

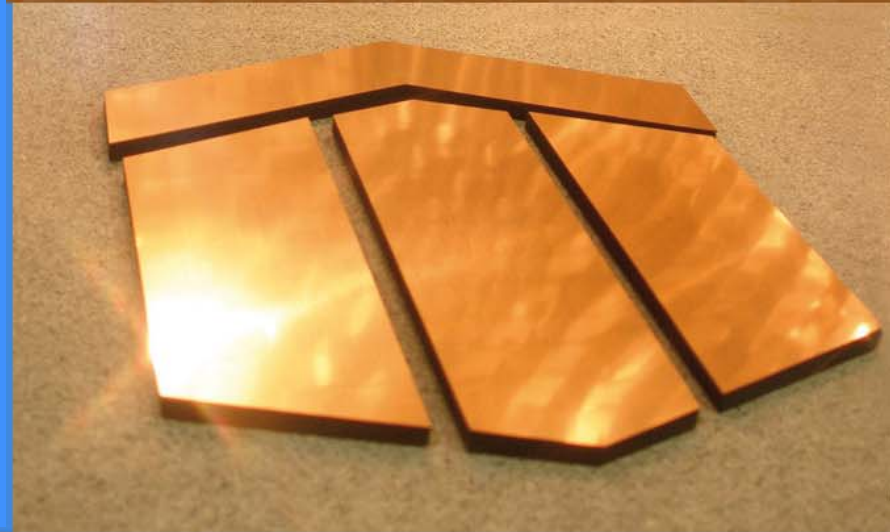
Howe Barnes Hoefler
& Arnett



12th Annual Bank Conference
August 13 & 14, 2007

Michael C. Rechin

First Merchants Corporation
President and
Chief Executive Officer





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-Q's and 10-K's concerning factors that could cause actual results to differ materially from any forward-looking statements.

FMC Profile

- \$3.6 billion in assets
- FMC organized in 1982, headquartered in Muncie, Indiana
- Founding bank proudly based in and serving Indiana since 1893
- Largest financial holding company based in Central Indiana
- Grown to include banks with 67 locations in 17 Indiana and 3 Ohio counties

First Merchants Corporation



FMC Profile

- The Corporation also operates **First Merchants Insurance Services, Inc.**, a full-service property, casualty, personal lines, and healthcare insurer, and is the majority owner of the Indiana Title Insurance Company LLC.
- **First Merchants Trust Company, NA** unites the trust and asset management services of all affiliate banks of the Corporation and represents one of the largest trust companies in the State of Indiana, with assets in excess of \$1.6 billion.

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FMC Mission

To deliver superior personalized financial solutions to consumer and closely held commercial clients in diverse community markets by providing sound advice and products that exceed customer expectations.

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FMC Culture Statement

We are a team of associates who support and expect superior results from our company and ourselves. Accountability and execution is the foundation of our success.

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Community-Focused Banking Model

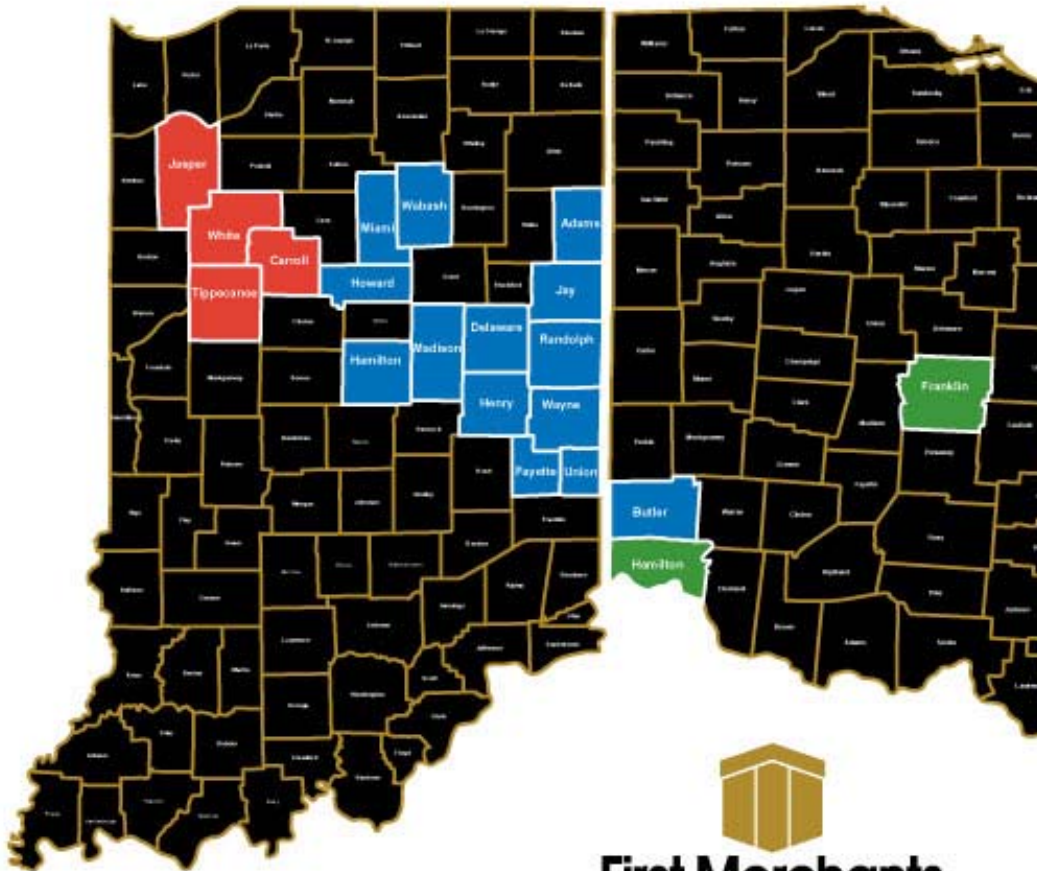
- Three banking entities under the “FMC” brand with common, centralized operations functions
- Local Boards provide community input and support
- Decentralized, empowered and accountable service
- Lending decisions made within region
- Locally established pricing for loans and deposits
- Local volunteerism and community leadership



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Strength and Service Every Day



-  **First Merchants Bank**
48 Locations
-  **Lafayette Bank & Trust**
17 Locations
-  **Commerce National Bank**
2 Locations

