

BANKNOTES

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Are You Receiving Our Marketing Emails?

Often, customers may not receive emails from CNB Marketing 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 cnbmarketing@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.

JENN'S CORNER

Focusing On Our Future

by Jennifer Griffith, Regional President



First Merchants Bank recently completed its 15th acquisition since Merchants National Bank incorporated in 1893. By reference, Commerce National Bank was the 10th in a string of well-executed, well-designed mergers. We are proud of our community banking roots and remain focused on each of our local markets. Take a look and see how our family has grown!



Today our company does business in five distinct regions, operates over 112 banking centers in three states and proudly serves more than 180,000 customers.

We have several exciting announcements planned for this year, including an upgrade to our online banking platform and the added convenience of banking centers with ATM access. We look forward to sharing many more milestones with you for many years to come! ■

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

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Alicia Murphy

Customer Suggestions
Cathy Dieckman

**Deposits, Loan Payments,
Inquiries, Stop Payments**
Logan Boone
Jan Patton
Patty Davis

Loan Payoff Requests
Lynn Luciano
Becky Gonda

Lockbox
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Cash Management
Jennifer Wehrly

Merchant Services
Phyllis Richards

Security Concerns
David Benjamin

Telephone Banking
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Wires
Mindy Beck

Wires Fax Line
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CHOOSE THE POSITIVE

Enthusiasm

by Todd Fulton, Relationship Manager



Enthusiasm is defined as an intense and eager enjoyment, interest, or approval: synonyms include eagerness, fervor, passion, zeal and zest. None of these appropriately describe my attitude as I am getting ready for work on a typical Monday morning, especially as we slowly claw our way out of a particularly rough winter. However, enthusiasm is exactly what we need in order to have true success in our daily endeavors. After all, wouldn't you call an "intense and eager enjoyment" of our daily work, and our lives in general, a monumental success?

Enthusiastic people are easy to spot. They are always so positive and very rarely get emotionally sidetracked by the small stuff. They tend to have an ability to see the good in almost anything. They are relentless in their desire and efforts to accomplish specific tasks or goals. They believe that what they are doing will lead to success, regardless of the odds.

Take a look at the men's college basketball teams that made it to the Final Four this year. Sure, there is a great deal of talent on display. There are the young and exceptionally talented freshmen on the Kentucky and Duke basketball teams. The older, more refined and tested skills of the Wisconsin and Michigan State teams are equally impressive. However, the one trait shared by all of the teams is enthusiasm. They have a passion and a zeal that has carried them to the ultimate goal of every college basketball player – the Final Four.

So, how does one become enthusiastic? It would be simple to fall into the trap of suggesting that some people are just born this way. It is true that our environment has helped shape our general disposition; however, it does not in any way limit our ability to be enthusiastic. Enthusiasm is based on the choices we make. We must choose to see things through a different set of lenses. Instead of seeing challenges, we must choose to see opportunity. Instead of begrudging the

daily grind, we should choose to be thankful to have a daily grind. Instead of worrying about what we don't have, we need to be content with what we do have.

I recently came across an old poem on Enthusiasm that I first read in high school. A search on the poem gives credit to several different people, so I am not sure who to credit:

Enthusiasm

*That certain something that makes us great –
That pulls us out of the mediocre and the
commonplace –*

That builds into us Power.

It glows and shines –

It lights up our faces –

*It is the keynote that makes us sing and
makes other sing with us.*

Enthusiasm

The maker of friends –

The maker of smiles –

The producer of confidence.

It cries to the world "I've got what it takes."

It tells everyone that our job is a great job –

The house we work for suits us –

The goods we have are the best.

Enthusiasm

*It changes a dead-pan salesman into a
producer.*

A pessimist into an optimist.

A loafer into a go-getter.

Enthusiasm

If we have it, we should thank God for it.

