



# BankNotes

SPECIAL EDITION 2020

Offering Strength & Commitment. – Mike Rechin CEO

State and Local Economic Considerations in the Age of COVID-19 – Michael J. Hicks

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Let Us Help - Gary McNutt

Special Edition | [firstmerchants.com](https://firstmerchants.com) | 614.583.2200



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Deposit accounts and loan products are offered by First Merchants Bank, Member FDIC, Equal Housing Lender.

First Merchants Private Wealth Advisors products are not FDIC insured, are not deposits of First Merchants Bank, are not guaranteed by any federal government agency, and may lose value. Investments are not guaranteed by First Merchants Bank and are not insured by any government agency.





## Offering Strength & Stability

By Mike Rechin

As we continue to navigate the rapidly-evolving COVID-19 situation, our first thought is for the safety and well-being of all individuals and businesses impacted by these difficult circumstances. In these unprecedented times, it

is important that we come together to support all those impacted. At First Merchants Bank, we are committed to providing you the financial access, guidance and support that you need so you can focus on your well-being and that of your loved ones.

If you are experiencing financial difficulty as a result of the COVID-19 impact, we are here to

work with you. Effective immediately, impacted clients may request to defer payments up to 90 days on their First Merchants installment and auto loans, mortgage loans and home equity loans without impacting their credit report or incurring late fees during the deferral period. Please call us at (877) 556-8721 to discuss your options. We are here and are ready to work with you.

Although the housing market is experiencing some disruption, First Merchants Bank is taking steps to adapt and is developing new processes to continue providing mortgage credit to qualified borrowers. As much as it is not “business as usual,” we strive daily to make sure the mortgage process feels that way for our customers.

If you are still able to make your mortgage payments and are interested in lowering your monthly payment, tapping into your home equity, or buying a new home, we’re here to help you in today’s evolving mortgage market.

To explore your refinance or purchase options, you may access information and apply online at [firstmerchants.mymortgage-online.com](https://firstmerchants.mymortgage-online.com) or contact one of our residential mortgage originators via your local First Merchants branch office. 🏠

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*Mike Rechin is President and Chief Executive Officer of First Merchants Bank.*



**First Merchants  
Bank**





## State and Local Economic Considerations in the Age of Covid-19

By Michael J. Hicks

The beginning of Spring 2020 will be remembered for the rapid and deep economic shutdown which accompanied the COVID-19 virus. Here in the Midwest, both Ohio, and then Indiana quickly established shelter-in-place orders accompanied by broad efforts to slow the spread of the virus. The wisdom of these policies and the

economic consequences are worthy of reflection, since there are likely to be more tough decisions ahead of us.

I write in mid-April, when COVID-19 deaths number in the hundreds in both Ohio and Indiana. At the same time testing remains far behind the level needed to fully understand the depth of the virus or arrest its spread. Most businesses remain closed. Schools, universities and government offices perform their duties through the internet. Nearly every public official struggles to prevent the spread of a virus that inflicted a year's worth of automobile deaths on the nation in just three weeks. An important question for policymakers is simply whether or not these actions are justified.

The short answer is absolutely, yes.

Left unchecked, COVID-19 was projected to kill roughly 42,000 Hoosiers and 77,000 Ohioans. Using standard estimates of the statistical value of life, these losses would cost each state as much as a year's worth of GDP. The low range estimates are close to 8 months' worth of GDP in each state. The health care costs of those likely hospitalized from the virus would be several times

the budget of all state governments. These are unimaginably high, global virus levels of virus costs.

Against these estimates, state governments instituted shelter-in-place orders. These orders supplanted individual household decisions to socially distance, closing nearly every business that did not supply lifesaving goods or services. Even as some businesses are able to return to limited service, the economic damage is clear.

The share of unemployed workers in both Indiana and Ohio will likely exceed those of the worst days of the Great Depression, and economic activity in 2nd quarter is projected to decline from 15



percent to 40 percent. Thus, the cost of a shelter-in-place through the end of 2nd quarter 2020 is as high as ten percent of the economy of both Indiana and Ohio.

