.6
7.	Securities Gains/Losses	1.9	2.0	2.4
8.	Gain on FDIC Acquisition	—	—	9.1
9.	Other	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>
10.	Total	\$48.5	\$49.1	\$64.3
11.	Adjusted Non-Interest Income ¹	\$46.6	\$47.1	\$52.8

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



Non-Interest Expense

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>
1. Salary & Benefits	\$ 73.3	\$ 74.7	\$ 79.4
2. Premises & Equipment	17.2	16.9	17.4
3. Core Deposit Intangible	4.7	3.5	1.9
4. Professional Services	1.4	2.2	2.3
5. OREO/Credit-Related Expense	14.6	10.6	8.2
6. FDIC Expense	8.1	5.5	3.5
7. Outside Data Processing	5.1	5.7	5.7
8. Marketing	2.0	2.0	2.2
9. Other	<u>15.9</u>	<u>14.8</u>	<u>16.5</u>
10. Total	\$142.3	\$135.9	\$137.1



Earnings

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>
1. Net Interest Income-FTE ¹	\$149.4	\$149.1	\$153.5
2. Non Interest Income ²	46.6	47.1	52.8
3. Non Interest Expense			
4. Pre-Tax Pre-Provision (137.1)			
Earnings Provision \$ 53.7	\$ 60.3	\$69.2	(
5. Provision (46.5)	(46.5)	(22.6)	(
6. Adjustments ^{1,2} 1.9	1.9	2.0	16.1
7. Taxes - FTE	(2.3)	(14.4)	(21.7)
8. Gain /(Loss) on CPP/Trust Preferred	10.1	(12.3)	—
9. Preferred Stock Dividend	(<u>5.2</u>)	(<u>4.0</u>)	(<u>4.5</u>)
10. Net Income Avail. for Distribution	\$ 11.7	\$ 9.0	\$40.6
11. EPS	\$ 0.48	\$0.34	\$1.41

¹Adjusted for Fair Market Value Accretion

²Adjusted for Bond Gains & Losses and Gain on FDIC-Modified Whole-Bank Transaction



Earnings Per Share

<u>2010</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Reported	\$.01	\$.35	\$.02	\$.10	\$.48
2. Adjusted	\$.01	(\$.05) ¹	\$.02	\$.10	\$.08
<u>2011</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
3. Reported	\$.17	\$.18	(\$.25)	\$.24	\$.34
4. Adjusted	\$.17	\$.18	\$.21 ¹	\$.24	\$.80
<u>2012</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
5. Reported	\$.46	\$.28	\$.35	\$.32	\$1.41
6. Adjusted ²	\$.25	\$.26	\$.29	\$.29	\$1.09

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

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



John J. Martin

Senior Vice President
and Chief Credit Officer

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Asset Quality Summary

(\$ in Millions)							% Change
	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>	<u>Q4-'12</u>	Year- over-Year
1. Non-Accrual Loans	\$ 90.6	\$ 69.6	\$ 74.5	\$ 63.1	\$ 57.0	\$ 53.4	(23.3%)
2. Other Real Estate	\$ 20.9	\$ 16.3	\$ 15.6	\$ 14.2	\$ 13.8	\$ 13.3	(18.4%)
3. Renegotiated Loans	\$ 7.1	\$ 14.3	\$ 6.7	\$ 3.9	\$ 6.9	\$ 12.7	(11.2%)
4. 90+ Days Delinquent Loans	\$ 1.3	\$ 0.6	\$ 0.2	\$ 0.7	\$ 2.0	\$ 2.0	233.3%
5. Specific Reserves	\$ 13.9	\$ 7.6	\$ 5.9	\$ 6.1	\$ 6.3	\$ 4.2	(44.7%)
6. Allowance for Loan and Lease Losses	\$ 83.0	\$ 70.9	\$ 70.4	\$ 70.1	\$ 69.5	\$ 69.4	(2.1%)
7. ALLL/Non-Accrual Loans	91.6%	101.9%	94.5%	111.1%	121.9%	129.9%	27.5%
8. Classified Assets	\$ 313.0	\$ 227.2	\$ 225.2	\$ 204.5	\$ 196.8	\$ 184.4	(18.8%)
9. Criticized Assets (includes Classified)	\$ 393.0	\$ 319.2	\$ 341.2	\$ 291.0	\$ 275.4	\$ 250.2	(21.6%)

