

FIRST MERCHANTS CORP
Form 8-K
November 02, 2009

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): November 2, 2009

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

INDIANA

0-17071

35-1544218

(State or other jurisdiction (Commission File Number)(IRS Employer Identification No.)

of incorporation)

200 East Jackson Street

P.O. Box 792

Muncie, IN 47305-2814

(Address of principal executive offices, including zip code)

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(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))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 02, 2009 First Merchants Corporation issued a press release to report its financial results for the third quarter ended September 30, 2009. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including Exhibit No. 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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

Exhibit 99.1 Press Release, dated November 02, 2009, issued 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: November 02, 2009



EXHIBIT INDEX

Exhibit No.

99.1

Description

Press Release, dated November 02, 2009, issued by First Merchants Corporation

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

November 2, 2009

FOR IMMEDIATE RELEASE

For more information, contact:

Mark K. Hardwick, Executive Vice President/Chief Financial Officer, 765-751-1857

<http://www.firstmerchants.com>

SOURCE: First Merchants Corporation, Muncie, Indiana

FIRST MERCHANTS CORPORATION ANNOUNCES 3rd QUARTER EARNINGS PER SHARE

First Merchants Corporation (NASDAQ – FRME) has reported a third quarter 2009 net loss of \$6.4 million, or \$.30 per fully diluted common share. The Corporation’s third quarter contributed to year-to-date fully diluted common share loss of \$1.62, down from the prior year income of \$1.13.

The loss for the quarter was primarily due to provision for loan losses of \$24 million. While the quarterly provision and charge offs remain elevated, the credit costs are significantly beneath the \$59 million provision and \$40 million of net charge offs in the second quarter of 2009. The Corporation’s allowance for loan losses, as a percent of total loans, increased to \$87 million or 2.54 percent of total loans as of quarter-end from 1.14 percent, as of September 30, 2008, a \$52 million increase.

Loan charge-offs were \$14.4 million for the quarter. Commercial real estate charge-offs totaled \$4.6 million, land and lot development loans totaled \$2 million, 1-4 family residential properties totaled \$1.5 million, commercial and industrial loans totaled \$5.6 million. Non-performing assets plus 90 days delinquent loans were \$156 million, or 3.49 percent of total assets at quarter-end.

As of September 30, 2009, the Corporation's total risk-based capital improved to 13.08 percent, Tier 1 risk-based capital totaled 10.44 percent, Tier 1 leverage ratio totaled 8.47 percent, and tangible common equity ratio totaled 4.75 percent. All regulatory capital ratios exceed the regulatory definitions of "well capitalized".

Net-Interest margin improved by 19 basis points during the linked quarter to 3.83 percent as net interest income totaled nearly \$39 million, reflecting the strength of ongoing operations.

Total non-interest income, linked quarter-over-quarter, increased by \$4.2 million. Gains from the sale of securities totaled \$5.2 million including other-than-temporary impairment charges related to pooled trust preferred holdings totaled \$1.2 million.

Total non-interest expense, linked quarter-over-quarter, increased by \$800,000 as the other expense category totaled \$10.2 million. The largest items included in the category include expenses related to OREO write-downs of \$3.6 million, professional services related to credit losses totaled \$.7 million and \$1.9 million of prepayment penalties of FHLB advances.

The Corporation's pre-tax, pre-provision net income totaled \$15.5 million for the quarter. When normalized for a fully taxable equivalent net interest income and extraordinary items, the pre-tax, pre-provision net income

totaled \$19 million. Extraordinary items include such items as bond gains, OTTI expense, ORE write-downs, professional services related to credit losses and FHLB prepayment penalties.

Michael C. Rechin, President and Chief Executive Officer, stated that, “The continued impact of the recession on our results is disappointing to our management team. The level of credit costs suggests that the bottom of the cycle occurred in the second quarter, although evidence of weakness in our franchise footprint remains.”

Rechin continued, “We are pleased to see our efforts in balance sheet management demonstrate benefit. Our net-interest margin growth reflects the active reduction in higher-cost liabilities accompanying this period of lesser loan demand. Margin strength, coupled with active expense control, will accelerate our return to profitability.”

CONFERENCE CALL

First Merchants Corporation will conduct a third quarter earnings conference call and web cast at 2:30 p.m. (ET) on Tuesday, November 3, 2009. To participate, dial (Toll Free) 800-860-2442 and reference First Merchants Corporation's third quarter earnings release. International callers please call +1 412-858-4600. In order to view the web cast and presentation slides, please go to <http://www.talkpoint.com/viewer/starthere.asp?Pres=128214> during the time of the call. A replay of the call will be available until November 9, 2009 at 9:00 a.m. (ET). To access a replay of the call, US/Canada participants should dial (Toll Free) 877-344-7529 or for International participants, dial +1 412-317-0088. The replay passcode is 434332.

During the call, Forward-Looking Statements about the relative business outlook may be made. These Forward-Looking Statements, and all other statements made during the call 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.

Detailed financial results are reported on the attached pages:

About First Merchants Corporation

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First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. The Corporation is comprised of First Merchants Bank, N.A., which also operates as Lafayette Bank & Trust, A Division of First Merchants Bank, N.A., Commerce National Bank, A Division of First Merchants Bank, N.A., as well as First Merchants Trust Company, N.A., and First Merchants Insurance Services, a full-service property casualty, personal lines, and healthcare insurance agency.

First Merchants Corporation's common stock is traded over-the-counter on the NASDAQ National Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company's Internet web page (<http://www.firstmerchants.com>).

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CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	September 30,	
	2009	2008
ASSETS		
Cash and due from banks	\$ 66,887	\$ 69,846
Federal funds sold		