



BANKNOTES

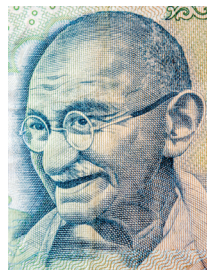
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JENN'S CORNER

Ghandi's Shoes

by Jennifer Griffith, Regional President



"BE THE CHANGE YOU WANT TO SEE IN THE WORLD"

Mahatma Gandhi, the great Indian statesman and spiritual leader is noted for his unusual humanity and selflessness.

One day, Gandhi was boarding a train with a number of followers when his shoe fell from his foot and disappeared in the gap between the train and platform. Unable to retrieve it, he took off his other shoe and threw it down by the first. Responding to the puzzlement of his fellow travelers, Gandhi explained that a poor person who finds a single shoe is no better off – what's really helpful is finding a pair!

Business schools across the globe include the concepts of servant leadership in a variety of studies. Qualities like service, self-sacrifice, simplicity and integrity are researched at length. Why? Because it makes great sense...period.

Elements of servant leadership include beliefs that incorporate and model the following personal values:

- **Every person has value and deserves civility, trust, and respect**
- **People can accomplish much when inspired by a purpose beyond themselves**

As each year comes to a close, we reflect on the gifts of time, talent & treasure our teammates have given to our community. We set escalating goals of community outreach that we measure, share and discuss.

In 2015, we are proud to share that our team has been serving our community in a variety of ways. We helped check in patients at Dentistry from the Heart at Fixari Family Dental. We cleaned up the gardens and school grounds at Columbus Collegiate Academy. We worked at the Mid-Ohio Foodbank and served meals for Lifecare Alliance. We hosted animals in need of adoption on the patio (Pets Without Parents) and served meals at the Community Kitchen. Central Ohio Diabetes Association was a new partnership for the team this year and the Salvation Army has been a long-time community friend.

As your community partner, we think it's important that you know we are reinvesting in our market place. Our commitment has been and will continue to be a winning strategy that reinvests in our neighbors. 🏠

Are You Receiving Our Marketing Emails?

Often, customers may not receive emails from First Merchants because the messages are filtered into their spam folder. To ensure you are not missing out on important information, including event invitations and bank closing notices, please be sure to add firstmerchants@firstmerchants.com to your address book and "Safe Sender List" through your email client.

Questions or comments about BankNotes?

Contact Brittany Lang at 614-583-2040.

CONTACT INFO

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

Our Customer Service Center at 888-716-1514 is available extended hours:
Monday-Friday 7:00am-7:00pm
Saturday 9:00am-1:00pm

Fax

614-583-2201

ACH

**Business Online Banking
Remote Deposit
Business Solutions Group**
866-833-0050

**Account Inquiries & Research
ATM & Debit Card
Personal Online Banking
Customer Service Center**
888-716-1514

Courier Pickup

614-583-2150

Credit Cards

Alicia Murphy

Customer Suggestions

Cathy Dieckman

Deposits, Loan Payments, Inquiries, Stop Payments

Logan Boone
Jan Patton
Patty Davis

Loan Payoff Requests

Becky Gonda

Lockbox

614-583-2155

Cash Management

Jennifer Wehrly

Merchant Services

Jennifer Wehrly

Security Concerns

David Benjamin

Telephone Banking

614-583-2155

Wires

Mindy Beck

Wires Fax Line

614-583-2157

MEET OUR TEAM

CNB and CS Bank Are Now First Merchants Bank

by Todd Patrick, Regional Sales Manager



Monday, October 26, 2015 the six former CS Bank branches opened as full service First Merchants Bank banking centers.

Coupled with the simultaneous name change of Commerce National Bank to First Merchants Bank, this provides Central Ohio with seven strategically located banking centers offering a full array of banking products and services.

The six new branches will continue to provide community banking centric customer service, driven by banking center managers with an average of twenty years of Central Ohio banking experience. Every banking center manager and assistant manager is a licensed mortgage professional and also a Notary Public. Each manager has been trained on retail cash management products and is directly partnered with local First Merchants business and Commercial lending team members to facilitate more complex discussions.