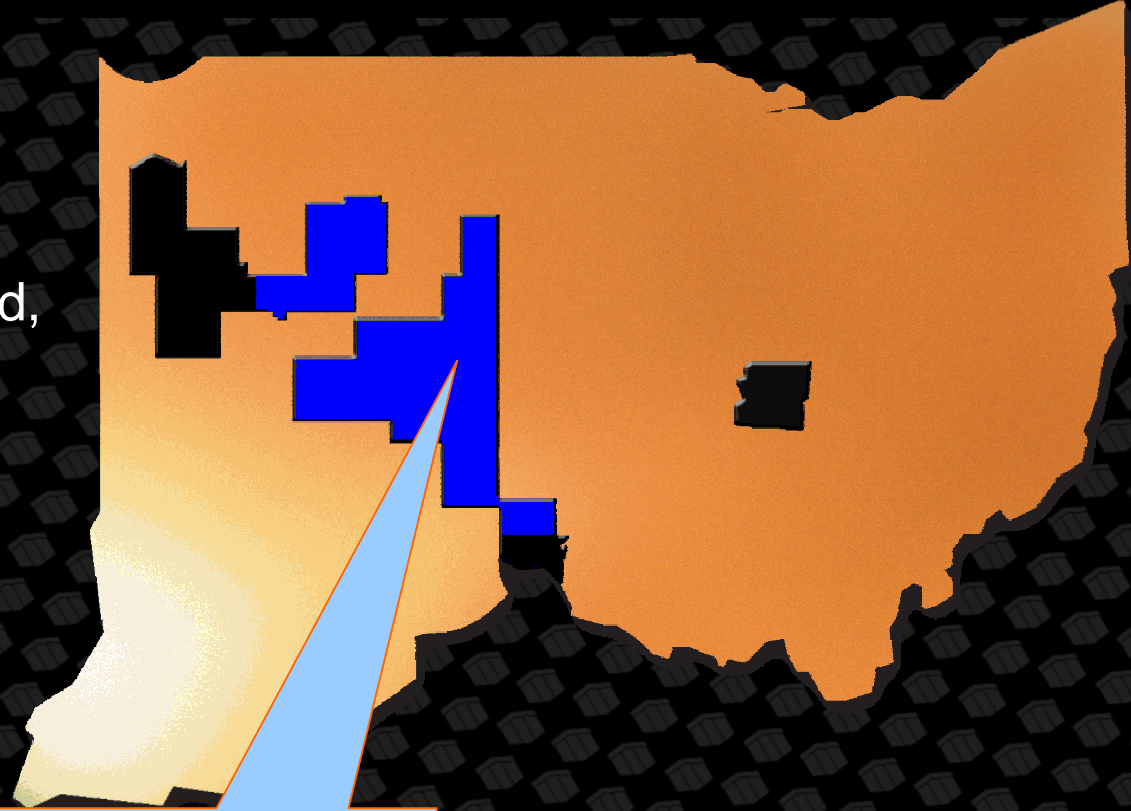


**First Merchants
Corporation**



First Merchants Bank

- \$2.1 billion in assets
- 48 Banking Centers
- Major Markets: Indianapolis, Muncie, Anderson, Richmond, Fort Wayne



First Merchants Bank

Market Overview

- Indianapolis region contains 32% of Indiana companies with \$5MM-\$100MM in revenue
- Higher education presence of Ball State, Anderson University, and Ivy Tech addressing the skill and employment transition of Muncie and Anderson's manufacturing roots
- Pricing strength in farm products creates resurgence in agribusiness sector

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FMB Market Approach

- Strongest street corner banking franchise. Leading deposit shares in all counties, except Indianapolis market (Hamilton and Marion counties)
- Commercial Banking orientation targets small business and middle market
- Indianapolis region growing 30+% per year
- Retail system in northern FMB communities provides organic deposit supply

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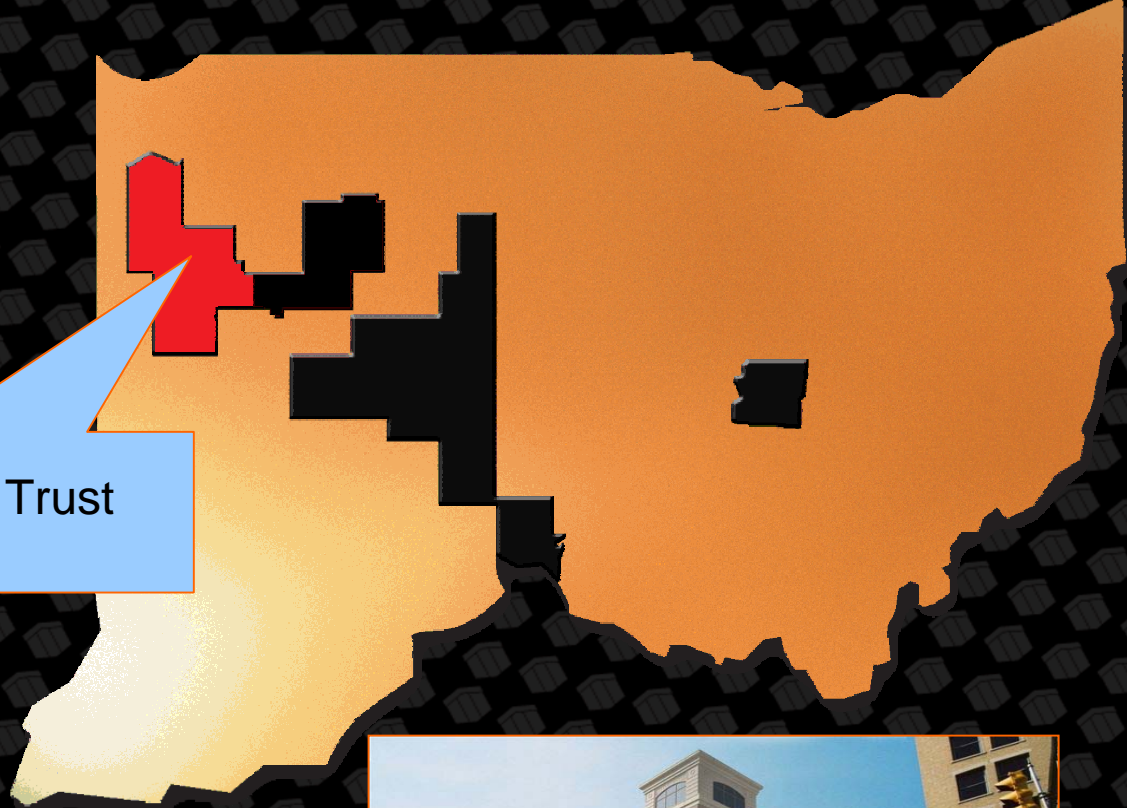




Lafayette Bank & Trust Company

- \$1 billion in assets
- 17 Banking Centers
- Major Market: Lafayette

Lafayette Bank and Trust



Market Overview

- Lafayette market benefits from Purdue University investment and growth
- University-related technology and engineering focus has spawned Indiana's largest technology and research park
- Economy north of Lafayette dominated by agribusiness

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LBT Market Approach

- Strongest street corner banking franchise (#1 in deposit market share)
- Significant agribusiness orientation across outlying counties
- Sizeable portfolio in lower-middle market banking and student housing

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Commerce National Bank

Commerce National Bank

- \$540 million in assets
- 2 Banking Centers
- Major Markets: Columbus, Cincinnati



Market Overview

- Strongest growth market statistics in Ohio
 - Columbus
 - 15th largest city in U.S.
 - 7th strongest economy in U.S.
 - 3rd fastest growing MSA in the Midwest
 - 6.8% growth rate since 2000
 - Professional community concentrations in healthcare, insurance, government, and higher education

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CNB Market Approach

- CNB executes its “Bank for Business” model
- Significant affiliation and commitment to dental and healthcare sectors
- Deposit gathering through captive courier service and remote capture
- Active Board of Directors are entrepreneurs who assist in business development

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Business Partners Provide Technology and Speed-to-Market . . .