*If we don't have it, we should get down on our
knees and pray for it.*

Enthusiasm is not something you are born with. It is not something you can purchase or earn - and you are certainly not entitled to have it. It is something that has to be chosen. Choosing to be enthusiastic is choosing to approach life with a greater sense of optimism and energy. The effect of our approach will act as a contagion on those around us and can lift up entire teams and organizations to a much higher level of performance. With the frustrations of Winter coming to a close, being firmly entrenched in the

CONSUMER CORNER

With the warming temperatures and summer ahead, Commerce National Bank is running some great promotions. Is a HELOC right for you? We have a limited-time offer on a HELOC. Are you looking to refinance your home? Look no further! If you owe less than \$150,000 on your home and would like to get cash out or refinance, a Smart Home Refi could be what you are looking for.

Call us today at 614-583-2200 to find out more about our HELOC promotion and Smart Home Refi. 🏠

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FOR A LIMITED TIME ONLY, ENJOY ONE GREAT RATE.

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- ▶ Cover tuition
- ▶ Take a vacation
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APR

PROMOTIONAL 6 MONTH RATE then,

3.25%*
APR

CURRENT RATE AS OF 4/1/2015
With a credit score of 740 or higher

Is a HELOC right for you? Ask us today!

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* After 6 months, the promotional rate will revert to the Prime Lending Rate or the Prime Lending Rate plus a margin. This rate will be determined based on your credit score. Home Equity Line of Credit rates are variable and subject to change based on fluctuations in the Wall Street Journal Prime Rate. Maximum 25% APR. Homeowners insurance required. Offer valid on applications received on or before 9/30/2015, for credit scores 660 and above, for new HELOC or with an increase on existing HELOC of \$10,000 or more with maximum combined loan to value of 89.9%. \$75 annual fee is waived the first year. Normal credit underwriting standards apply.

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+

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If you owe less than \$150,000 on your home and would like to get cash out or refinance, our Smart Home Refi could be the right answer!

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Limited time offer. Rates, terms and conditions effective as of 3/2/15 are for sample purposes only and subject to change. 180 monthly payments of \$7.40 per \$1,000 borrowed. Payment sample APR is 4.02%. Subject to credit approval. Other restrictions may apply, see bank for details.

Limited time offer. Rates, terms and conditions effective as of 3/2/15 are for sample purposes only and subject to change. 180 monthly payments of \$7.40 per \$1,000 borrowed. Payment sample APR is 4.02%. Subject to credit approval. Other restrictions may apply, see bank for details.

PERSONAL BANKING

Did You Know?

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



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

you know that we also offer great service and product solutions to meet your everyday personal banking needs? Following are some of the product solutions you will enjoy when you bring your personal banking to Commerce while being supported by the same great customer service:

- Online Banking with FREE Bill Pay and FREE external transfer bank accounts you own elsewhere

- Convenience of banking whenever – and wherever – you choose through our Mobile Web, Text Banking or Mobile App
- Ease of depositing using Mobile Deposit within the First Merchants Mobile App
- Gold Standard Rewards™ – earn points by using your debit card for everyday purchases
- Safe Deposit discount and Certificate of Deposit bonus with a First Preferred account
- 0.25% discount on installment loan products with auto pay from your Commerce account

In addition to a variety of checking account options to meet your personal banking needs, we also offer regular & money market savings accounts, Certificates of Deposit (CDs), Health

Savings Accounts and Retirement/IRA CDs. For your personal lending needs we offer a full line of consumer loans including home equity, auto, boat, RV, motorcycle and deposit-secured loans. We are a full service bank ready to meet all of your business and personal financial needs in one place. Let us help make your personal banking as easy and convenient as your business banking.

If you would like to know more about any of our personal banking product solutions, please give us a call at (614) 583-2200 or visit us online at <https://www.firstmerchants.com/personal> 🏠

The How and When of a Federal Reserve Rate Increase

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



There is much speculation over the timing of the Federal Reserve's decision to raise interest rates. One common approach by Fed watchers is to parse every word and statement to

define the moment rates will rise. Another is to understand the economic models the Fed is using to guide policy. Obviously, as an economist, I prefer the latter approach, and so here's my explanation of the models.

