

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): July 26, 2012**

**Commission File Number 0-17071**

**FIRST MERCHANTS CORPORATION**

(Exact name of registrant as specified in its charter)

INDIANA  
(State or other jurisdiction of incorporation)

35-1544218  
(IRS Employer Identification No.)

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

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

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

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

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

On July 26, 2012, First Merchants Corporation will conduct a second quarter earnings conference call and web cast on Thursday, July 26, 2012 at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

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

Exhibit 99.1                      Slide presentation, utilized July 26, 2012, during conference call and web cast by First Merchants Corporation

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## 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: July 26, 2012

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized July 26, 2012, during conference call and web cast by First Merchants Corporation

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# First Merchants Corporation 2<sup>nd</sup> Quarter 2012 Earnings Call

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July 26, 2012

THE STRENGTH OF BIG.  
THE SERVICE OF SMALL.



# Michael C. Rechin

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President  
and Chief Executive Officer

THE STRENGTH OF BIG.  
THE SERVICE OF SMALL.



# Forward-Looking Statement

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

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

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



## 2<sup>nd</sup> Quarter 2012 Highlights

### § EPS

- § \$.28 2<sup>nd</sup> Quarter EPS (56% year-over-year growth)
- § \$.74 YTD EPS (111% year-over-year growth)
- § Quarterly Dividend increased from \$.01 to \$.03

### § Core Revenue Growth

- § \$52.1M 2<sup>nd</sup> Qtr Revenue (10% YOY growth)
- § \$39.5M 2<sup>nd</sup> Qtr Net Interest Income (6% YOY growth)
- § \$12.7M 2<sup>nd</sup> Qtr Non-Interest Income (24% YOY growth)
- § 4.11% Net Interest Margin

### § Company Well Positioned for Growth

- § Strong Core Deposit Funding Base
- § SCB Integration Complete
- § Total Risk Based Capital 16.75%
- § Balanced Risk Profile
- § Engaged Energetic Winning Workforce





# Mark K. Hardwick

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Executive Vice President  
and Chief Financial Officer

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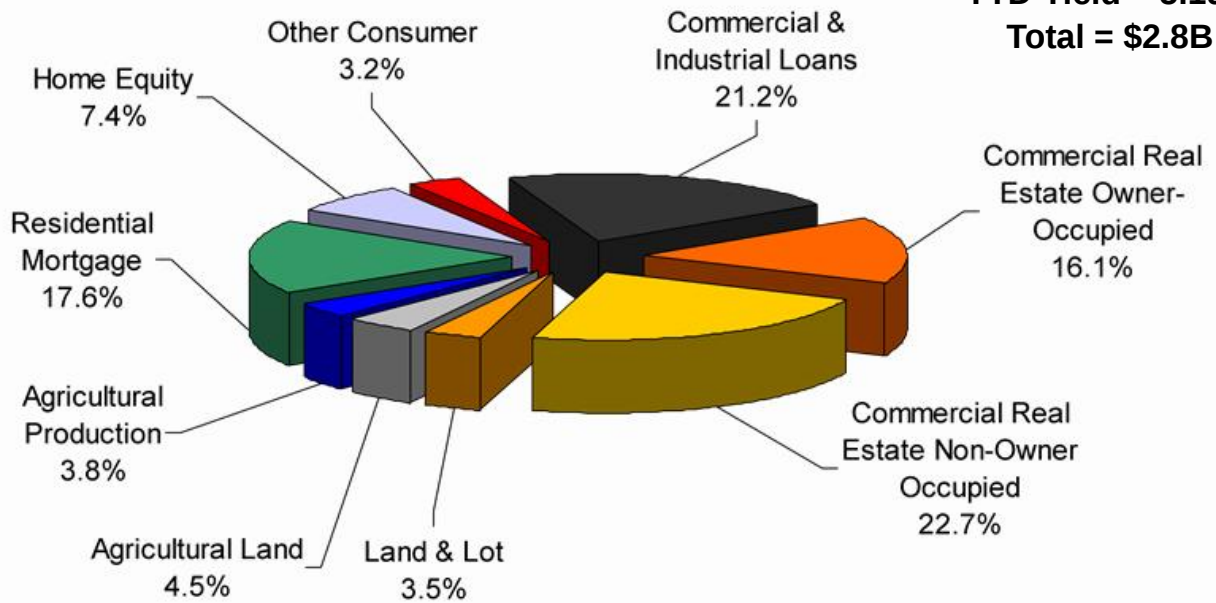
## Total Assets