SYNERGY
RESOURCES

Dynatek™

mortgagebot

W
WAUSAU
FINANCIAL SYSTEMS

RemitStream Solutions

FIS»
FIDELITY NATIONAL
INFORMATION SERVICES

SYNTELLECT

s

elan

CheckFree®

SUNGARD RELIUS

AVAYA

SUNGARD CHARLOTTE

First Merchants Corporation



2007 Initiatives

- Launch new Mission, Vision, Values (Completed, Jan.)
- Incorporate use of corporate-wide line of business incentive plans (Completed, Jan.)
- Consolidate bank charters from 8 to 4 (Completed, Apr.)
- Re-brand 4 banks and 24 banking centers as First Merchants Bank. Uniform colors and logo across the entire Corporation (Completed, May)
- Open FMC Professional Development Center (Completed, July)

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2007 Initiatives (Cont'd.)

- Accelerate Growth in Healthy Midwest Markets (In process)
- Deployment of Corporate-Wide Risk Management Function (In process)
- Engaged Outside Party (APFT) to Implement Profitability Enhancement Strategies (In process)
- Intensify Sales Management and Measurement (In process)
- Satisfaction Survey of All Customers (Consumer, Commercial, Trust, Insurance) (In process)
- First Employee Satisfaction Survey (In process)
- Problem Asset Identification and Management (In process)

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Key Investment Appeals

- Banking model that focuses on small and mid-sized businesses
- Shifting balance of growth and investment towards metro markets
- Rural core deposit base - 80% of total
- Scalable operations and technology platform provides efficiency
- Leveraging model into new markets

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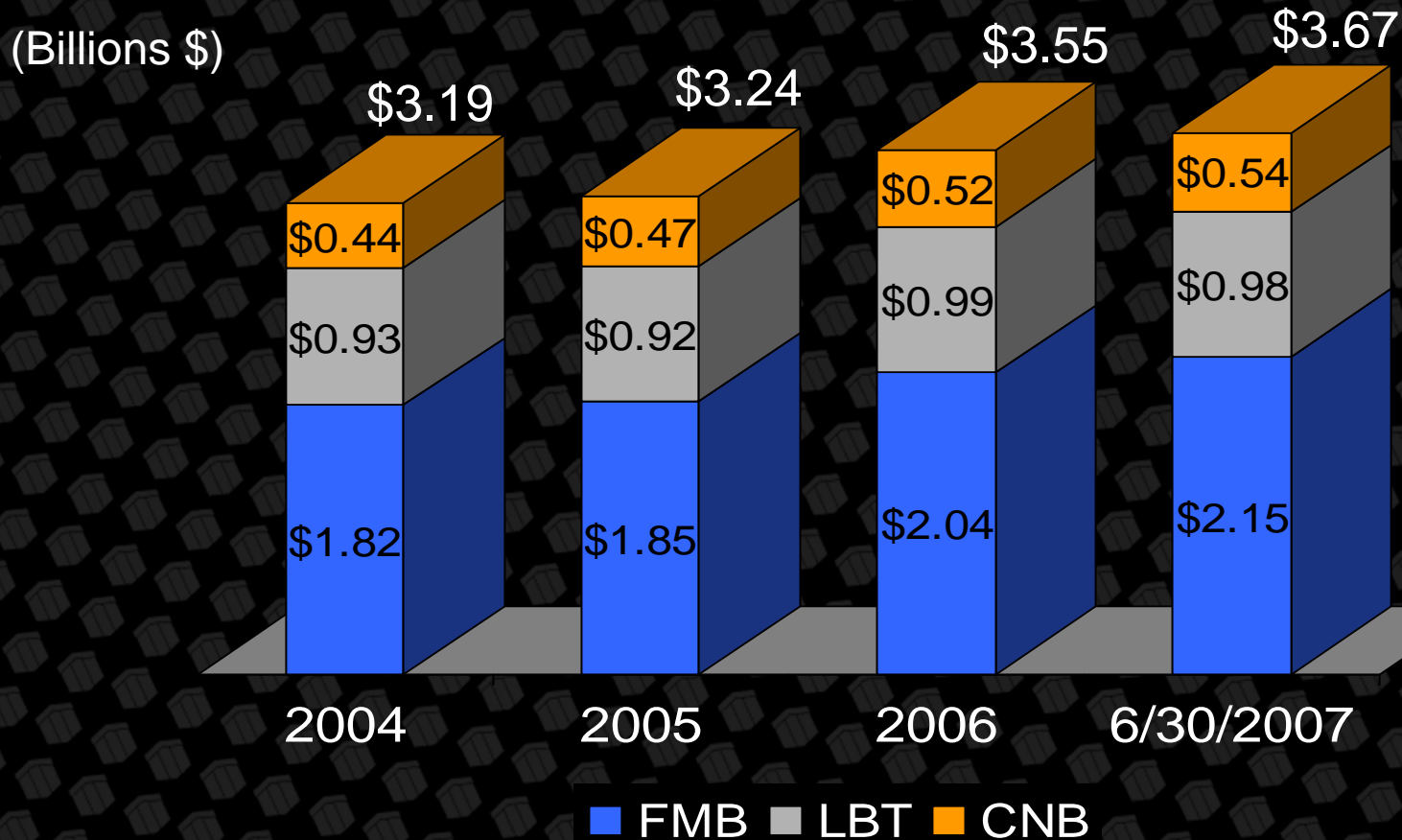