First, all things being equal, any increase in interest rates will slow economic growth. Interest rates are the price of borrowing for capital investment and the law of demand will be obeyed. Higher borrowing prices means less investment, lower employment growth and other unwanted side effects. Of course, no one wishes this to occur, but the inevitable alternative would be the risk of higher and accelerating inflation, which is a two-part problem. Higher inflation reduces the value of bonds and currency, while accelerating inflation tends to severely dampen business and household investment. So, a one-time bump in inflation would make savers and lenders worse off, while accelerating inflation could well move the economy into recession. Any student of American monetary history can identify a number of recessions caused by raising rates, and at least one (1981) caused by an effort to stem the growth of inflation.

To better understand this, the Federal Reserve macroeconomists construct models that vary from region to region. They all do some of the same things. They each model financial markets such as stocks, bank lending and bonds. They each measure markets for household consumption of durable and non-durable goods. They also examine labor markets.

It is worth noting that all these models may be described as new-Keynesian. This is because they all rely upon reasonably intelligent humans, who are self-interested but not all-knowing. They also assume in their models that labor

markets in particular show slow and variable adjustment rates. These slow rates are caused in part by imperfect knowledge about the current state of the economy. Because of this, the Federal Reserve may influence short run economic activity by varying interest rates. This reduces the cost of borrowing, which in turn lifts investment and hiring.

One great concern clouding this is that today the U.S. economy is in the midst of a very tepid recovery. Overall, growth rates are unusually slow, home building remains at historically low rates, large numbers of workers have exited the formal labor force and governmental debt layers an implicit brake over the long-term prognosis for growth. So, Fed decision makers want to squeeze as much growth out of the economy as they can before raising rates.

The models say that we can wait some time to raise rates before inflation begins. This is partly due to lower energy costs, partly due to weakening world economic conditions, particularly in Europe and partly because labor markets are worse than the unemployment rate suggests. The energy costs and world economy are no news to most readers, but the labor market problems are far less visible. While employment has risen, and unemployment rates declined, there is still significant slack in labor markets. Workers who have exited the formal labor market are not counted in unemployment rate statistics, but may be lured back to work as the economy improves. The result has been a large growth in employment accompanied by growth in the unemployment rate. This confusing scenario means that the unemployment rate is a poor marker of economic performance. For this reason, economists have to add estimates of labor supply to their models. These suggest there are millions of workers waiting in the wings for an improving economy.

So, from a purely labor market perspective, interest rate increases may not happen this year. The market for goods is less important to the decision, but financial market models tell a concerning story.

Interest rates have been so low, for so long, that an increase in Federal Reserve rates or an unanticipated spike in inflation could lead to a dumping of Treasury Bonds and a large spike in U.S. dollar valuation. This would pummel U.S. housing and weaken exports. However, we have no historical examples of this to calibrate the models, so count on the Fed to weigh this in to their timing calculus. The longer they delay, the stronger they view financial markets and the weaker they view labor markets. An early rate hike signals the opposite worry.

In March, the Fed forecast downgraded 2015 GDP growth to 2.5 percent, which is beneath my 2015 forecast for the U.S. economy. This combined with weakening manufacturing and continued sluggish economic performance overseas suggests that a rate hike is not imminent. Moreover, should the Fed move to raise interest rates this year, they will not be aggressive with their rate hikes.

Dr. Hicks' views do not necessarily reflect the opinion of Commerce National Bank or First Merchants Corporation.

CONGRATULATIONS

We Are Proud of the Company We Keep

We would like to congratulate the following clients on a job well done this past quarter. Keep up the great work!