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



# Loan and Yield Detail

(as of 06/30/2012)

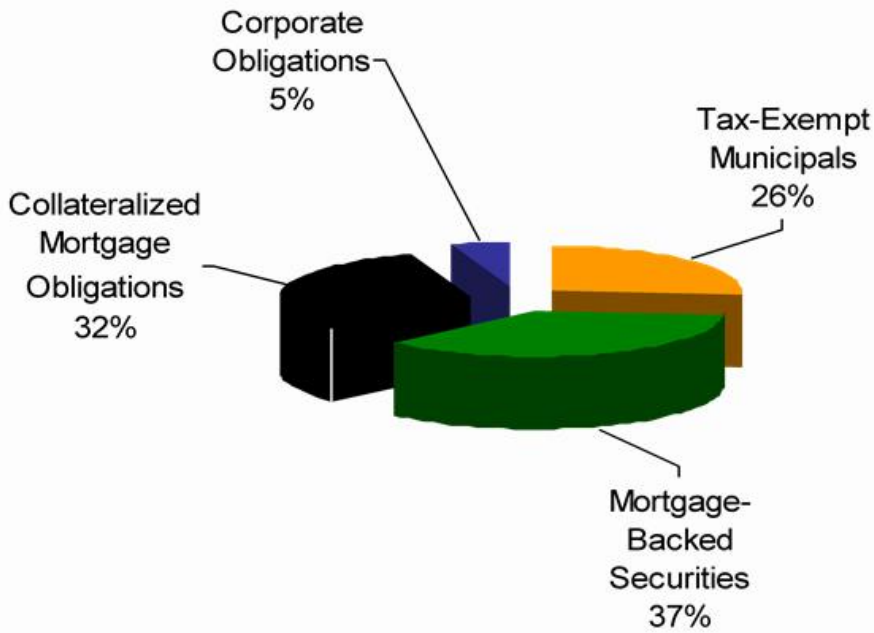


**QTD Yield = 5.22%**  
**YTD Yield = 5.19%**  
**Total = \$2.8B**



# Investment Portfolio

(as of  
06/30/2012)



- § \$944 Million Balance
- § Average duration - 3.8 years
- § Tax equivalent yield of 3.79%
- § Net unrealized gain of \$32.4 million