In making a comparison of the benefits versus the costs of the extreme government actions, it is important to think about the uncertainty of these estimates. Clearly the mortality estimates are wrong, as are the GDP estimates. The death toll and loss of economic activity won't round to the nearest thousand or percent. But how wrong would they have to be to argue the government should not have taken the steps they did? By my

rough calculations, both the economic damages would have to be maybe three times larger, and the deaths would have to be overstated by a factor of four. So, both the epidemiologists and economists would have to be wildly wrong, at the same time, in opposite directions. That isn't likely.

One other factor is at play in the wisdom of the shutdown and restarting of the economy. The decision is not symmetric. Starting a shelter-in-place order a day early will have almost no measurable economic consequence over a five-week shutdown. And frankly, delaying reopening by a week will have little economic effect on the tail end of a closure. However, delaying a shelter-in-place could have had deep repercussions on public health.

Taken together, the actions by Governor DeWine and Governor Holcomb should be applauded. They were clearly the right steps, at the right time with the information before them. This should give us some confidence that relaxing the shelter-in-place rules will be similarly thoughtful. In the coming weeks, perhaps as early as this column is published, an increasing number of firms will return to work.

The revival of the economy won't be contingent upon the relaxing of shelter-in-place orders. Employers will be rightfully worried about their workers' health, and are certain to consider legal risks if they fail to take adequate precautions. Likewise, customers are certain to stay away from businesses where virus risk remains high. A return to something akin to economic normalcy will require diminished COVID-19 effects. This means testing capacity that is roughly tenfold higher than it is today, better treatment and a

vaccine.

Until COVID-19 can be controlled, we should anticipate a much lower level of economic activity. This will mean constrained state and local budgets, and an unemployment rate likely to remain higher than that of the Great Recession through the coming months. We should also anticipate significant disruption to normal life, with schools perhaps remaining closed, an absence of sporting events and movies through the summer and into fall. These are grim prognosis, but clearly part of the economic landscape of 2020. 🏠

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*Michael J. Hicks, PhD, is the Director at the Center for Business and Economic Research at Ball State University. Dr. Hicks' views do not necessarily reflect the opinion of First Merchants Bank and First Merchants Corporation.*



### **Managing During COVID-19**

**By Martin Brady**

COVID-19 has had significant impact on our communities, families and businesses. Many of us are working in less than optimal environments, with stress and anxiety levels off the charts. How do you manage in this difficult time?

Here are a couple of things I have been trying:

- **Stay in Touch** – I call everyone frequently. Just checking in, telling people I appreciate them and all the sacrifice and hard work they are doing is important. I also try and understand their perspective on where we are as a team and what we are currently working to achieve.
- **Be Optimistic** – this can be a tough one. I know a couple of folks on my team are shaking their heads because I have not been perfect at

this. The current situation is a big rabbit hole, but optimism can definitely be passed on. Confidence is what helps teams find purpose in their work. This is a key for productivity.

- **Remind everyone to do the best they can** – each day. We are making a team effort to bring our best to our clients and each other. This is a difficult time that will get better, and we need to continue to bring our maximum effort every day.

- **Continuous Updates** – always be communicating. Even when we are hashing over old material, it will help lessen anxiety. Tell people how decisions were made and where we are going. Allow everyone an opportunity to answer questions.

- **Remind your team consistently** – most important item on your list every day – their safety, wellness and welfare.