- **The Flag Lady** – For being featured in the *Columbus Dispatch*
- **Steve English & Craig Crotinger** from **Leaders Moving and Storage** – *100,000th move since opening business more than 20 years ago!*

Community Kitchen Volunteer Day

Commerce National Bank had its first community day of 2015 at Community Kitchen located in Columbus, Ohio. Community Kitchen is a soup kitchen that serves breakfast and lunch Monday through Saturday to people in need. Tom Dunson, Lynn Luciano, Sally Schwab, Phyllis Richards and Evan Nicholson were the five CNB employees who volunteered on Tuesday, March 3rd from 8am to 2pm. They helped prepare and serve both breakfast and lunch. It takes a lot of preparation and hard work to feed as many people as Community Kitchen does every day. Our CNB volunteers were amazed at how much hard work and effort it takes to keep the Community Kitchen running smoothly. Here is what our employees had to say about their volunteering opportunity:

Tom Dunson- *"The planning and coordination that goes on behind the scenes was something I have a new appreciation for. So much goes into the daily preparation to feed all these people. It is extraordinary."*



(From Left: Evan Nicholson, Tom Dunson, Sally Schwab, Lynn Luciano, Phyllis Richards, and Robin Fisher of Community Kitchen)

Lynn Luciano- *"Volunteering at the Community Kitchen gave me a new appreciation for what I have. It puts things in perspective."*

Sally Schwab- *"It was a very humbling experience to help prepare and serve meals at the Community Kitchen."*

Evan Nicholson- *"Having an opportunity to serve those less fortunate was a great experience, and one that I plan on taking advantage of again."*

Phyllis Richards- *"Too often we forget how lucky we are. Volunteering at the Community Kitchen was so much fun and reminded me that 'we can make a living, but what we give can make a life.'"* 🏠

HEALTHCARE ADVICE

Bulletproof Your Practice

by Mark Engle, Manager, Healthcare Business Banking Group



There are many potential "bullets" that can hurt your practice. Some of these are within your control and unfortunately some are not. The important thing is to take steps to protect

your practice, as well as your family, from all of them. This article discusses a few potential risks (or bullets) and how you can address them.

Change in the Economy – You should anticipate changes in the economy so you are not caught off guard when there is a slow-down or a recession such as we experienced in 2008/2009. The economy is cyclical and, while it is strengthening now, it is sure to change in the future. Commit time to consistently meeting with your advisors like your accountant or practice consultant. As you put effort into your top line growth, be sure to also focus on the bottom line. By effectively managing expenses you can improve your net income and increase your practice value. Be diligent about understanding your practice value and practice equity. Don't

over-leverage your practice by borrowing more than your current cash flow supports, then manage your spending habits and build up your personal and business savings.

Death/Disability/Lawsuit – Check with your legal counsel as well as your accountant to confirm you have the proper entity established for your practice. Most practices are set up as an LLC or an S-Corporation. Your particular situation will dictate what is necessary, and keep in mind that proper entity formation should include liability as well as tax considerations. As your practice grows (and as your family grows) you will need to review your insurance coverage. From a personal perspective, you will want to make sure you have sufficient life and disability insurance that covers your family and allows them to maintain a particular lifestyle and ongoing living expenses. From a business standpoint, you will want to have separate life and disability policies to cover any debt owed on the practice, as well as office overhead coverage to continue to pay staff, rent, and operating expenses on a short-term basis in the case of a disability. Of course sufficient malpractice

is needed to protect against any legal claims resulting from a clinical procedure.

Unproductive Staff – Increasing net income is a lot easier when you have an efficient and productive staff. An unproductive staff can have a negative impact on your practice performance and financial results. Be selective when hiring employees and invest in their initial training as well as ongoing development. Your staff is the greatest asset you have in your practice, from an expense standpoint as well as a productivity standpoint. Establish systems in your practice that the staff will execute, and make sure they understand their role in creating a successful business. Your commitment to patient care is only part of building the identity of your practice. You need a strong staff to deliver an exceptional patient experience, which will lead to referrals and new patients.

Feel free to contact me at (513) 794-7457 if I can help you take steps toward making your practice financially bulletproof. 🏠

PREPARATION TO WIN

Spring into Action

by Andy Merrill, Relationship Manager

March Madness, Daylight Savings, The Masters, Easter. The sound of any of these words brings to my mind the beginning of Spring and the start of a new chapter in the year. Teams have battled through countless hours of practice and game time leading up to the finale where every possession matters in the one and done tournament. Cold, gray skies give way to longer days of sunlight and changing colors as leaves begin to blossom and the first sprout of flowers are evident.