## Total Liabilities and Capital

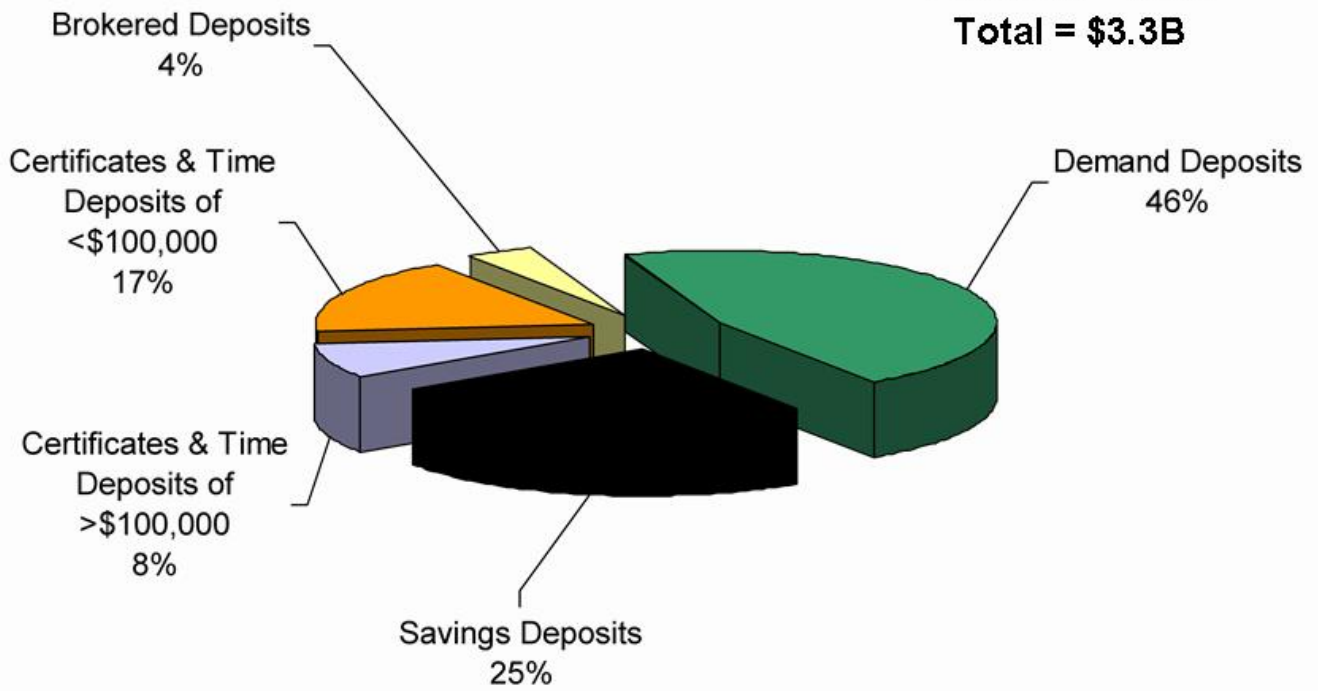
		<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>
1.	(\$ in Millions) Customer Non-Maturity Deposits	\$2,127	\$2,196	\$2,273	\$2,343
2.	Customer Time Deposits	996	816	836	808
3.	Brokered Deposits	146	123	170	138
4.	Borrowings	277	378	287	263
5.	Other Liabilities	28	34	31	33
6.	Hybrid Capital	142	111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



# Deposits and Cost of Funds Detail

(as of  
06/30/2012)