The former CS Bank branches will maintain a seven days a week schedule in addition to early morning and extended evening hours.

- Monday through Friday 7:00am – 7:00pm
- Saturdays 8:00am – 4:00pm
- Sundays 11:00am – 3:00pm

State-of-the-art ATM's have been installed at each of the six locations. These allow for not only convenient, 24/7 drive-up access to cash and balance information, but also easy, envelope-free deposits for quicker funds availability. Each banking center also offers:

- Free Wi-Fi
- Free Coin Counting Machines (no need to roll your coins ever again)
- Walk-up kiosks with access to firstmerchants.com to check your account
- Free coffee and hot chocolate
- Most locations are dog-friendly

I, along with the dedicated former CS Bank employees who have joined the First Merchants team, could not be more excited to meet and serve a new group of Central Ohio customers. We look forward to delivering the brand promise of "The Strength of Big. The Service of Small."

Todd Patrick has 25 years of Ohio banking experience, the majority of which was with PNC and Huntington. The past three years he has had responsibility over CS Bank's branches and call center. If you have any questions about the CS Bank integration or First Merchants Ohio-based Banking Centers, please contact him directly at (614) 408-0272. 📞

RETIREMENT

On Friday, October 16th, Stanley Diggs, Commerce's Mobile Service Courier, retired from the Olentangy Banking Center. Stanley began his 15-year career with First Merchants on October 16th, 2000. Prior to joining First Merchants, Stanley served four years in the Air Force as an aircraft mechanic. He then joined the US Postal Service, where he carried mail for eight years. After leaving the USPS, Stanley was a police officer for the City of Columbus for twenty-five years, where he also served as a body guard for Mayor Dana "Buck" Rinehart. Upon retirement, Stanley plans to continue

riding his Harley Davidson motorcycle. He is also a member of Amateur Television in Central Ohio, and is also an amateur radio enthusiast. Stanley has been an asset to First Merchants and will be missed. 📞



MORE CONVENIENT

Seven New FMB Branch Locations!

As our customer, you have experienced the great customer service and product solutions that help you manage your day-to-day business activity.

First Merchants is now happy to give you even *more* convenience with six new branch locations throughout Columbus:

Sawmill

5811 Sawmill Road
Dublin, Ohio 43017

Karl Road

1616 E. Dublin-Granville Road
Columbus, Ohio 43229

Clintonville

3245 N. High Street
Columbus, Ohio 43202

Graceland

5090 N. High Street
Columbus, Ohio 43214

Grandview

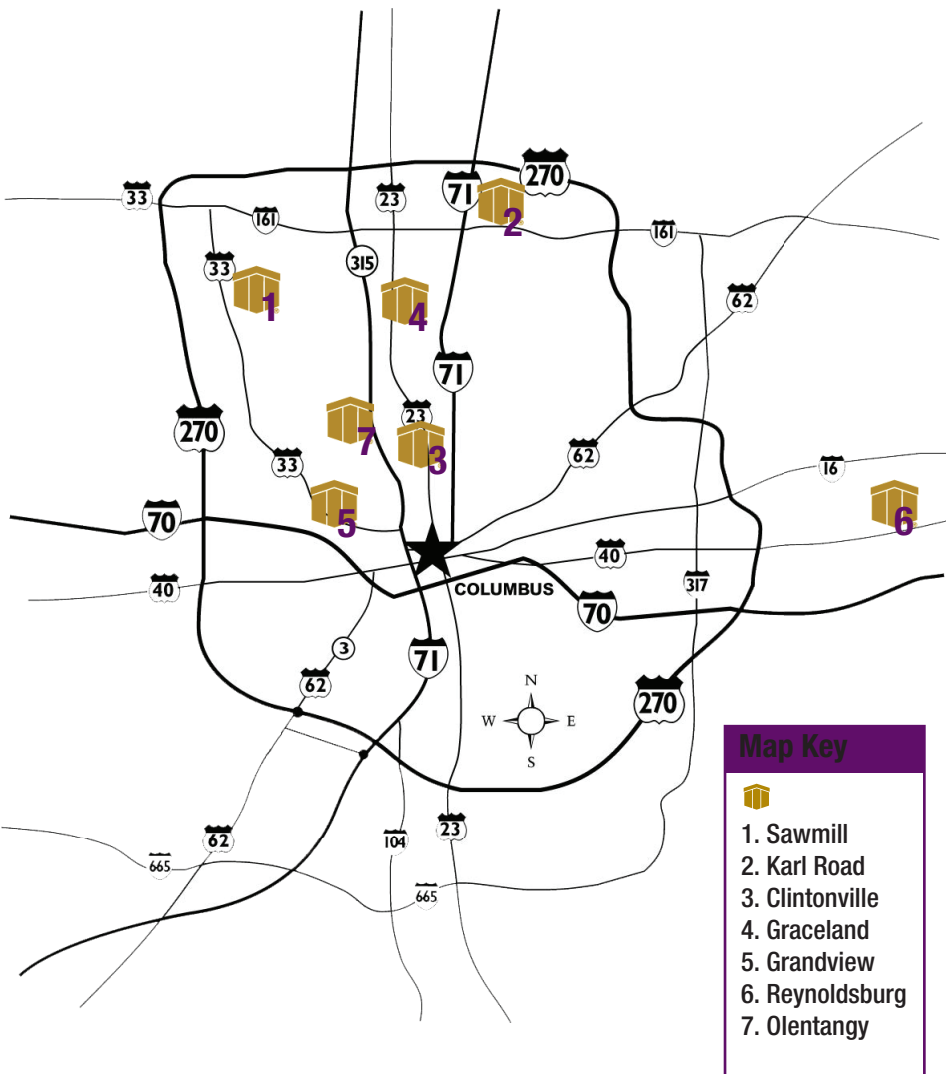
1669 W. 5th Avenue
Columbus, Ohio 43212

Reynoldsburg

6950 E. Main Street
Reynoldsburg, Ohio 43068

Olentangy

3650 Olentangy River Road
Columbus, Ohio 43214



COMMUNITY

LifeCare Alliance Community Day

On September 24th six employees from The Ohio Region participated in a Community Day at LifeCare Alliance. John Steele, Todd Fulton, Barb Atherton, Janice Six, Sarah McCurdy and Jeff Chadwell delivered Meals on Wheels to Central Ohio residents. Driving around Columbus and delivering meals to people who are homebound was a rewarding experience for all six of volunteers!

LifeCare Alliance is central Ohio's first in-home health care agency, Ohio's first agency to provide visiting nurses, and the nation's second agency to deliver Meals-on-Wheels. The agency's mission is to lead the community in identifying and delivering health and nutrition services to meet the community's changing needs.



UPCOMING EVENTS

Mark Your Calendar!

18
NOV

Learn over Lunch | 10 Things Great Companies Do – with Kelly Borth, CEO and Chief Strategy Officer of Greencrest Marketing, 11:30am–1pm at our Olentangy location café.

03
DEC

Holiday Open House – Come celebrate the holidays with us! Spirits and hors d'oeuvres will be provided, 4–7pm at our Olentangy location café.

COMING TOGETHER

Second Annual Kyle Miller Memorial 5K Run/Walk



2nd annual
GET WILD FOR WILDLIFE
KYLE MILLER MEMORIAL
5K RUN/WALK

277 TIMED
409 T-SHIRTS SOLD
80 VOLUNTEERS
\$31,500 RAISED FOR
SCHOLARSHIP

A BIG THANK YOU TO ALL
WHO PARTICIPATED!



The community and the First Merchants family was invited to participate in the second annual Kyle Miller Memorial 5K Run/Walk on the morning of October 4th at Hilliard Municipal Park. The event is held in honor of Kyle Miller, Pam Miller's son who died in a tragic kayaking accident at Prairie Oaks Metro Park in March of 2014. Kyle attended Otterbein University and was part of the Track & Field team, where he ran hurdles, making a race the perfect way to commemorate him.

