

BankNotes



1ST Quarter 2013

Welcome to Commerce National Bank's BankNotes newsletter! We think you will find BankNotes to be a useful tool for you and others in your company, and we encourage you to share our newsletter with staff and colleagues. Questions or comments about BankNotes? Contact Jessica Soto at (614) 583-2077.

JENN'S CORNER

Inspiring Generation Leadership

by Jennifer Griffith, President and CEO



The capacity to first imagine and then articulate an exciting future of possibilities that draws together a connected group of active participants is a defining competence of exceptional leader-

ship. We all can agree that Leaders Lead! The constituents that follow will always want to know where they are headed and why they should commit to join. Teams need to feel a common attraction to the purpose in order to operate at their highest potential. Great leaders may create a positive force of energy inside their company simply by communicating the possibility of an exciting and enchanting future.

Nurturing our next generation of leaders is paramount to the sustainability of our business community. Prioritizing the investment in our next generation of leaders is often over looked or delayed. Opportunities to witness, mentor and encourage new leaders are presented all the time. Having awareness of each opportunity and monopolizing on the chance to invest in your young leaders is your responsibility as a leader.

Recently, a professional storyteller spoke to our senior team about the importance of story telling. She performs in hospitals and coaches business leaders on communication style. Her presentation focused on bringing

data points to life to create an emotional engagement with your audience. The engagement of course should produce greater success ratios....whatever the preferred outcome.

The notion of successful storytelling translates well as a leading indicator of identifying next generation leaders. Let your potential leaders lead project teams and observe their capacity to inspire a team with a shared vision. Help them find their voice and use small groups as a window to discovering the depth of this leadership trait in your next generation of leaders.



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**2013 CNB
Economic
Forecast**
with Jim Newton

Wednesday
January 23, 2013
8 – 10 am

register at
CommerceNationalBank.com
or call Jessie at 614.583.2077

Contact Info

You may call (614) 583-2200 and ask to be transferred to the appropriate individual.

Our Customer Call Center at **888-716-1514** is available extended hours:

Monday–Friday 7:00am–7:00pm
Saturday 9:00am–1:00pm

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614-583-2201

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ACH

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Customer Call Center,
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Courier Pickup

614-583-2150

Credit Cards & Merchant Services

Alicia Murphy
Kelly Robinson

Customer Suggestions

Cathy Dieckman

Deposits, Loan Accounts, Inquiries, Stop Payments

Patty Davis
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Loan Payoff Requests

Darlene Willens
Tina Smith

Lockbox

614-583-2155

Security Concerns

David Benjamin

Telephone Banking

614-583-2155

Wires

Mindy Beck

Wires Fax Line

614-583-2157



Consumer Corner

Did you know that Commerce National Bank offers personal checking and savings accounts for you and your employees? We also have loans for all seasons and any reason; great rates on vehicle, mortgage, personal, and home equity loans.

Call Suzan Orban at 614-583-2188 to find out about our low interest Home Equity Line of Credit Loans.

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Staying True to Our Investment Philosophy

by Jim Keene, Vice President, Personal Trust Officer



Quality does count. Stocks of companies with strong earnings, bonds from issuers with excellent credit ratings, and mutual funds with consistent management have often been strong performers. But even high performers sometimes stumble unexpectedly, resulting in losses to investors. Investment risk never completely goes away, regardless of a portfolio's quality.

Market Uncertainty

Market history includes many years when the returns of stocks as a class have been higher than bond returns. It also includes other years, such as 2000, 2001, 2002, 2008, and 2011 when bonds outperformed stocks. And it even includes some years, most recently 1994, when cash equivalents beat both stocks and bonds. Going forward, avoiding a poor performing asset class (or picking a winner) is always far from certain.

Countering Market Risk

Fortunately, a diversification strategy can help investors counter market risk under varying economic conditions. A diversified portfolio includes a variety of different

investments that are unlikely to gain or lose market value at the same time — or to the same extent. If you own a carefully chosen mix of investments in asset classes that tend to move in different directions — or, at least, are not too closely correlated — you gain a measure of protection against performance variations and are not dependent on the unpredictable performance of any single asset class. The overall result of diversifying may be the achievement of more consistent, long-term performance than would be accomplished with a single-class portfolio — and with less risk.