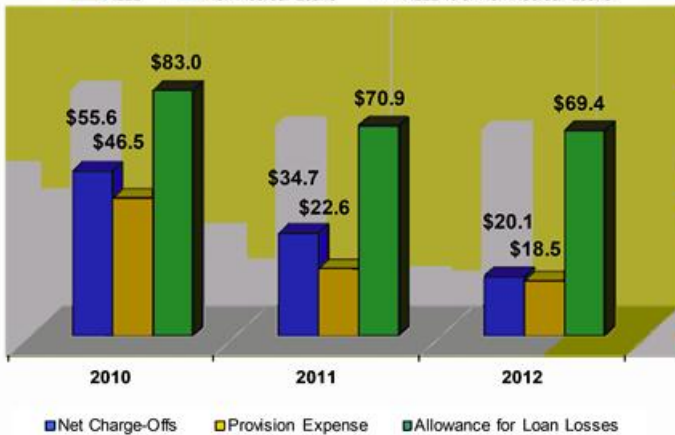


Net Charge-Offs, Provision & Allowance

(\$ in Millions)



Allowance coverage of non-accrual loans increased to 129.9%



Allowance to loans at 2.37%, or 3.5X current year net charge-offs, or 1.3X two-year net charge-offs

Net charge-offs and provision expense declined in 2012 by \$14.6 million and \$4.1 million, respectively



Non-Performing Asset Reconciliation

(\$ in Millions)

	<u>Q3-'11</u>	<u>Q4-'11</u>	<u>Q1-'12</u>	<u>Q2-'12</u>	<u>Q3-'12</u>	<u>Q4-'12</u>
1. Beginning Balance NPA's & 90+ Days Delinquent	<u>\$109.5</u>	\$106.7	\$100.8	\$97.0	\$81.9	\$79.6
Non-Accrual						
2. Add: New Non-Accruals	21.4	10.2	16.4	6.6	8.3	6.8
3. Less: To Accrual/Payoff/Renegotiated	(8.7)	(7.6)	(2.7)	(9.2)	(5.1)	(3.2)
4. Less: To OREO	(9.7)	(1.2)	(2.5)	(1.1)	(1.5)	(1.6)
5. Less: Charge-offs	<u>(11.6)</u>	<u>(10.7)</u>	<u>(6.3)</u>	<u>(7.6)</u>	<u>(7.8)</u>	<u>(5.6)</u>
6. Increase / (Decrease): Non-Accrual Loans	(8.6)	(9.3)	4.9	(11.3)	(6.1)	(3.6)
Other Real Estate Owned (ORE)						
7. Add: New ORE Properties	9.7	1.2	2.5	1.1	1.5	1.6
8. Less: ORE Sold	(5.0)	(3.3)	(1.8)	(1.6)	(1.1)	(1.4)
9. Less: ORE Losses (write-downs)	<u>(0.7)</u>	<u>(1.1)</u>	<u>(1.4)</u>	<u>(0.9)</u>	<u>(0.8)</u>	<u>(0.7)</u>
10. Increase / (Decrease): ORE	4.0	(3.2)	(0.7)	(1.4)	(0.4)	(0.5)
11. Increase / (Decrease): 90+ Days Delinquent	1.4	(1.0)	(0.4)	0.4	1.3	0.1
12. Increase / (Decrease): Restructured Loans	<u>0.4</u>	<u>7.6</u>	<u>(7.6)</u>	<u>(2.8)</u>	<u>2.9</u>	<u>5.8</u>
13. Total NPA Change	<u>(2.8)</u>	<u>(5.9)</u>	<u>(3.8)</u>	<u>(15.1)</u>	<u>(2.3)</u>	<u>1.8</u>
14. Ending Balance NPA's & 90+ Days Delinquent	<u>\$106.7</u>	<u>\$100.8</u>	<u>\$97.0</u>	<u>\$81.9</u>	<u>\$79.6</u>	<u>\$81.4</u>