QTD Cost =  
YTD Cost = .63%  
Total = \$3.3B





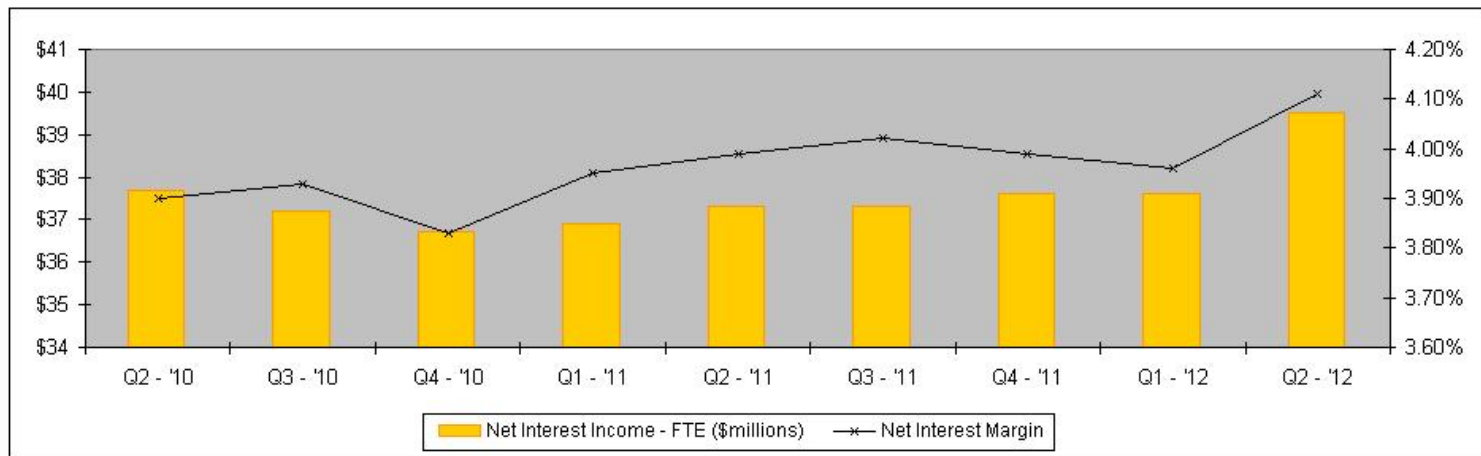
## Capital Ratios

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



# Net Interest Margin

	Q2-'10	Q3-'10	Q4-'10	Q1-'11	Q2-'11	Q3-'11	Q4-'11	Q1-'12	Q2-'12
Net Interest Income - FTE (\$millions)	\$ 37.7	\$ 37.2	\$ 36.7	\$ 36.9	\$ 37.3	\$ 37.3	\$ 37.6	\$ 37.6	\$ 39.5
Tax Equivalent Yield on Earning Assets	5.38%	5.38%	5.13%	5.11%	5.04%	5.01%	4.83%	4.74%	4.75%
Cost of Supporting Liabilities	1.48%	1.45%	1.30%	1.16%	1.05%	0.99%	0.84%	0.78%	0.64%
Net Interest Margin	3.90%	3.93%	3.83%	3.95%	3.99%	4.02%	3.99%	3.96%	4.11%







## Non-Interest Income

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

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



## Non-Interest Expense

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>
1. Salary & Benefits	\$ 73.3	\$74.7	\$19.4	\$19.6
2. Premises & Equipment	17.2	16.9	4.4	4.1
3. Core Deposit Intangible	4.7	3.5	0.5	0.5
4. Professional Services				
5. OREO/Credit-Related Expense	14.0 <sup>1.4</sup>	10.6 <sup>0.5</sup>	2.2	2.1
6. FDIC Expense	8.1	5.5	1.1	0.9
7. Outside Data Processing	5.1	5.7	1.4	1.5
8. Marketing	2.0	2.0	0.4	0.6
9. Other	<u>15.9</u>	<u>14.8</u>	<u>3.9</u>	<u>4.4</u>
10. Total	\$142.3	\$135.9	\$34.0	\$34.2



# Earnings

(\$ in Millions)	<u>2010</u>	<u>2011</u>	<u>Q1-'12</u>	<u>Q2-'12</u>
1. Net Interest Income-FTE	\$149.4	\$149.1	\$37.6	\$39.5
2. Non Interest Income <sup>1</sup>	46.6	47.1	12.8	12.7
3. Non Interest Expense	(142.3)			
4. <del>Pre-Tax Pre-Provision Earnings</del> <sup>(135.9)</sup> <del>(34.0)</del> <sup>(34.2)</sup>	<del>\$ 53.7</del>	<del>\$ 60.3</del>	<del>\$16.4</del>	<del>\$18.0</del>
5. Provision				
6. Adjustments <sup>1</sup> (46.5)	<del>(22.6)</del>	<del>(4.9)</del>	<del>(4.5)</del>	0.5
7. Taxes - FTE	(2.3)	(14.4)	(7.1)	(4.8)
8. Gain /(Loss) on CPP/Trust Preferred	10.1	(12.3)	—	
9. Preferred Stock Dividend				
10. <del>Net Income Avail. for Distribution</del> <sup>(5.2)</sup> <del>(4.0)</del>	<del>\$ 11.7</del>	<del>(1.0)</del>	<del>\$13.2</del>	<del>\$ 8.1</del>
11. EPS	\$ 0.48	\$0.34	\$0.46	\$0.28

<sup>1</sup>Adjusted 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. Actual	\$ .01	\$ .35	\$ .02	\$ .10	\$ .48
2. Core	\$ .01	(\$ .05) <sup>1</sup>	\$ .02	\$ .10	\$ .08
<u>2011</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
3. Actual	\$ .17	\$ .18	(\$ .25)	\$ .24	\$ .34
4. Core	\$ .17	\$ .18	\$ .21 <sup>1</sup>	\$ .24	\$ .80
<u>2012</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
5. Actual	\$ .46	\$ .28	-	-	\$ .74
6. Core	\$ .25 <sup>2</sup>	\$ .28	-	-	\$ .53

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

<sup>2</sup>Adjusted for Gain on FDIC-Modified Whole-Bank Transaction



# John J. Martin

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Senior Vice President  
and Chief Credit Officer