Diversification does not guarantee profits or necessarily prevent losses. And, if one asset class within a diversified portfolio advances more strongly than the others, some return is sacrificed because the portfolio is not 100% invested in the advancing class. At the same time, the potential for loss is lower than it would be if the entire portfolio were invested in an asset class that significantly underperforms.

Your Asset Allocation

Diversifying within a broad asset class is also an effective strategy for controlling portfolio risk. In a portfolio of 100 stocks, for example, a sharp drop in the value of one or two stocks would have much less

effect overall than the same decline in a portfolio of just 10 stocks. A portfolio of U.S. and foreign stocks may be less affected by losses in the U.S. market than an all U.S. stock portfolio. And a portfolio that contains stocks of large, mid-size, and small companies is more diversified than one concentrated in a single capitalization range.

A well-planned, diversified portfolio doesn't necessarily contain assets evenly divided among investment classes. An equal allocation might not suit your needs because of differences among the potential returns and the overall risks of the asset classes. A very small allocation to stocks, for example, might unacceptably reduce your portfolio's potential returns, while a very large stock allocation might unacceptably raise overall volatility. A better choice: Create a well-diversified portfolio with an asset allocation in keeping with your individual risk tolerance and goals that balance market risk against the potential for long-term growth.

This is our philosophy at First Merchants Trust Company and we're sticking with it! Please contact Jim Keene at 765-962-7696 if you are interested in more information about investment management. 

CNB Couriers

by Dennis Smith, Manager, Mobile Services

Although there have been many changes in the way Commerce National Bank conducts its business, the one constant has been the continued dependability of the Courier Services.

Our couriers are the "Face of CNB" (along with Barb Atherton, of course) to many of our customers. They continue to provide excellent customer service on a daily basis.

The couriers provide many services to our customers. Our services reduce the risk of driving to the bank with your deposit, saving you time to concentrate on running your

business. We can deliver items you need from the bank such as: deposit slips, documents, check reorders and much more. Our drivers are bonded and insured, so your deposit is completely safe with us. Most of our drivers are notaries, so they can provide Notary Service right at your place of business.

Being a courier driver in and around the City of Columbus is not an easy job. Our drivers have to navigate through heavy traffic, weather conditions, and many orange barrels to complete their daily routes. They continue to do a great job providing



the kind of service you expect from CNB.

If you would like more information regarding our Courier Service, please contact Dennis Smith at 614-583-2069 or ddsmith@firstmerchants.com

Are you Considering the Purchase of your Own Commercial Building?

by Joe Munhall, Vice President, Relationship Manager



Good things about owning your own building

- Current interest rates on loans could actually make purchasing a building cheaper than renting.
- There are tax advantages to owning a building such as deductions for depreciation and operating expenses.



- Opportunity to build equity in another asset and have the pride of ownership.


Differences between owning and renting

- YOU are now responsible for all maintenance of your building including grass cutting, snow removal, trash pick-up, etc.
- If your company does not take up the entire building and you decide to rent some of the building to other tenants, YOU have now become a landlord and are responsible for all that entails.
- Potential asset value dips depending on the commercial real estate market, which is not YOUR business.

Things you should consider for Bank Financing

- Always remember LOCATION, LOCATION, LOCATION.

- The bank usually expects you to put down 20% of the purchase price or Loan to Value (whichever is greater) at the time of purchase for "conventional financing."
- For owner occupied buildings, borrowers should look into government programs such as the SBA 504 program which will allow your business to leverage the building up to 90% Loan to Value.
- The building, via a lease with the operating company or a combination of multiple leases, must be able to cash flow the debt at 1.20X. Meaning, the net operating income divided by the mortgage debt is a minimum of 1.20.

Please feel free to call Joe Munhall at 614-583-2078 with any questions regarding commercial lending. 

The Holiday Season

by Martin Brady, Senior Vice President and Chief Sales Officer



During the Holiday Season it can be difficult to remember to be grateful for all that we have. I know that I am guilty of this all too often.

We started a tradition at our Bank a couple of years ago. At our sales meeting the week of Thanksgiving, everyone is required to express what they are thankful for. In order for this to be meaningful I have asked everyone not just to share what they are thankful for, but why they are thankful for it. This little addition has made this meeting a very special event for me, and I think for everyone else who attends as well.