Mark K. Hardwick

First Merchants Corporation
Executive Vice President and
Chief Financial Officer



Asset Growth

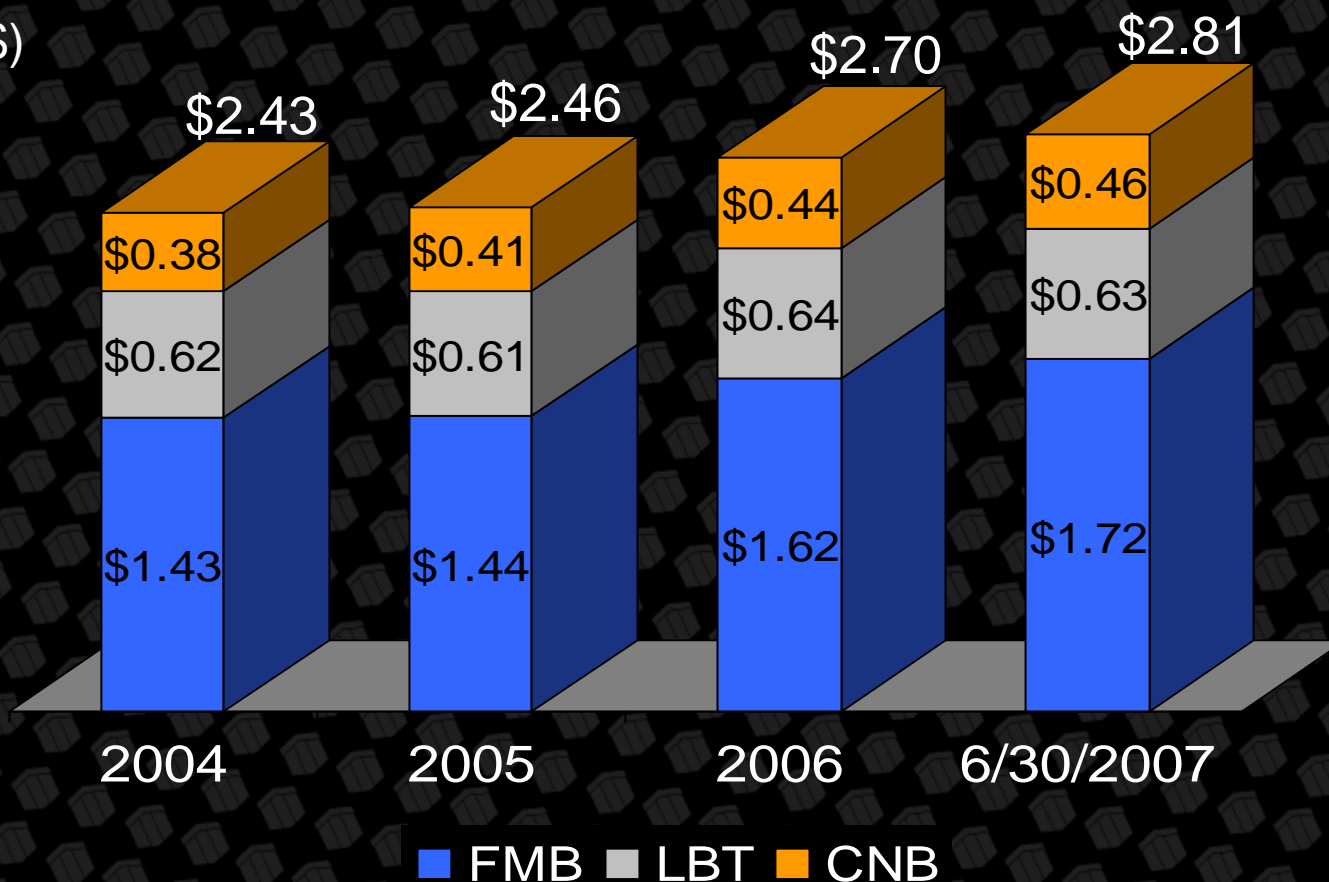


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Total Loans By Market

(Billions \$)

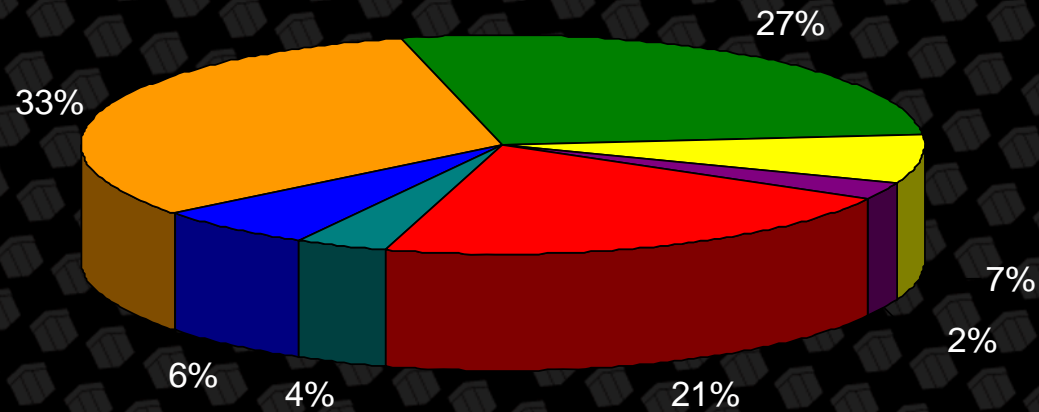


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Loan Composition as of 6/30/07



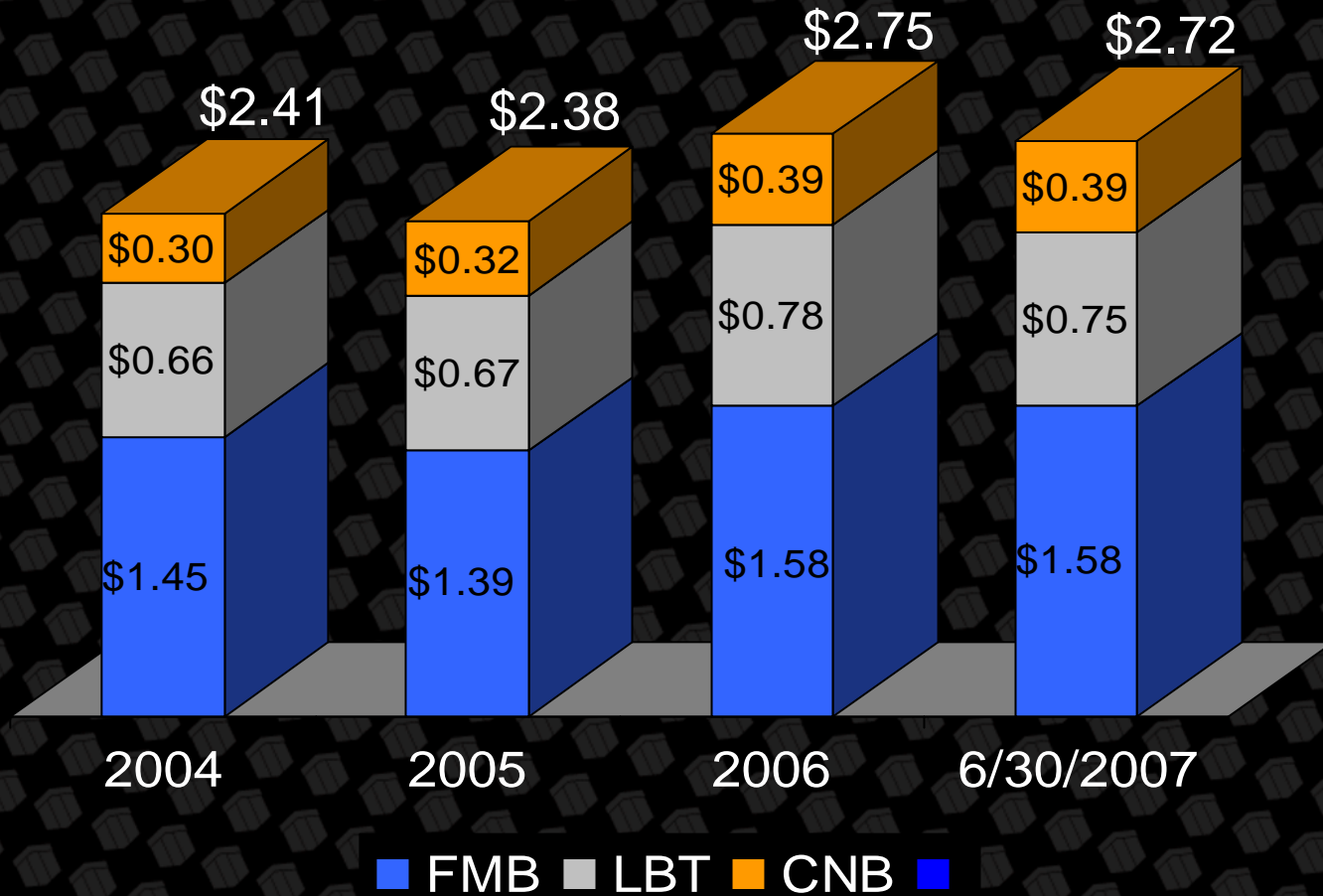
- Commercial & Industrial Loans
- Agricultural Production Financing & Other Loans to Farmers
- Real Estate Construction
- Commercial & Agricultural Real Estate
- Residential Real Estate
- Individual Loans for Household & Other Personal Expenditure
- Other