It was a beautiful morning at the park and many walkers and runners came out to support the Kyle Miller Memorial Fund, which is an endowed scholarship at Otterbein University for a junior or senior zoo and conservation science major with Kyle's passion for wildlife and conservation.

Friends and family of the Miller family, Otterbein teammates and friends of Kyle, First Merchants and Firestone co-workers, and members of the public joined in for the race and walk on Sunday morning at 9:30am.

277 participants were timed, 409 t-shirts were ordered and 80 volunteers contributed to the success of the 5K this year. \$31,500 was raised for the Memorial Fund. Four First Merchants employees placed in their age group: Brittany Lang, Christy Kessler, Margaret Hoke and Hunter Sims. Hunter (2nd in the 21-24 age group) ran 19:58, Brittany (3rd female overall, 2nd in 21-24 age group) ran 22:26, Christy (1st female overall (50-59) ran 24.09, and Margaret (1st in the 45-50 age group) ran 30:59.

The whole morning went smoothly and was absolutely amazing. Behind the scenes, Pam and Craig Miller, with the help of family and friends, take months to prepare for this day. There is certainly more than just a run/walk going on. There was pump-up music, a Skyline Chili booth, and a silent auction with anything from a set of new Firestone tires to an autographed hockey jersey from the Columbus Blue Jackets, to name a few.

We are already looking forward to the third annual Kyle Miller Memorial 5K Run/Walk next year! 🍷

Mortgage Team is Growing; What is TRID?

by Greg Valentino, Mortgage Sales Manager, NMLS UI#743164



as a Mortgage Loan Originator. Graham is from Hinckley, Ohio and currently resides in Jefferson Township. He is a graduate of Ohio University.



Graham entered the mortgage business in 1988. He has originated, appraised, underwritten and collected a variety of real estate-secured loans. He was an adjunct professor at Hondros College from 2006-2015, where he also worked with the college's publishing division, helping to write the mortgage principles textbook as well as annual continuing education classes.

Graham has been married for 22 years. In his

We are excited to announce that we have a new member of the mortgage team. Graham Montigny joined us on September 14th

spare time, he enjoys playing guitar and cooking. He is a long-suffering Browns fan, ready for another exciting season! We are excited as we continue to grow our mortgage lending team.

In mortgage news, the mortgage industry experienced significant change with the implementation of TILA RESPA Integrated Disclosure ("TRID") rules. "Know Before you Owe" is the tagline the Consumer Financial Protection Bureau (CFPB) has given TRID as they seek to insure customers are informed of the cost and terms of a loan well before they sit down at the closing. The impact to the customer is overwhelmingly positive as it encourages Lenders to take time to engage the customer and understand their needs to accurately represent costs associated with the loan they are considering.

Four reasons why TRID is good for customers and banks:

1. More touchpoints

- 2. Stronger relationships**
- 3. Better understanding**
- 4. Open communication**

Right now, Columbus is the 14th hottest housing market in the nation according to The National Association of Realtors. The number of purchase transactions in the community help determine if the market is hot or not. Eleven of the thirteen spots ahead of Columbus are occupied by California communities. Midland, Texas and Denver, Colorado communities round out the top thirteen spots.

These are wonderful reasons why it is a good idea to own a home in Central Ohio. Home prices are very competitive. Houses continue to appreciate because there is a demand for homes in this area. Interest rates are still very low.

If you are interested in getting pre-approved to purchase a new home or refinance a current residence, contact Graham Montigny or Greg Valentino at (614) 583-2200. 🏠

HEALTH SAVINGS ACCOUNT

Sick Season is Coming — Are You Aware of HSAs?

by Suzan Orban, Vice President, Client Relationship Services Manager, NMLS UI# 543427



attention means medical expenses. A Health Savings Account (HSA) can help with the cost of these expenses if your company utilizes a high deductible health plan (HDHP). An HDHP is a health insurance plan that provides employees lower cost insurance in exchange for higher deductibles and more out of pocket costs.

