

FIRST MERCHANTS CORP
Form 10-Q
May 10, 2010

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended March 31, 2010

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 (State or other jurisdiction of incorporation or organization)	35-1544218 (I.R.S. Employer Identification No.)
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200 East Jackson Street, Muncie, IN (Address of principal executive offices)	47305-2814 (Zip code)
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(Registrant's telephone number, including area code): (765) 747-1500

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2010, there were 25,522,494 outstanding common shares, of the registrant.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in thousands)

CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 2010	December 31, 2009
	(Unaudited)	
ASSETS		
Cash and due from banks	\$ 52,679	\$ 76,801
Federal funds sold	7,044	102,346
Cash and cash equivalents	59,723	179,147
Interest-bearing time deposits	157,735	74,025
Investment securities available for sale	475,596	413,607
Investment securities held to maturity	163,485	149,510
Mortgage loans held for sale	3,646	8,036
Loans, net of allowance for loan losses of \$88,568 and \$92,131	3,045,972	3,177,657
Premises and equipment	54,431	55,804
Federal Reserve and Federal Home Loan Bank stock	36,721	38,576
Interest receivable	19,532	20,818
Core deposit intangibles	16,175	17,383
Goodwill	141,357	141,357
Cash surrender value of life insurance	95,146	94,636
Other real estate owned	18,268	14,879
Tax asset, deferred and receivable	59,190	64,394
Other assets	28,889	31,123
TOTAL ASSETS	\$4,375,866	\$4,480,952
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 520,551	\$ 516,487
Interest-bearing	2,877,235	3,020,049
Total Deposits	3,397,786	3,536,536
Borrowings:		
Securities sold under repurchase agreements	112,826	125,687
Federal Home Loan Bank advances	123,261	129,749
Subordinated debentures, revolving credit lines and term loans	194,794	194,790
Total Borrowings	430,881	450,226
Interest payable	4,812	5,711
Other liabilities	53,446	24,694
Total Liabilities	3,886,925	4,017,167
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY		
Preferred Stock, no-par value:		
Authorized -- 500,000 shares		
Series A, Issued and outstanding - 116,000 shares	112,559	112,373

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Cumulative Preferred Stock, \$1,000 par value, \$1,000 liquidation value:		
Authorized -- 600 shares		
Issued and outstanding -- 125 shares	125	125
Common Stock, \$.125 stated value:		
Authorized -- 50,000,000 shares		
Issued and outstanding - 25,495,550 and 21,227,741 shares	3,187	2,653
Additional paid-in capital	230,764	206,600
Retained earnings	150,595	150,860
Accumulated other comprehensive loss	(8,289)	(8,826)
Total Stockholders' Equity	488,941	463,785
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$4,375,866	\$4,480,952

See notes to consolidated condensed financial statements.

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CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2010	2009
INTEREST INCOME		
Loans receivable:		
Taxable	\$45,448	\$53,793
Tax exempt	277	215
Investment securities:		
Taxable	2,891	3,763
Tax exempt	2,646	1,769
Federal funds sold	17	12
Deposits with financial institutions	60	102
Federal Reserve and Federal Home Loan Bank stock	360	473
Total Interest Income	51,699	60,127
INTEREST EXPENSE		
Deposits	11,495	16,711