I think we all need to be realistic with our teams. They understand what is going on around us. Do not shy away from the difficult situation we are currently facing. Without communication, people make assumptions, and that can be a dangerous place to be in an already difficult time. 🏠

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*Martin Brady is a Regional Chief Sales Officer for First Merchants Bank.*



**Let us help.**

**By Gary McNutt**

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*Gary McNutt NMLS: #574806 is a Mortgage Sales Manager for First Merchants Bank. If you would like to reach out to Gary, please feel free to contact him by calling 614.583.2297 or by emailing him at [gmcnutt@firstmerchants.com](mailto:gmcnutt@firstmerchants.com).*

## Be Aware of COVID-19 Scams and Fraud

Unfortunately, fraud-related schemes associated with COVID-19 are on the rise, including a text scam. Fraudsters try to take advantage of times

like this. Please be extra careful and aware. Here are a few reminders to help keep you safe:

- We will never ask you to repeat a code to us over the phone.
- If something looks suspicious, hang up and call us at our Customer Service phone number.
- Do not call back to a different number given to you by a caller claiming to be your bank.
- Do not click on a link or button in an email unless you are absolutely certain that the sender is legitimate and who they claim they are.
- Fraudsters can “spoof” a phone number so that a call or message looks like it is coming from First Merchants. Never call a number that is left in a message that is not our number below.
- Monitor your account closely and notify us if you see anything suspicious.

When you have any doubt or suspicion at all, hang up or exit out of the email and call us at 1.800.205.3464. 🏠

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## Forbes Ranks First Merchants as One of the Top Five U.S. Banks for Third Consecutive Year

Muncie, Ind. – Forbes has released its 2020 list of “America’s Best Banks,” and for the third consecutive year, one of the Midwest’s legacy financial institutions ranked in the top five. First Merchants Bank, Indiana’s second largest financial services holding company, has been rated by Forbes as the country’s fifth best bank.

“This is a tremendous honor and demonstrates



the financial success and future prospects for First Merchants clients,” said First Merchants CEO Michael C. Rechin. “Our clients’ success has and will always be the true barometer of the company’s performance. All First Merchants employees embrace this mentality and commit to providing the highest level of service to our customers and communities.”

First Merchants, rated second in Forbes’ 2019 grading of the country’s 100 largest banks, once again ranks ahead of peers like JPMorgan Chase, Fifth Third Bancorp and Citigroup. The company was rated as the fourth best U.S. bank by Forbes in 2018.

Forbes ranks the country’s 100 largest banks based on 10 metrics related to growth, profitability, capital adequacy and asset quality. Metrics include return on average tangible equity, return on average assets, net interest margin, efficiency ratio and net charge-offs as a percent of total loans. S&P Global Market Intelligence provides data, but the rankings are done exclusively by Forbes. The global media company also factored in nonperforming assets as a percent of assets, risk-based capital ratio and reserves as a percent of nonperforming assets.

In his article, Forbes reporter Antoine Gara quoted Frederick Cannon, director of research at an investment bank for the financial sector, as to why First Merchants and similar banks received such

high marks. Cannon confirmed the advantages of a client-centered approach, saying, “Relationships matter. The small and mid-cap banks have an exceptionally good ability to create personal relationships with their clients. Commercial banking is a deposit rich endeavor. The middle market lenders still have excellent access to low-cost deposits.”

First Merchants has assets of approximately \$12.3 billion and operates 130 banking offices in Indiana, Michigan, Ohio and Illinois 🏦

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## About First Merchants Corporation

First Merchants Corporation is a financial holding company headquartered in Muncie, Indiana. The Corporation has one full-service bank charter, First Merchants Bank. The Bank also operates as First Merchants Private Wealth Advisors (as a division of First Merchants Bank). First Merchants Corporation’s common stock is traded on the NASDAQ Global Select Market System under the symbol FRME. Quotations are carried in daily newspapers and can be found on the company’s website ([www.firstmerchants.com](http://www.firstmerchants.com)). FIRST MERCHANTS and the Shield Logo are federally registered trademarks of First Merchants Corporation.