Health Savings Account Plans were created by the Medicare Prescription Drug Improvement & Modernization Act of 2003 and became available on January 1, 2004. In order to take advantage of an HSA plan and be eligible to contribute, you must meet the following eligibility factors:

- Your insurance plan must be HDHP

Winter is quickly approaching and with that comes the flu and other illnesses that need medical attention. Medical

- You must not be enrolled in Medicare
- You must not be insured by a traditional health insurance plan
- You must not be eligible to be claimed on another person's tax return

HSAs are tax-favored savings accounts that you can put money into to be used exclusively for tax-free payment of qualified medical expenses. The benefit of an HSA is that it allows employees to make pre-tax contributions from their paychecks or they can make their own contributions that may be tax deductible. These accounts also accrue tax deferred earnings. There are some other advantages to an HSA. They are portable; you can take your HSA when you switch jobs, some employers make contributions on your behalf, and once you have reached the age of 65, you can withdraw money from your HSA without penalty for non-medical expenses, but it will tax as ordinary income.

Each employee is responsible for determining if they are eligible to contribute to an HSA. The 2015-2016 contribution limit for an individual HSA is \$3,350. The 2015 contribution limit for a family HSA is \$6,650 and the 2016 family limit is \$6,750. If you are 55 or older, you may make an additional \$1,000 contribution. HSA debit cards or checks are used to access the account.

What does HSA cover? A few examples are dental services, prescriptions, eyeglasses and LASIK, and doctor office visits. The list of coverage can be reviewed at www.irs.gov and search for the current year Publication 502. Funds are FDIC insured.

If an HSA is something you would like to consider before winter or if you would like to review your existing plan, please give First Merchants Bank a call at (614) 583-2200. 🏠

TRUST

The Right Mix of Risk and Reward

by Jim Keene, Senior Personal Trust Officer



Pass the ball too much and your football team becomes too predictable — The right balance of pass and run is important for the game plan. Striking a balance is something you do every day, in many ways. Balance is also a key factor when you make decisions about investing your portfolio.

Some people are comfortable putting all their money into funds or portfolios with low risk and low potential returns. Others invest all their money in high-risk funds or portfolios with high potential returns. Striking a balance between these two strategies may result in the right mix of risk and rewards for you. But how do you choose that mix? Here are some guidelines that may help.

Context Counts

Each of your investment options has a certain level of risk and potential return. Those factors

are important — but don't stop there. Context counts when investing your portfolio. An investment that by itself may be too risky or offer too low a potential return may be just right within a mix of different investment types. Including higher-risk investments increases your potential overall return, while adding low-risk investments reduces the chance of overall loss when higher-risk investments perform poorly.



Think Long Term

Short-term price volatility is a normal part of investing. You can expect the values of your stock and bond portfolios to move upward at times — and downward at times. When you track your returns, keep in mind that both stocks and bonds have a history of growth over

long time periods. That history, of course, is no guarantee of future returns. Whenever you sell an investment, its value may be lower than the amount you invested. Still, time is on your side if you choose a well-balanced investment mix with the potential for long-term growth and stick with it.

Don't Ignore Inflation

Low-risk investments reduce your account's volatility. But investments with low risk usually also have low returns that may not beat inflation over the long term. Inflation plus low growth is a recipe for a portfolio balance that may not meet your long term goals. To counter this real risk, you need to choose a combination of portfolios that has a level of overall risk you can live with, while offering the potential for rewards that exceed the rate of inflation.

We Can Help

We are seeing significant volatility on a day-to-day basis. Let First Merchants help you strike that balance! Call Jim at (765) 962-7696. 🏠

EMV BENEFITS

Count on Added Security

by Cathy Dieckman, Regional Chief Operating Officer, NMLS UI# 543455



You can count on added security with your new chip-enabled card. Your new First Merchants Bank Credit Card features an embedded chip that improves security every time you make purchases at a chip-enabled terminal.