Golfers have spent their off-season preparing and qualifying for the first major championship of the year, to perform their best on the highest stage. Faithful across the globe celebrate as a

Lenten season of sacrifice culminates with the joy of Easter Sunday. A regenerated spirit of life can be felt.

One quarter of the year is complete, and just as these scenarios place emphasis on action, our professional lives are impacted in much the same way. We have all spent the last several months closing out 2014 and celebrating our successes while budgeting for 2015 and strategizing how to best excel in the New Year. Our preparation has laid the groundwork that our behaviors must now execute.

I am reminded of a quote from the well-known book 'Good to Great,'

"Greatness is not a function of circumstance."

Greatness, it turns out, is largely a matter of conscious choice, and discipline."

By choice, we have each set out on a path toward success this year. Whether in our personal lives or our business engagements, we must now remain disciplined to accomplish our plan. The shot clock is ticking, but Spring is the perfect time to remind ourselves where we hope to be and take the necessary actions to get there. 🏠

SECURITY & TECHNOLOGY

The Business Email Compromise

by Bill Tucek, CISM, CISSP, CISA, Information Security Officer, First Merchants Bank

According to an online statement from the Internet Crime Complaint Center (IC3) and the FBI, nearly 2,000 individuals have fallen victim to a wire payment scam across 45 countries, which has led to an estimated loss of \$215 million.

In response to the wire payment scam, law enforcement agencies are issuing a widespread warning about a large-scale operation that is tricking employees at both small and large businesses, called the Business Email Compromise.

"The Business Email Compromise (BEC) is a sophisticated scam targeting businesses working with foreign suppliers and/or businesses that regularly perform wire transfer payments. Formerly known as the Man-in-the-E-mail Scam, the BEC was renamed to focus on the "business angle" of this scam and to avoid confusion with another unrelated scam."

How can businesses prevent this? First, by

becoming aware of the characteristics of such an attack.

The IC3 has noted the following characteristics of BEC complaints:

- Businesses and personnel using open source email are most targeted
- Individuals responsible for handling wire transfers within a specific business are targeted
- Spoofed emails very closely mimic a legitimate email request
- Hacked emails often occur with a personal email account
- Fraudulent email requests for a wire transfer are well-worded, specific to the business being victimized, and do not raise suspicions to the legitimacy of the request
- The phrases "code to admin expenses" or "urgent wire transfer" was reported by victims in some of the fraudulent email requests

- The amount of the fraudulent wire transfer request is business specific; therefore, dollar amounts requested are similar to normal business transaction amounts so as to not raise doubt

- Fraudulent emails received have coincided with business travel dates for executives whose emails were spoofed
- Victims report that IP addresses frequently trace back to free domain registrars

Additional information on how to protect your business can be found at IC3's site here: <http://www.ic3.gov/media/2015/150122.aspx> 🏠

WE ARE NOW A MEMBER OF THE SWIFT NETWORK

We are pleased to announce that our parent bank, First Merchants Bank, N.A. has joined the SWIFT network. With SWIFT connectivity, we can now **receive incoming** international wire transfer messages directly. Having our own SWIFT code will result in faster receipt of funds for you.

Our SWIFT information is:

BIC Code: **FMECUS33**

Institution Name: **First Merchants Bank, N.A.**

City: **Muncie, Indiana**

If your company does business with international clients, please provide them with the information above so that you can receive your international funds in a quick and easy manner.

Please contact **Jennifer Wehrly at 614.583.2121** or our **Business Solutions Team at 1.866.833.0050** if you have any questions or need additional information.

SAVE THE DATE

Spring Seminar: "CEOs: Get Your Sales Boogie On!"