# ONLINE WIRE TRANSFER PROMOTION



We want to make it easier to bank with First Merchants. During this time of limited lobby service in our banking centers, we want to make wiring money more accessible to you. With our Online Wire Promotion, we will waive the Wire Module fee for 6 months for new wire clients. If you decide to cancel after 6 months, there will be no cancellation fees. Another benefit of Online Wires, is a reduction in the standard price for submitting domestic or International wires through our Online Banking platform. Wire Transfer is the fastest, safest method to transfer money with the U.S or to a foreign country.

## THE SOLUTION:

### OUTGOING WIRE TRANSFERS:

Wire Transfers may be initiated with First Merchants Business Online Banking via email request or in-person at any banking center. Online Wire Transfers offer the ability to initiate one-off wires and build templates for recurring transactions. You can also upload a batch wire transfer instructions in the Fedline Format.

### Cut-Off Times

	Banking Center	Business Online Banking
Domestic	5:00 pm ET	5:00 pm ET
International (US\$)	4:30 pm ET	4:30 pm ET
International (Foreign Currency)	4:30 pm ET	Not Available

### INCOMING WIRE TRANSFERS:

Incoming wire transfers are promptly posted to your account.

- Cut- Off Time for Same Day Credit: 6:00 pm ET
- Domestic Wire Transfer Instructions:

First Merchants Bank                      Muncie, Indiana  
 Routing & Transit Number:              074900657  
 Beneficiary Account Number: (Your Account Number)

- International Wire Transfer Instructions – First Merchants is a member of the SWIFT Network; which will allow your money to arrive faster to your account.

First Merchants Bank                      Muncie, Indiana  
 SWIFT Code (BIC):                              FMECUS33  
 Beneficiary Account Number: (Your Account Number)

- First Merchants Address: 200 E Jackson St, Muncie, IN 47305





# REMOTE DEPOSIT CAPTURE PROMOTION



We are making it easier to bank with First Merchants. With these uncertain times as the nation deals with the impact of COVID-19, we are thinking of ways we can help you save time while protecting yourself and your team. Now through May 31<sup>st</sup>, we are offering a Remote Deposit Capture promotion in which we will waive the monthly fee for a period of 6 months. There are no cancellations fees should you decide it wasn't the right solution for you.

## CONVENIENCE:

- No need to manually create a deposit ticket.
- Extended deposit deadline: 6:30 pm EST to receive same day ledger credit. Deposits are subject to bank Availability of Funds Disclosure schedule.
- The digital image archive allows you to view deposited checks for up to 60 days.
- Deposit to multiple accounts and entities.
- Transaction data and check images can be exported for customized reporting or uploaded to accounting software.

## IMPROVED CASH FLOW:

- Make deposits as you receive checks for faster availability.

## SECURITY FEATURES:

- Unique ID's, passwords, and administrative controls for each user.
- Encrypted transmissions to reduce potential for fraud.
- Automatic software updates are included with the service.
- Annual survey to ensure compliance with operating guidelines.

Please contact Treasury Management Solutions at 1-866-833-0050 to find out more.

## ATTENTION

Currently our banking centers are servicing the majority of our clients' needs through our drive ups and digital channels. The banking centers that have a drive up are our Reynoldsburg, Grandview, Reed Rd, Sawmill, Clintonville, Graceland and Karl Rd locations. Every banking center does have the ability to set appointments for transactions or assistance from a banker that cannot be achieved through our other channels. Please call your local banking center for any questions or concerns during this unprecedented time

### Visit One of Our Convenient Locations



**Clintonville:** 3245 N. High Street – 614.408.0470

**Graceland:** 5090 N. High Street – 614.408.0480

**Grandview:** 1460 Grandview Avenue – 614.486.0700

**Karl Road:** 1616 E. Dublin–Granville Road – 614.408.0410

**Olentangy:** 3650 Olentangy River Road – 614.583.2200

**Reed Road:** 4621 Reed Road – 614.486.9600

**Reynoldsburg:** 6950 E. Main Street – 614.408.0375

**Sawmill:** 5811 Sawmill Road – 614.408.0274

**Tremont Center:** 2130 Tremont Center – 614.486.9000