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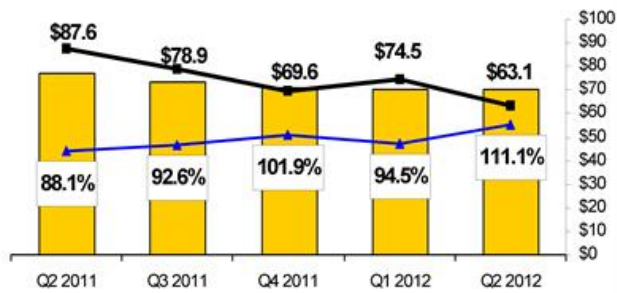


## Asset Quality Summary

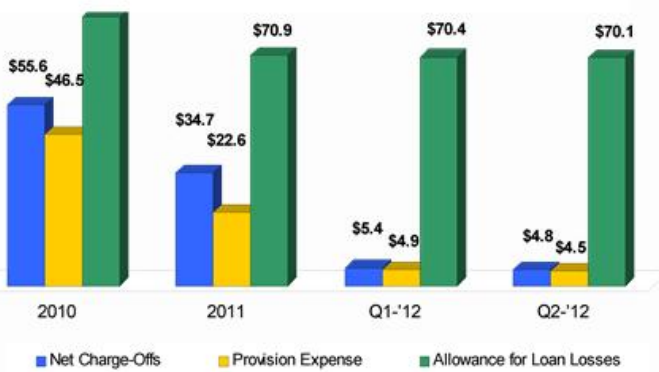
	<u>2010</u>	<u>2011</u>	<u>Q1'12</u>	<u>Q2'12</u>
(\$ in Millions)				
1 <b>Non-Accrual Loans</b>	\$ 90.6	\$ 69.6	\$ 74.5	\$ 63.1
2 <b>Other Real Estate</b>	20.9	16.3	15.6	14.2
3 <b>Renegotiated Loans</b>	7.1	14.3	6.7	3.9
4 <b>90+ Days Delinquent Loans</b>	1.3	0.6	0.2	0.7
5 <b>Specific Reserves</b>	13.9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



# Net Charge-Offs, Provision & Allowance



§ Allowance coverage of non-accruals increases to 111.1%



§ Provision and charge-offs continue to decline

§ Allowance remains strong at 2.49% of total loans



# Non-Performing Asset Reconciliation

(\$ in Millions)	Q1'-11	Q2'-11	Q3'-11	Q4'-11	Q1'-12	Q2'-12
1 <b>Beginning Balance NPA's &amp; 90+ Days Delinquent</b>	<u>\$120.0</u>	\$107.6	\$109.5	\$106.7	\$100.8	\$97.0
<b>Non-Accrual</b>						
2 Add: New Non-Accruals	11.7	26.7	21.4	10.2	16.4	6.6 ←
3 Less: To Accrual/Payoff/Renegotiated	(3.2)	(8.3)	(8.7)	(7.6)	(2.7)	(9.2)
4 Less: To OREO	(2.0)	(1.6)	(9.7)	(1.2)	(2.5)	(1.1)
5 Less: Charge-offs	<u>(9.4)</u>	<u>(16.9)</u>	<u>(11.6)</u>	<u>(10.7)</u>	<u>(6.3)</u>	<u>(7.6)</u>
6 <b>Increase / (Decrease): Non-Accrual Loans</b>	(2.9)	(0.1)	(8.6)	(9.3)	4.9	(11.3) ←
<b>Other Real Estate Owned (ORE)</b>						
7 Add: New ORE Properties	2.2	1.6	9.7	1.2	2.5	1.1
8 Less: ORE Sold	(3.6)	(1.6)	(5.0)	(3.3)	(1.8)	(1.6)
9 Less: ORE Losses (write-downs)	<u>(2.5)</u>	<u>(1.6)</u>	<u>(0.7)</u>	<u>(1.1)</u>	<u>(1.4)</u>	<u>(0.9)</u>
10 <b>Increase / (Decrease): ORE</b>	(3.9)	(1.6)	4.0	(3.2)	(0.7)	(1.4)
11 <b>Increase / (Decrease): 90 Days Delinquent</b>	(0.6)	(0.5)	1.4	(1.0)	(0.4)	0.4
12 <b>Increase / (Decrease): Restructured Loans</b>	<u>(5.0)</u>	<u>4.1</u>	<u>0.4</u>	<u>7.6</u>	<u>(7.6)</u>	<u>(2.8)</u>
13 <b>Total NPA Change</b>	<u>(12.4)</u>	<u>1.9</u>	<u>(2.8)</u>	<u>(5.9)</u>	<u>(3.8)</u>	<u>(15.1)</u>
14 <b>Ending Balance NPA's &amp; 90+ Days Delinquent</b>	\$107.6	\$109.5	\$106.7	\$100.8	\$97.0	<u>\$81.9</u>