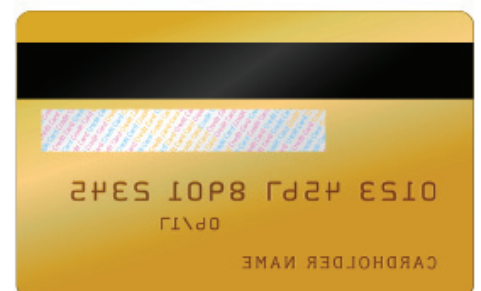
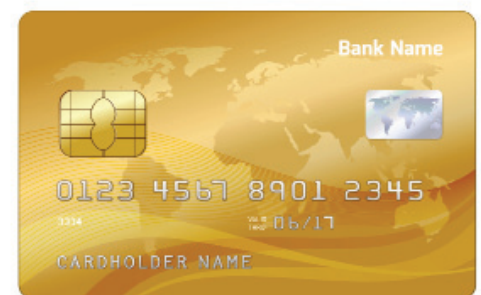
Receive enhanced fraud protection with chip technology. This tiny chip protects you from fraud by creating a unique code for each chip transaction. This code is virtually impossible to replicate by counterfeit cards, helping to eliminate fraud at the checkout. You can continue to count on our Zero Liability policy. If your card is lost or stolen, you're protected against unauthorized use of your card or account information.¹

Enjoy global acceptance. More places than ever now accept credit cards. So whether you check out using chip technology or swipe your card, you can pay with confidence worldwide.

For more information and to see how to pay at a chip-enabled terminal, visit myaccountaccess.com/chipcard.

To learn more about the credit cards we offer, please call our office at 614.583.2200. 🏠

¹ The creditor and issuer of First Merchants Bank credit cards, Elan Financial Services, provides zero fraud liability for unauthorized transactions. Cardmembers must notify Elan Financial Services promptly of any unauthorized use. Certain conditions and limitations may apply.



Understanding the Fed's Rate Hike Dilemma

by Michael J. Hicks, PhD, Director, Center for Business and Economic Research, Ball State University



The Federal Reserve will soon begin slow and steady interest rate hikes, changing direction from a nearly decade long period of monetary easing. Regardless of when and how fast the Fed starts raising rates again, they face some difficult challenges. Let me explain.

Much of the economic history of the USA over the last century involves changes to monetary policy. The post-World War recessions, the Great Depression, and the 1937 recession were likely all caused or made far worse by ill-considered monetary policy. Before the 1950's, economists largely favored something called the Real Bills Doctrine, which argued that the supply of money should be maintained at a level to support actual economic activity. That meant that as the economy slowed, Fed policymakers shrank the supply of money. That proved disastrous.

In the 1960's two influential studies explained how monetary policy could stabilize the economy. By the 1970's it became clear that monetary policy was a very powerful tool to mitigate the short-term impacts of a business cycle. While most economists concur that it can mitigate short-run effects of a downturn, none argue that it has significant long-run effects.

During an economic downturn, businesses can either reduce prices or quantities of the goods and services they produce. Cutting input prices, like wages, is nearly impossible, so firms almost always cut production. This leads to unemployment, less spending and the most visible impacts of a recession. Monetary policy effectively increases the nominal demand for goods by increasing the money supply. This allows businesses to keep production steady, while inflation cuts the real price of inputs.

In all likelihood, the Fed's actions in 2007 through about 2010 lessened the impacts of the Great Recession. It isn't clear, however, that beyond the short-run stabilization of the economy there has been much beneficial reaction to Fed policy. And that takes us to 2015.

For the past five years the U.S. economy has performed agonizingly slowly, in fits and starts. Were our economy a person, it would be undergoing a vast battery of tests at a leading research hospital. This has happened with the most expansive monetary easing in history, which has kept interest rates on bank borrowing beneath the level of inflation. How businesses and households have responded is the main culprit in this post-recession malaise.



In 2008 and 2009 as the economy swooned, monetary policy surely played a role in stabilizing employment, preventing deflation and keeping households from losing homes and assets. Low interest rates and some fiscal policy (Cash for Clunkers) stopped job losses by 2010-11. In 2012, Europe again entered a recession and the Fed tried new innovations called Quantitative Easing, which it phased out last year.