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Total Deposits

(Billions \$)



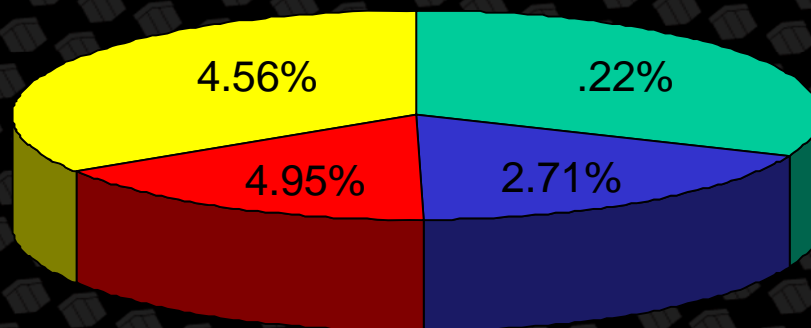
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Deposits as of 6/30/07

Cost of Funds

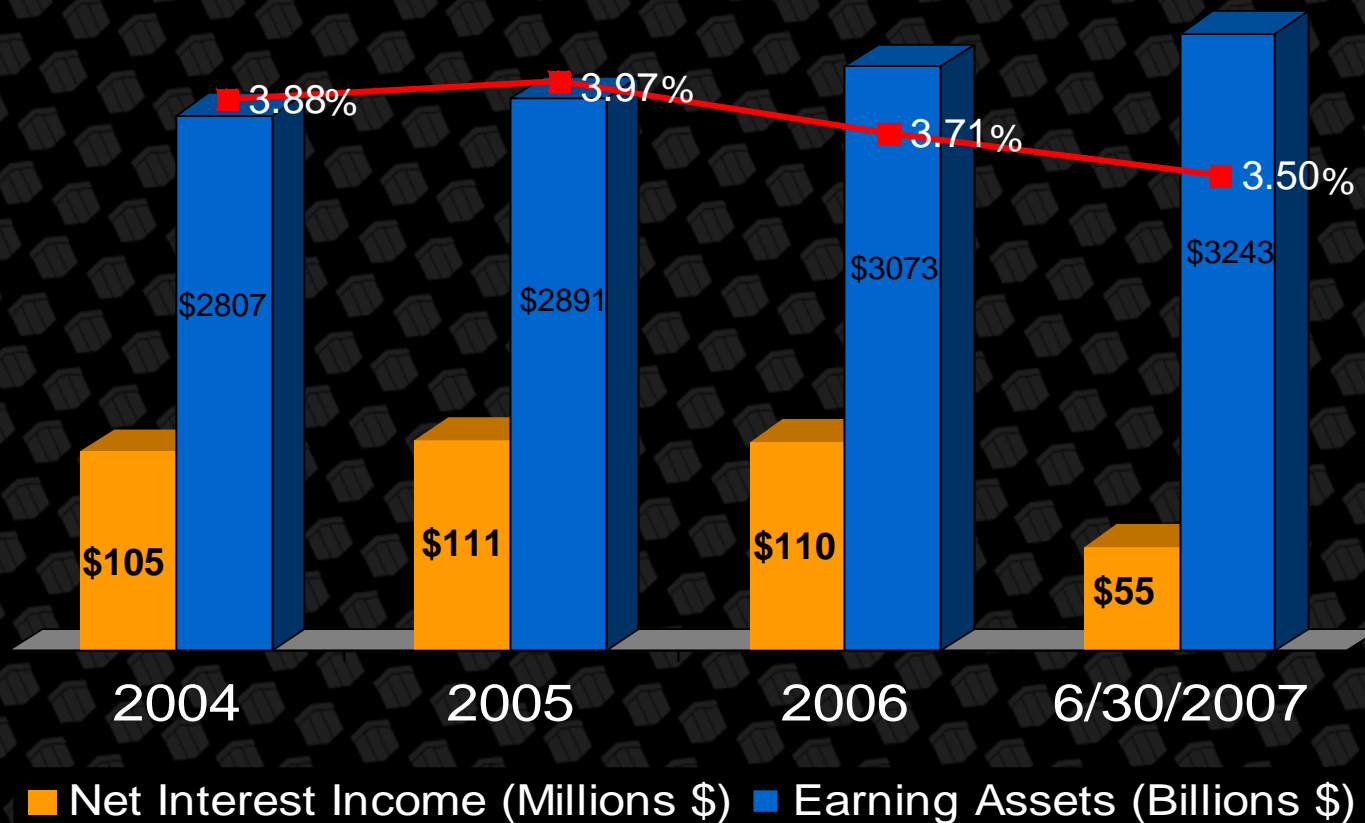


- Demand Deposits - 31% of Total Deposits
- Savings Deposits - 18% of Total Deposits
- Certificates & Time Deposits of >\$100,000 - 16% of Total Deposits
- Certificates & Time Deposits of <\$100,000 - 35% of Total Deposits