# Loan Portfolio Trends

(\$ in Millions)	<u>2Q-'11</u>	<u>3Q-'11</u>	<u>4Q-'11</u>	<u>1Q-'12</u>	<u>2Q-'12</u>	<u>\$ Δ</u> <u>1Q to 2Q</u>
Core Loan Portfolio	2,724.0	2,712.9	2,713.4	2,793.0	2,797.6	4.6
Held for Sale	4.9	12.3	17.9	22.1	15.3	(6.8)
<b><u>Loan Growth:</u></b>	<b><u>2Q-'11</u></b>	<b><u>3Q-'11</u></b>	<b><u>4Q-'11</u></b>	<b><u>1Q-'12</u></b>	<b><u>2Q-'12</u></b>	<b><u>\$ Δ</u></b> <b><u>1Q to 2Q</u></b>
Commercial/Industrial	546.7	525.7	540.0	550.5	567.9	17.4 ↑
Ag Production	99.4	106.8	104.5	97.2	106.1	9.0 ↑
Investment RE	425.9	425.4	423.6	456.7	462.3	5.6 ↑
<b><u>Loan Declines:</u></b>	<b><u>2Q-'11</u></b>	<b><u>3Q-'11</u></b>	<b><u>4Q-'11</u></b>	<b><u>1Q-'12</u></b>	<b><u>2Q-'12</u></b>	<b><u>\$ Δ</u></b> <b><u>1Q to 2Q</u></b>
1-4 Family (excludes held for sale)	495.2	495.9	481.5	498.4	480.9	(17.5)
Owner occupied CRE	442.1	468.6	464.7	466.3	453.1	(13.2)
Farm RE	132.5	128.8	131.4	130.1	126.8	(3.3)



## Credit Summary

§ Core loan portfolio growth led by C & I, IRE and Ag production

§ Renegotiated “A/B” note strategy improving asset quality

§ Focus on progress of agriculture production portfolio

§ OREO and other credit related expenses trending lower



# Michael C. Rechin

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President  
and Chief Executive Officer

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## 2<sup>nd</sup> Quarter 2012 Recap

**Increasing Core EPS** - \$.28, linked qtr 12% and year over year 56%  
**Increasing Tangible Book Value** - \$297M, year over year 18%  
**Increasing Dividend** - \$.01 to \$.03

**Growing Revenue** - \$52.1M, year over year 10%  
**Growing Loans** - \$2.8B, year over year 3%  
**Growing Deposits** - \$3.3B, year over year 5%  
**Growing Net Income** - \$8.1M, year over year 79%  
**Growing Pipeline** - Robust Commercial and Mortgage Pipelines

**Investing in Customers** - Product Offerings and Platforms  
**Investing in Employees** - Hiring, Training, Development = Engagement  
**Investing in Facilities** - Consolidations and Upgrades



## Overview of 2012 Strategy and Tactics

“Growth and Top-Tier  
Performance”

- § Continue to grow revenue by intensifying revenue-generating activity:
  - § sustain market coverage tactics to accelerate Commercial banking opportunities...convert pipeline
  - § bear fruits of new retail checking account packaging
  - § continue to make additional investments in business banking professionals in key markets
- § Implementing systems and processes to improve efficiency:
  - § announced three banking center consolidations
  - § invested in consumer collections, human resources and finance systems
  - § continue to leverage back-office infrastructure
- § Evaluating non-organic growth opportunities



## Contact Information

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

§ Additional information can be found at [www.firstmerchants.com](http://www.firstmerchants.com)

§ Investor inquiries:  
David L. Ortega, Investor Relations  
Telephone: 765.378.8937  
[dortega@firstmerchants.com](mailto:dortega@firstmerchants.com)