Throughout this time, neither businesses nor households thrived. Wages have remained very sluggish and overall employment growth did not keep up with expected labor force growth. Our economy is significantly worse off than it should have been in 2015. While there's no solid evidence that continued monetary easing is to blame, there is evidence that businesses and households have changed the way they respond to changes in the money supply.

Interest rates on short-term borrowing are so low as to be indistinguishable from zero, and household and business borrowing has stagnated. Banks are no longer rationing credit using interest rates, but are instead rationing credit through tightened risk standards. That means that new households or those with spotty credit are simply removed from the market for housing and other consumer loans. This has

caused new business formation to stagnate, thus depriving the economy of the largest source of new job creation. Entrepreneurs, who are naturally a high risk, high reward group have been largely removed from traditional borrowing.

To be sure, monetary policy alone is not to blame. Tighter underwriting requirements on mortgages and severe banking restrictions also limit the pool of potential borrowers. But, it is telling that at a time when banks report excess available funds, businesses report that borrowing has never been harder. Something is amiss, but does this weigh on the Fed decision to raise rates?

With a softening domestic economy, there is very little to argue for a Fed rate increase, especially since there is no indication of inflation. It is safe to say the Fed would like interest rates to be more normal – that is closer to historical rates – but there is no compelling traditional argument to raise them. Instead, we have a growing chorus of economists who argue that continued easy money has distorted the value of the Fed, should there be another recession. This alone would argue for modest rate increases over the next year. This would allow the economy to rebuild the weakened credit channels, or in the economic jargon, the transmission mechanism of monetary policy.

Over the past several months both Europe and Asia have faced significant financial crises, with Greek debt and Chinese stock collapses. These events have rippled through the world economy rapidly. This raises new challenges for the Fed. The relatively stronger and safer US economy has lifted the dollar, which in turn dampens US exports. Higher US interest rates could lead to a flight of capital to the US, shaking capital markets around the world. The Fed choices are greatly complicated by the world's slowdown, and whatever action is taken it is sure to be deliberately slow in the months ahead.

Dr. Hicks' views do not necessarily reflect the opinion of First Merchants Bank and First Merchants Corporation. 🍷



First Merchants Bank

THE STRENGTH OF BIG THE SERVICE OF SMALL

3650 Olentangy River Road, Suite 100
Columbus, Ohio 43214

(614) 583-2200
Fax (614) 583-2201
www.firstmerchants.com



HOLIDAY CLOSINGS

VETERANS DAY	Wednesday, November 11
THANKSGIVING DAY	Thursday, November 26
CHRISTMAS EVE	Open 8:30-Noon
CHRISTMAS DAY	Friday, December 25
NEW YEAR'S DAY	Friday, January 1

SECURITY & TECHNOLOGY

Ten Cyber Security Tips for Small Business

by Bill Tucek, Information Security Officer, CISM, CISSP, CISA

Today's small business has no shortage of cyber security challenges which could negatively impact their business and brand name.

Broadband and information technology are powerful factors in small businesses reaching new markets and increasing productivity and efficiency. However, businesses need a cyber security strategy to protect their own business, their customers, and their data from growing cyber security threats.

Below are ten steps based on principles from (NIST), the National Institute of Standards and Technology, to help small business defend against Cyber Threats – “Small Business Information Security: The Fundamentals”

1. Train employees in security principles
2. Protect information, computers and networks from cyber attacks
3. Provide firewall security for your Internet

connection

4. Create a mobile device action plan
5. Make backup copies of important business data and information
6. Control physical access to your computers and create user accounts for each employee
7. Secure your Wi-Fi networks
8. Employ best practices on payment cards
9. Limit employee access to data and information, limit authority to install software
10. Passwords and authentication



Also require employees to use unique passwords and change passwords every three months. Consider implementing multi-factor authentication that requires additional information beyond a password to gain entry. Check with your vendors that handle sensitive data, especially financial institutions, to see if they offer multi-factor authentication for your account.

More about this topic can be found at this website: <http://csrc.nist.gov/publications/nistir/ir7621/nistir-7621.pdf>