Please join us on **May 28th from 8:00 - 10:00 AM at the OSU 4H Center** for our annual Spring Seminar. This spring we will be featuring Gretchen Gordon, Founder and President of Braveheart Sales Performance. Gretchen is a sales leadership speaker for presentations geared specifically toward business owners, CEOs and presidents of middle market companies.

Gretchen will present an upbeat session directed toward business owners and CEOs to help you drive revenue growth immediately. Whether you are the sales team, manage the sales team or have a well-developed sales leadership team, this program will provide you with an efficient and effective way to help drive growth. *More details to come.*

INCREASE YOUR AWARENESS

How to React to Increasing Interest Rates

by Bill Ingham, Relationship Manager, Healthcare Business Banking Group

I am excited and thankful to be joining Commerce National Bank (CNB) in the healthcare business banking group. I grew up in the suburbs of Cleveland and attended Ohio University, graduating in 2005 with a degree in Economics. My wife and I have a daughter named Maeve, and are expecting our second child on April 14th.

Previously, I worked at a very large financial institution in the healthcare field for almost ten years. My excitement stems from the knowledge that I am now representing a financial institution that has a strong presence in the commercial healthcare lending community of Central Ohio. I'm also excited because I am planning on growing our footprint outside of Central Ohio and beyond. I am thankful because now I can

spend more of my time focusing on the needs of my clients and handling what they need, when they need it.

I also want to discuss a topic that has been kicked around for many years; interest rates. Interest rates have been at record lows for years as the Federal Reserve Bank wants to keep the economy strong and limit the cost to the direct consumer. More reports and announcements are being made that rates are going to increase in 2015 and it makes me think that it will happen here shortly. This means that now is the time to make a move in your practice. If you have debt on your practice or building and want a lower rate, now is the time. If you have been putting off purchasing an office or buying new equipment, now is time. Depending on the

amount of practice debt you have, lowering your rate could save you thousands of dollars. CNB is also able to consolidate practice loans into one low monthly payment. If you aren't sure about whether you would save money, we can evaluate your situation at no cost and give you an honest answer.

Your practice has too many moving parts to mention, and getting the most out of each part can be difficult. If you can take the time to optimize your practice debt, you won't have to worry about it any longer, and you can spend more time on building your practice the way you want it. 🍷



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(614) 583-2200

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www.commercenationalbank.com



DON'T WAIT

The Time to Buy a House is Now

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



Purchase season is here once again.

Right now is a wonderful time to purchase a home. Economists are saying that if you are planning on buying a home you need

to do it soon. The reason why is because two things are going to be on the rise in the near future. One is **Rates** and the other is **Purchase Price**. Right now we have interest rates below 4% at 4.2% APR on a 30-year fixed. Next year at this time rates are expected to be at 4.7% at 4.9% APR. On a \$200,000 mortgage that is a difference of \$100 a month. Home prices are expected to appreciate about 4% this year as a national average. For example, if you buy a house today for \$200,000, the same house next

year will have a cost of \$208,000. With this in mind, this should be a great Spring to purchase a new home.

Here at Commerce National Bank we want to make your home buying or refinancing experience as enjoyable as possible. I am proud to announce we have two new products to help with that.

The first is the Smart Home Refinance or Purchase. This is typically for someone who has been in their home for awhile and has paid down their mortgage balance or even owns their home free and clear, a person who wants a lower rate on their mortgage, a person who would like to shorten their mortgage term, someone who has other debts to consolidate along with their mortgage, or someone who does not have a mortgage but would like to borrow for a specific purpose on a low fixed rate term.

The second new product is called the Home Owner Initiative. If you are a first-time home buyer or know someone who is getting ready to buy their first home, let them know about the Home Owner Initiative. A first-time home buyer may be eligible for a grant of up to \$10,000 in assistance for down payment and closing costs on their first home. The buyer must contribute \$1,000 of their own funds. The customer must have a household income of 80% of the HUD median income for the country to qualify for the Home Owner Initiative.

If you are interested in refinancing your current home or purchasing a new home, please contact me or Kyle Dynes NMLS# 223558 at 614-583-2200.