We had approximately 25 people present this year and the stories were all over the board. I am going to share a couple of the highlights from my vantage point:

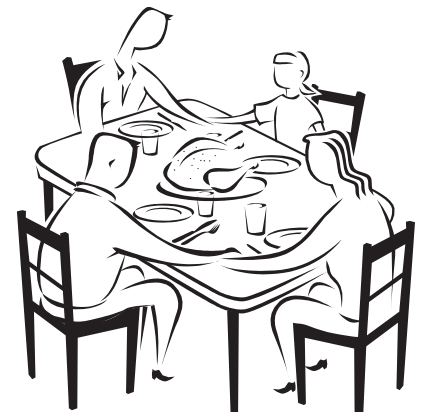
I am thankful for technology - Two of my children are hearing impaired and if not for the invention of the cochlear implant,

which my 4 year old daughter had this year, she would not have the ability to hear.

I am thankful for my CNB family - I spend every holiday far away from home because of the great distance, but my CNB family always makes me feel welcome and my two CNB mom's are always there for me with a word of advice or encouragement.

I am thankful for mulligans - This person expressed that although he made mistakes in his life - as we all have - he was thankful for the opportunity to get another chance at love, life, and happiness.


I am thankful for my children - This individual has six children and expressed his gratefulness for every day with them. He talked about how each of his children has their own individual habits and characteristics, and his gratitude for each one of their differences. This exercise allowed him to think about what is special about each child and reminded him of the memorable moments he gets to share with each of them, such as with his one



son, who wakes up first thing in the morning to share a hug and a smile with his dad before anyone else is awake.

This is just a small sample of what we shared that day. We laughed some and we cried some. I think it might have been our best half hour of the year!

I read a favorite quote of mine to end the meeting: "Not expressing gratitude you have for something is like wrapping a present and not giving it."

I hope you enjoyed the Holidays and continue to be grateful all year, for we are all very fortunate. 

CNB Welcomes Newest Board Member

Commerce National Bank is honored to welcome Angela Cauley as the newest member to the Bank's Advisory Board. Angela is Co-Founder and CEO of Coalescence, LLC of Columbus, Ohio, a custom food ingredient company which specializes in creating healthy and flavorful solutions for food and beverage manufacturers. Together with her husband Ian Blount, the company aims at creating nutritious, functional products to address the health concerns that continue to plague the global community.


Angela lives by the adage, "Choice, not chance determines our future." Her ambition is to empower others to pursue and control their own destiny by establishing businesses. Angela currently serves on the Food & Nutritional Sciences Advisory Board of Tuskegee University, she launched The George Washington Carver Food Research Institute, and was recognized by Black Enterprise Magazine's "2011 Small Business of the Year." She is deeply involved in the community and participates in many other programs to help others.

Cauley believes that by reaching back and believing in our youth, we are not only strengthening our future, but society as



(Left to Right) Rose Roman, Relationship Manager with Angela Cauley

a whole. She states: "I am honored to be a member of the Commerce Bank Board based on our mutually beneficial goals in supporting small business development throughout our community." Commerce National Bank's president and CEO

Jennifer Griffith stated, "Commerce is thrilled to welcome Angela to the advisory board as she is sure to provide an innovative perspective developed through her many years of business experience." 

Spreading Holiday Cheer


Commerce National Bank had a successful fundraiser in their first year participating in the Sam Bish Foundation; a foundation that provides support and smiles to children (and their families) that are undergoing cancer treatment at Nationwide Children's Hospital. Between November 23 and December 14, CNB was able to collect \$600 in cash and gift cards and over 150 other items such as coloring & sticker books, crayons & markers, and DVDs which brightened the holidays for so many children.

Thank you to all of CNB's employees, customers, and friends for all of your contributions to this wonderful cause. We have an amazing group of people



(Left to Right) Cindy Bish, Debbie Russ, and Michael Bish

affiliated with Commerce who are always willing give to others and we are so proud of this.

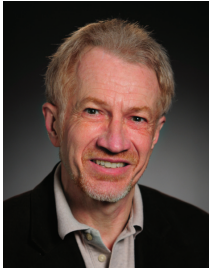
Learn more about Sam at caringbridge.org/visit/sambish or by visiting "The Sam Bish Foundation" on Facebook. 



(Left to Right) Debbie Russ and Zo Sellers

Will U.S. Workers Become A Nation of Independent Contractors?

by James E. Newton, CNB Chief Economic Advisor



Labor market conditions in the U.S. have been extremely trying for job seekers for the past several years. The “official” unemployment rate of 7.9 percent in October (and 7.7 percent in

November) is far above the level thought of as representing “full employment,” which is generally set around six percent. And while employment levels are definitely increasing, job creation is not at a particularly robust pace.