Loan Portfolio Trends

(\$ in Millions)

Loan Portfolio	2010	2011	Q1-'12	Q2-'12	Q3-'12	Q4-'12	Change			
							Linked Quarter		Year-over-Year	
							\$	%	\$	%
1. Core Loan Portfolio	\$ 2,835.7	\$2,713.4	\$2,793.0	\$2,797.6	\$2,836.3	\$2,902.2	\$ 65.9	2.3%	\$ 188.8	7.0%
2. Held for Sale (HFS)	21.5	17.9	22.1	15.3	27.7	22.3	(5.4)	(19.5%)	4.4	24.6%
Portfolio Composition Trend										
3. Commercial/Industrial	560.4	572.0	583.2	597.7	634.2	669.1	34.9	5.5%	97.1	17.0%
4. Construction (land and land development)	106.6	81.8	92.7	99.6	93.6	98.6	5.0	5.3%	16.8	20.5%
5. CRE Non-Owner Occupied	600.9	598.1	632.7	639.2	682.0	706.3	24.3	3.6%	108.2	18.1%
6. CRE Owner Occupied	481.6	464.7	466.3	453.1	431.7	434.2	2.5	0.6%	(30.5)	(6.6%)
7. Agricultural Production	95.5	104.5	97.2	106.1	107.2	112.5	5.3	4.9%	8.0	7.7%
8. Agricultural Land	146.6	131.4	130.1	126.8	127.3	126.2	(1.1)	(0.9%)	(5.2)	(4.0%)
9. Residential Mortgage (including Home Equity)	745.4	691.0	731.1	703.5	707.9	699.3	(8.6)	(1.2%)	8.3	1.2%
10. Other Consumer	120.2	87.8	81.8	86.9	80.1	78.3	(1.8)	(2.2%)	(9.5)	(10.8%)
Total Loans	\$ 2,857.2	\$2,731.3	\$2,815.1	\$2,812.9	\$2,864.0	\$2,924.5	\$ 60.5	2.1%	\$ 193.2	7.1%



Credit Summary

Classified Assets Reduced \$42.8 Million, or 18.8%, and Criticized Assets Reduced \$69.0 Million, or 21.6% (YOY)

Renegotiated "A/B" Note Strategy Improving Asset Quality

Balanced Core Loan Portfolio Growth Led by C & I and CRE

OREO and Other Credit-Related Expenses Trending Lower in 2012



Michael C. Rechin

President
and Chief Executive Officer

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2012 Recap

Growth Company Performance Accomplishments

- § Commercial Pipelines Transitioned to the Balance Sheet
- § Non-Banking Lines-of-Business Showing Momentum
- § Integration Capabilities Affirmed and Retested
- § Earnings Drove Tangible Common Equity to 7.55%
- § Ample Reserve Level for Portfolio Risk
- § Developed a Growing and Strong Core Deposit Funding Base
- § Hired and Continued to Develop an Engaged, Energetic Workforce Directed Towards Customers and Communities



Overview of 2013 Strategy and Tactics

“Achieve Top-Tier
Performance”

Intensify Revenue-Generating Activity and Grow the Franchise

- § Add Market Coverage from Additional Business Banking Build-out
- § Evaluate Acquisition Opportunities and Execute on Those that Drive Shareholder Value

Focus on Customer Experience and Improve Efficiency

- § Evaluate Commercial Lending Customer Experience, Making Improvements while Improving Efficiency
- § Invest in Online/Mobile Banking Platforms that Enhance the Customer Experience, Add Functionality and Achieve Greater Penetration
- § Make Necessary Investments in Cash Management Services that Improve the Customer Experience and Achieve Greater Market Acceptance
- § Simplify and Streamline Consumer Lending Processes to Achieve Best-in-Class Community Banking



Contact Information

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

Additional information can be found at www.firstmerchants.com

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