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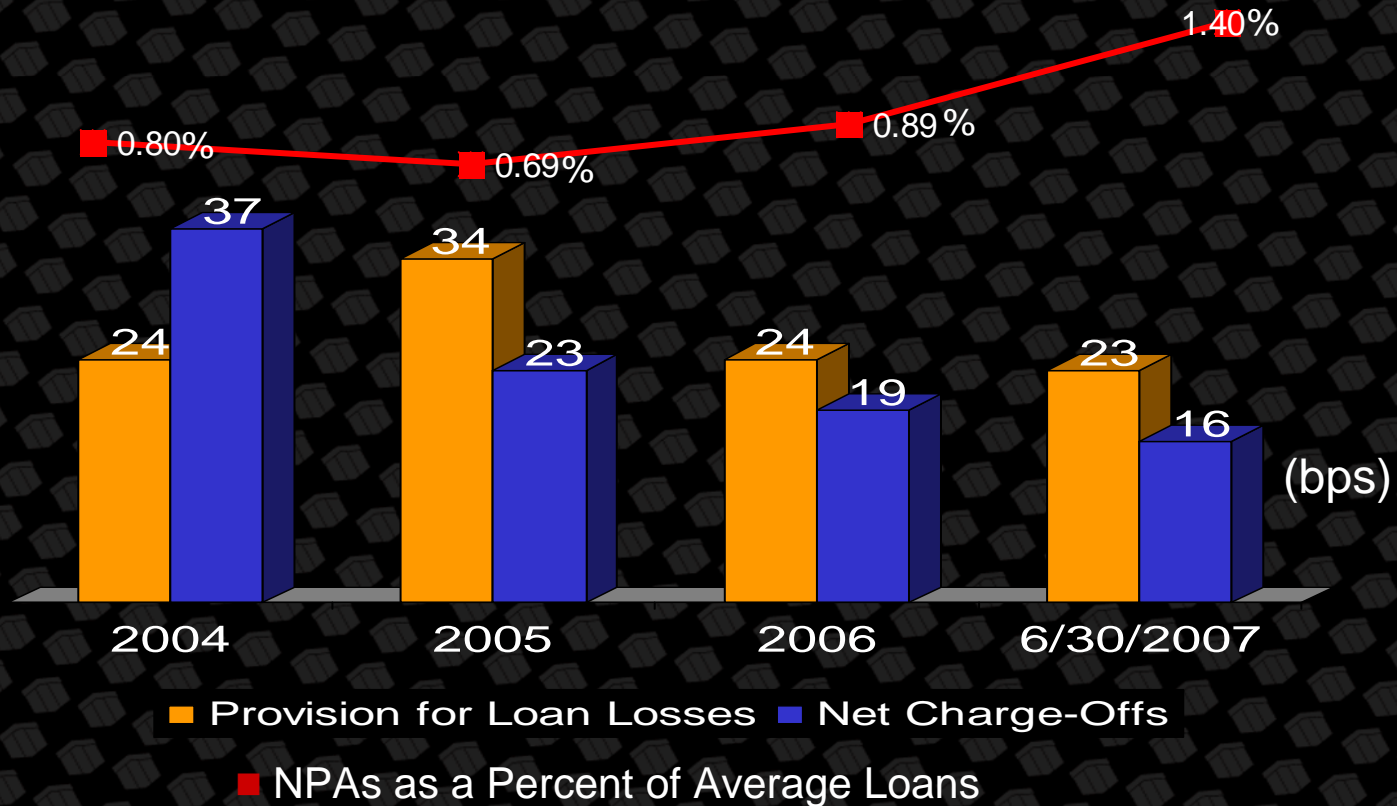
Net Interest Margin



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Asset Quality-Cost of Credit

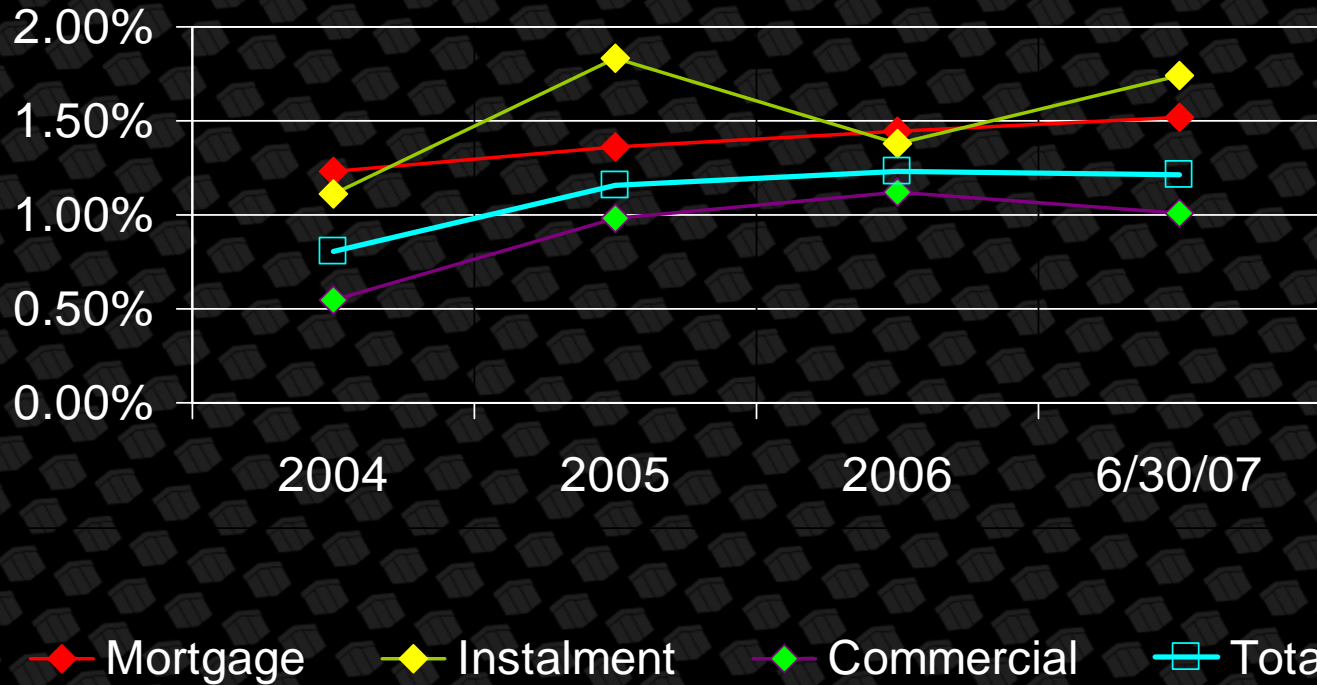


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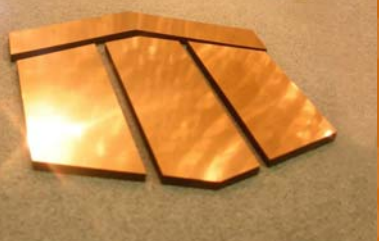