What has sometimes been lost in all of the talk about the number of jobs created is the “adequacy” of the jobs. By adequacy, I am thinking about the ability of those jobs to support an individual/family in providing the income needed to purchase food, shelter, clothing, medical care, etc. As I write this, don’t think I have gone through a metamorphosis and now advocate for some sort of interference in labor market mechanisms, such as an increase in the minimum wage or some other equally dysfunctional/counter-productive approach to “improving” people’s lives. I haven’t. There is, however, an important reason for businesses to consider this issue.

As with all nations that collect labor market data, the U.S. has established definitions for the job situation a person might fall within. In the case of employment, the household survey generally defines an employed person as one who receives compensation for at least one hour of work during the reference week when data are collected. Think about that for a moment. By working just one hour (which obviously would not be the case for many workers), a newly employed individual is counted in a way that many people would assume represents gainful employment. But far from it in terms of the “adequacy” of that potentially meager job opportunity.

How prevalent is the problem of the potential inadequacy of jobs? According to the Bureau of Labor Statistics household survey, in December, 2007 when the recession officially began, the number of persons with jobs was about 146.3 million. In October, 2012 employment was just

over 143.3 million, a drop of nearly 3 million people even though the U.S. is over 3 years into a recovery.

Between December, 2007 and October, 2012 the number of people with full-time jobs – defined as those working at least 35 hours per week – was down by over 6 million, while the number of part-time workers rose by over 3 million. More specifically among those working part-time, the number indicating they were working part-time for economic reasons (and thus not by choice) was 4.618 million people in December, 2007 while in October, 2012 some 8.344 million people were so employed. As such, all gains by part-time workers (and by extension, all workers) occurred in this category of “part-time for economic reasons,” up by over 3.7 million since the recession began.

For businesspeople, this is not an inconsequential matter. If the only (net) job creation that occurs is in the “part-time for economic reasons” designation, it suggests that job creation – and the resulting income generation – is insufficient to allow people’s standards of living to expand and family incomes to support significantly more spending. For example, in October, 2012 revised data indicates that 138,000 jobs were created. Not a great number, but one that might indicate a potentially recovering consumer sector. However, when looking at October data on personal income and spending, the income generated from wage & salary disbursements fell by a seasonally adjusted 0.2 percent compared to the prior month, and personal spending by consumers dropped 0.3 percent after adjusting for inflation.


While no definitive reasons can be identified for such labor market developments, a few thoughts readily come to mind. First, with economic uncertainty so palpable that one could almost cut it with a knife, businesses might very well be hedging their bets and keeping employment levels extremely light. As such, new hiring will be restrained and if part-time employees can fill labor needs – which might often be possible – then businesses will jump at the opportunity to hold down costs.

Cost containment is thereby a highly inter-related second reason for the relative explosion of part-time employment. For the past several years, businesses have found it extremely difficult to pass along higher costs to their customers. In part, this is due to very modest increases in aggregate demand, as well as intense price competition from foreign businesses trying to gain a greater market share in the highly prized U.S. marketplace. And since labor expenses are generally one of the biggest costs businesses face, hiring in part-time workers may seem like a no-brainer where it can be done.

Related to the notion of cost-containment is the implementation of the now unavoidable Affordable Care Act, otherwise known as ObamaCare. Starting in 2014, businesses with more than 50 full-time workers will be required to offer an acceptable healthcare insurance package to employees or face significant fines. In response, some industries are now “experimenting” with the possibility of replacing full-time workers with a greater reliance upon part-time employees. This seems to be happening most obviously in the hospitality and retail sectors of the economy. Should this become a viable means of holding down costs — and the resulting prices charged to customers – it could represent a trend that will become more pronounced as time progresses.

If true, many Americans may be required to adjust their notion of working; where they become “independent contractors” who are required to put together a series of part-time relationships with various businesses to piece together an “adequate” employment situation.

For businesspeople, it means paying less attention to net job creation and giving greater consideration to the wages (and spending) generated from the possibly misleading monthly employment report. So while politicians may bask in the glow of (seemingly) decent employment reports, businesses should pour over the monthly income and spending data to more fully understand the true state of affairs in American labor markets.

Dr. Newton’s views do not necessarily reflect the opinion of Commerce National Bank or First Merchants Corporation. 

Fraud Prevention Tips for Merchants

by Alicia Murphy, Business Banking Manager



Businesses are increasingly coming under attack from many sorts of fraudulent schemes these days! Merchants must always be on alert for suspicious behaviors and requests. Here are some tips and

tools to use in order to prevent or reduce the possibility of loss in your merchant processing accounts!

Tips - Be on the look out for the following:

- An order placed using multiple cards with the last four digits being the only difference between the various cards.
- Customers who place phone orders and advise that they will be sending someone in immediately to pick up the order, they will have it shipped to an alternate address other than the billing address, or if they request the tracking number of the shipment ASAP or request an overnight delivery regardless of the cost.
- Communication from a company with an e-mail address from free services such as Yahoo, Gmail, Hotmail, etc.
- Relay Calls - while this is a legitimate service used by the hearing impaired, relay calls have also been used by criminals; it is always recommended to use a Code 10 authorization for these operator-assisted calls.
- Customers who place large orders of the same or similar items or request items that you do not even sell (common requests involve laptops or cell phones).
- Requests to process a credit card transaction in an amount that exceeds the actual cost of the goods or services and request to have the difference wired back to another person or company.
- Telephone, internet, and mail orders that originate from West Africa (Ghana, Gambia, Nigeria) and Eastern Europe (Russia, Singapore, Indonesia) are almost always fraudulent. Common sense should prevail when

contacted by a customer that initiates any form of transaction from these or any other foreign country. Unless you provide a unique product or service or have dealt with the individual or company before, always contact your bank or merchant service provider for assistance before you process the credit card transaction.

Tools - It is suggested that a merchant use the following preventive tools to reduce the incidence of fraud and possibly minimize losses:

- "Code 10" authorizations are one of the most important tools that a merchant can use for a suspicious transaction. It can be used for both card present and card not present transactions. The first step is to contact your Voice Authorization Center at 1-800-741-5705 and choose the prompt for a "Code 10." You will be transferred to an operator to answer a series of questions (these may include cardholder names, addresses, etc.) which will be used to verify with the bank that issued the credit card to the customer. If the information cannot be verified, it will be forwarded on to an investigator for further research. The key is to remember that this process should always be used before the charge is placed on the card and the product is shipped or provided to the cardholder.
- If the Voice Authorization Center declines to provide an authorization code, simply request a different form of payment other than a credit card. Never try to split the transactions into smaller increments to try and obtain an approval. You must always obtain an authorization for the full amount of the sale and always do so before you ship the merchandise.
- For transactions that are run through a credit card terminal, be sure to pay attention to the terminal display: a CALL AUTH response indicates that you must contact the Voice Authorization phone number provided by your merchant processor to obtain



a valid authorization code. Never call a phone number provided by the customer or accept an authorization code from them.

- The use of AVS (address verification) and the CVV (three digit codes found on the back of the card) can also be used in mail, telephone, or internet transactions to reduce the risk of fraud. These additional options are independent of the authorization process that obtain the actual approval for the transaction, but are useful in providing information that can you allow you to make a better business decision.

Remember that an authorization code does not guarantee that a transaction will not be disputed later or protect you from a chargeback. It simply indicates that the amount for that transaction is actually available on the card at that time. It is the responsibility of every merchant to process a credit card transaction correctly and with the proper authorization code. Failure to do so can result in the suspension of your merchant account or in some cases, the termination of it altogether. For additional information or assistance with these or any other merchant issues, contact Alicia Murphy @ 614-583-2041 or amurphy@firstmerchants.com today!






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The Bank for BusinessSM

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Community Corner

Making Strides Against Breast Cancer Walk



(Left to Right) Jan Patton, Barb Atherton,
Cathy Dieckman, Alicia Murphy, and Debbie Russ.

Cathy Dieckman, Debbie Russ, Jan Patton, Barb Atherton and Alicia Murphy gathered on a chilly, but exhilarating fall morning to participate in the American Cancer Society's "Making Strides Against Breast Cancer Walk" through downtown Columbus. This was CNB's first time forming a team which participated in the walk on October 28, 2012.

CNB became aware of this important walk while delivering a donation earlier in the summer to the American Cancer Society, discovering at that time that one out of every two individuals turn to the American Cancer Society for assistance from everything such as providing wigs for those undergoing chemotherapy, transportation to doctor's appointments, financial assistance and much more! CNB is looking forward to fielding an even bigger team next fall for this incredibly worthwhile event!