Past Due Loans

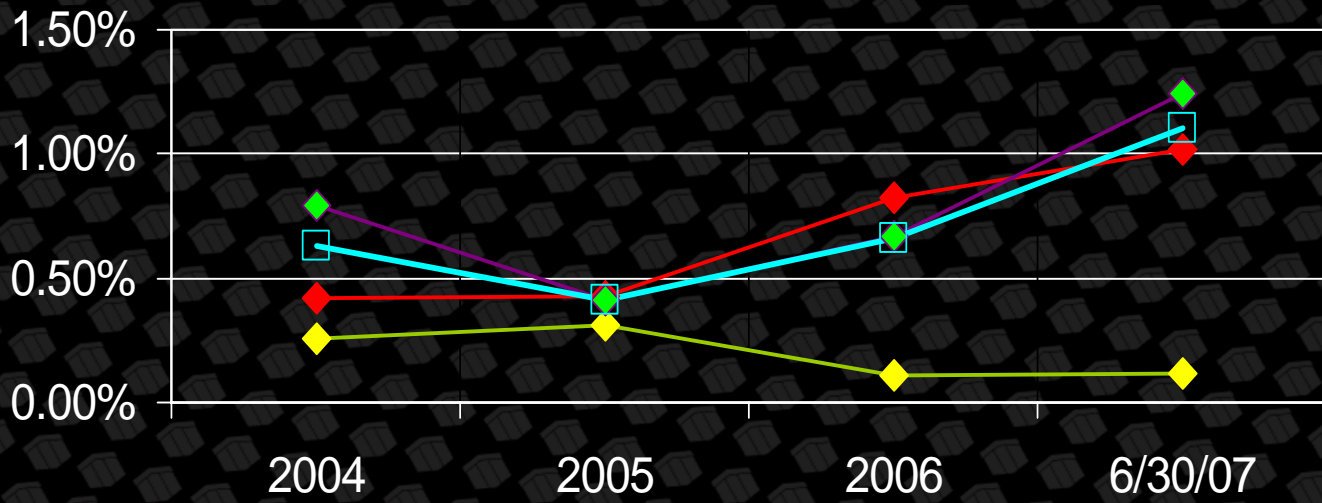


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Non-Accrual Loans



◆ Mortgage ◆ Instalment ◆ Commercial □ Total

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Credit Risk Management

- Corporate Chief Credit Officer created January 1, 2007
- Corporate Legal Lending Limit of \$52M
- Granular Loan Portfolio Exposure
- Relationship Exposure Limited to \$25M

	<u>Balances of Top 25 Borrowers</u>	<u>Total Commercial Loans</u>	<u>% of Commercial Loans</u>
6/30/07	172,681,842	1,989,572,157	8.68%
3/31/07	172,291,315	1,914,789,919	9.00%
12/31/06	171,066,235	1,853,259,630	9.23%
9/30/06	164,242,568	1,787,028,986	9.19%

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Non-Interest Income

(Millions \$)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	1 st Half <u>2007</u>
1. Trust Fees	\$11.6	\$11.3	\$11.3	\$6.0
2. Service Charges on Deposit				
Accounts	7.6	7.5	7.6	4.3
3. Insurance Comm. Income	3.1	3.8	4.3	2.9
4. Cash Surrender Value of Life Ins.	1.8	1.7	2.3	1.5
5. Gains on Sales Mortgage Loans	3.6	2.9	2.2	1.1
6. Other	<u>6.9</u>	<u>7.5</u>	<u>6.9</u>	<u>3.8</u>
7. Total	\$34.6	\$34.7	\$34.6	\$19.6

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Non-Interest Expense

(Millions \$)

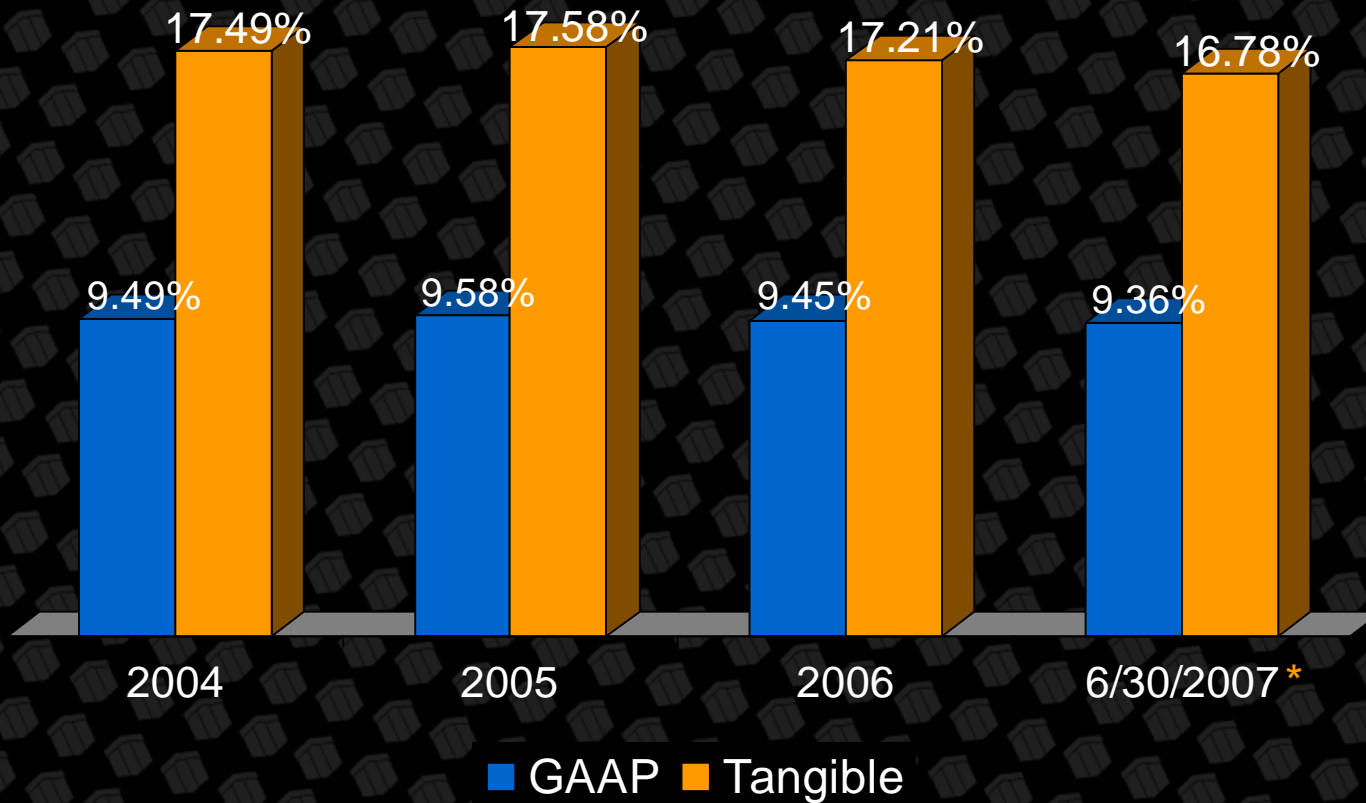
	<u>2004</u>	<u>2005</u>	<u>2006</u>	1 st Half <u>2007</u>
1. Salary & Benefits	\$52.5	\$54.1	\$56.1	\$29.5
2. Premises & Equipment	13.0	13.4	13.8	6.7
3. Write-off of Un-amortized Trust Preferred Underwriting Fee	0	0	0	1.8*
4. Core Deposit Intangible	3.4	3.1	3.1	1.6
5. Integration Expenses	0	0	0	.6*
6. Other (Adj.)	<u>22.7</u>	<u>23.4</u>	<u>23.1</u>	<u>12.4</u>
Total	\$91.6	\$94.0	\$96.1	\$52.0
% of Average Assets	2.95%	2.96%	2.85%	2.78%*

*Adjusted for extraordinary expenses

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Return on Equity

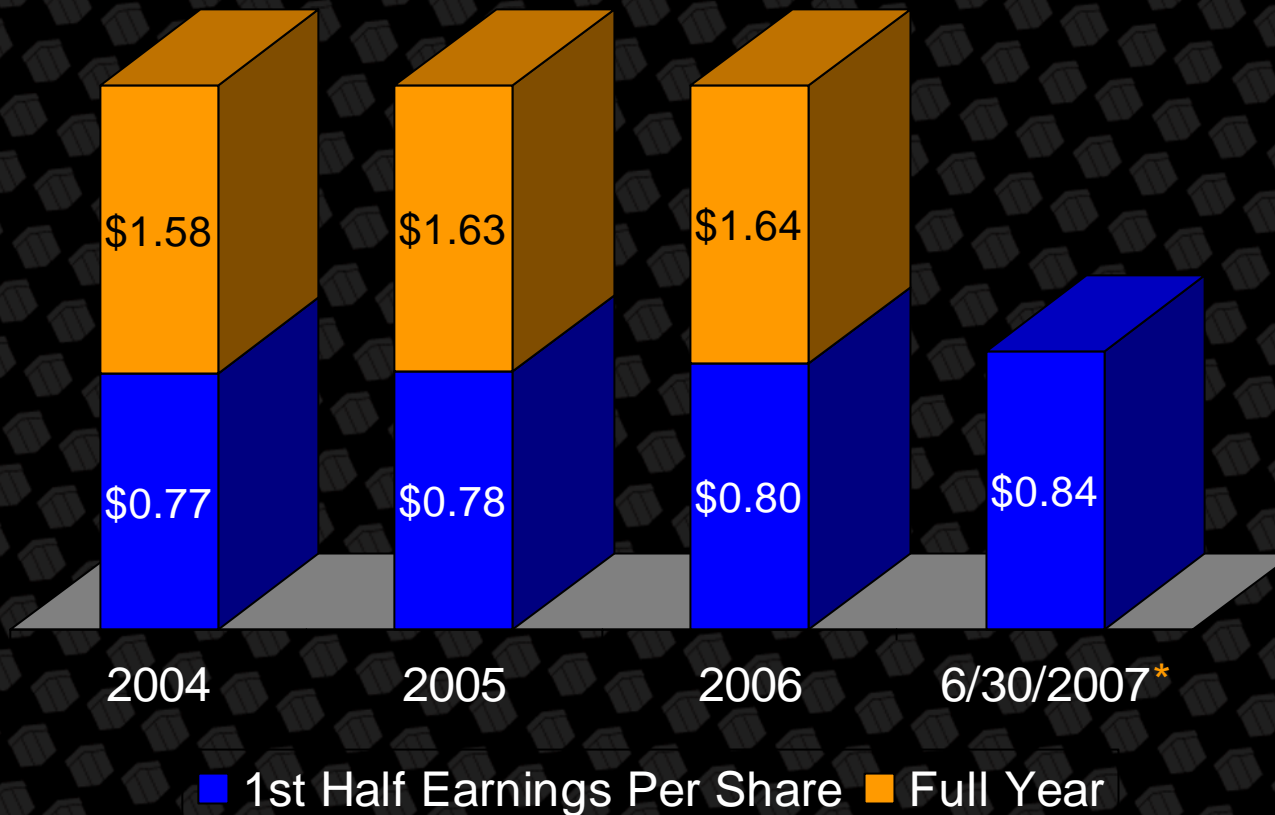


*Adjusted for extraordinary expenses

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Earnings Per Share



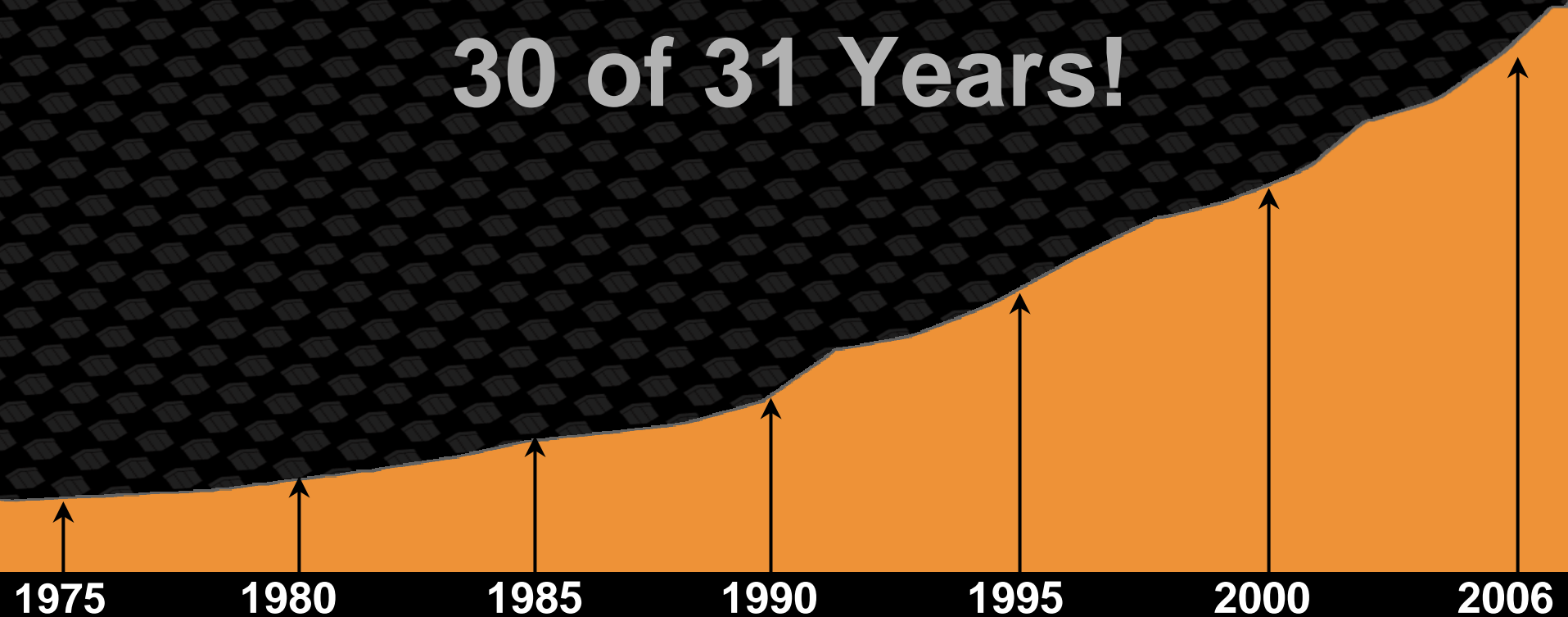
*Adjusted for extraordinary expenses

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Earnings Per Share Gains

30 of 31 Years!



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Why Own First Merchants?

- Energized and Experienced Management Team
- Committed to Top Quartile Performance
- Scalable Operations & Technology Platform with improving efficiencies
- Loan, Deposit, and Fee Income Growth of 13%, 14% and 20%, respectively, during last 18 months
- Dividend Yield is currently 4.6%
- Based on 2008 analyst expectations, our P/E ratio equals 11

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Contact Information

First Merchants Corporation common stock is traded on the New York Stock Exchange under the symbol FRME.

Additional information can be found at
www.firstmerchants.com

Investor inquiries:

Mark K. Hardwick

Executive Vice President-Chief Financial Officer

Telephone: 765.751.1857

mhardwick@firstmerchants.com

First Merchants Corporation





“Committed to High Performance”



“Thank You for Your Attendance”