

# 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](mailto: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

### New Year, New Partnerships!

*by Jennifer Griffith, Regional President*



**A**s we kick off the start to the new year, I am excited to witness your continued success in 2015! We've seen a lot of great business activity in central Ohio, including

transition plans, development, revenue growth, and an energized business community. Our team is eager to partner with you throughout another prosperous year!

I am also pleased to share with you some expected changes for Commerce. We recently announced Cooper State Bank is planning to join Commerce National Bank and the First Merchants family! On Tuesday, January 6<sup>th</sup>, First Merchants Corporation and C Financial Corporation announced they have executed a definitive agreement whereby Cooper State Bank, will merge with and into First Merchants Bank, NA.

Not only will this merger bring our combined assets to \$6.0 billion, but it will add six banking centers to our footprint here in Columbus, Ohio. The transaction is expected to be completed in the second quarter of 2015 subject to regulatory approvals and other customary closing conditions. The combined financial institutions expect to complete the integration during the third quarter of 2015.

The combination of our two well-respected companies provides an excellent opportunity in what has become a very competitive and highly

regulated industry. The partnership between Cooper State Bank, Commerce National Bank and First Merchants is a natural fit. Once the integration is complete, our united companies will be positioned to deliver the best of Commercial Banking and Retail Banking to the Columbus, Ohio market place!

Our business begins and ends with people. I'm convinced our new partnership will prove to be mutually beneficial for our communities, clients and employees. Cooper State Bank and Commerce, through combined strengths, will support our ability to provide exceptional service, even more access and an enhanced overall banking experience for you – our clients.

Almost twelve years ago, we announced our excitement to join the First Merchants family (First Merchants Bank, NA, First Merchants Trust Company and First Merchants Insurance Group). Since then, we've continued to grow, invest and protect the financial health of our company. "The Strength of Big and the Service of Small" is our promise to you that we will keep decision makers local, customer service our highest priority, and maintain our commitment to the communities we serve.

We are still in the early stages of this exciting journey and will continue to share information regarding changes as they become available. We look forward to an exciting 2015 with you and wish you abundant blessings in the New Year! 🍀

## 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

Lynn Luciano  
Becky Gonda

### Lockbox

614-583-2155

### Cash Management

Jennifer Wehrly

### Merchant Services

Phyllis Richards

### Security Concerns

David Benjamin

### Telephone Banking

614-583-2155

### Wires

Mindy Beck

### Wires Fax Line

614-583-2157

## SECURITY & TECHNOLOGY

# 2015 Security Predictions

by Clyde Hague, CISM, CISSP, Information Security Officer, First Merchants Bank

Like other organizations at the end of every year, many security companies will publish their predictions for Information Security and Cybercrime. Some of the predictions are, well...predictable. Others give us insight into how we can protect ourselves, and some are just interesting to see if they come true. These lists are meant to give you knowledge and, if needed, be able to determine your risk exposure and ultimately prepare yourself and your business. The silver lining is that it appears the good guys are really trying to work together to combat the criminals, more money will be spent, and the result could potentially be a more secure environment for all of us. Unfortunately, Forrester finds that only 21% of enterprises surveyed report that improving incident response is a critical priority. Looking at the list below you will find a common theme: 2015 will be more of the same of what we have seen the last couple of years. Here are some highlights for 2015 that you may want to keep an eye on:

**1. The Internet of Things (IOT)** – These are devices that people do not normally consider to be “computers” that hook to the Internet and can be accessed. Think thermostats, door locks, refrigerators, cars, etc. While these connected devices will have useful features that we like, the prediction is that there will be vulnerabilities that were overlooked that allow criminals to take advantage to their benefit, causing the cyber threat risk to increase. Gartner estimates that there will be 4.9 billion connected “things” in 2015, up 30% over 2014.

**2. Geo-political Cyber Threats** – We have seen possible real life attacks already in Sony just recently. Other potential attacks on the nation’s infrastructure, banks, and private businesses are a real threat. Distributed Denial of Service (DDoS) will continue to rise as a threat. Nation states will continue to evolve and accelerate their attacks.

**3. Legacy Vulnerabilities** – Older code issues are being discovered and the media has picked up on it as a threat and are letting everyone know. Cyber criminals will continue to look for and take advantage.

**4. Healthcare Providers** – Our health

information is very valuable as it can provide access to bank accounts, identity theft, and help in obtaining prescription drugs. Many healthcare providers will need to strengthen their defenses as the criminals will continue to pursue this information.

**5. Phishing and Fraudulent E-mail** – More of the same. Many times a phishing e-mail is the starting point for a breach. Educate yourself, your family, and your employees on recognizing and just deleting unexpected e-mails, no matter who the sender is.

**6. Mobile** – Android is a favorite target of the criminals, but trends are suggesting the Apple’s iOS will get hit by phishing attacks and malware on a larger scale than ever before.

**7. Mobile (Again)** – People (you and me) will continue to give up our privacy for a nice mobile app and the app developers know it. We give mobile apps permissions that we would never have dreamed of a few years ago to watch what we do and transmit data to the app author. Why do we do this to ourselves?

**8. Mobile (Yet again)** – We are storing more and more of our personal and confidential information on our smart phones. We leave them on 24 hours a day. Many do not use basic security on them. It’s no wonder the bad guys are increasing their attacks on our phones.

**9. Mobile (Do you sense a trend here!?)** – The interest in mobile payments will continue to rise due in part to the increased security features of Apple Pay and similar efforts by other competitors such as Google.

**10. Ransomware** – Criminals will continue to infect systems (see point #5) and hold systems hostage demanding payment.

**11. Passwords** – Passwords are notorious for their weakness. People don’t like them (they have too many of them) and make them as easy as possible. Efforts will continue to fix this situation and change the way we log in. User behavior will become even more important with this as ultimately how we behave online has a direct impact on how secure we are.

**12. Machines** – They will become smarter at seeing threats and protecting us. Their ability to predict cyber attacks will improve detection rates and may be a key to reverse the trend in cyber crime.

**13. Policy and Legislation** – Those designed to protect our privacy may improve.

Sources – Cyberoam – Security Predictions for 2015 (Dataquest, Dqindia Online, December 26, 2014); Symantec's APJ Security Predictions for 2015 - (Information Week, November 27, 2014; Business Insider India, Sulabh Puri, November 27, 2014); CSO as gathered from Gartner and Forrester Research and from Arthur W. Coviello Jr., executive chairman of RSA (Taylor Armstrong, December 15, 2015). 🏠



## REGISTER TODAY!

Have you registered for the 2015 CNB Economic Forecast with Dr. Hicks, yet? Time is running out! This year's forecast will be on Thursday, January 15<sup>th</sup>, 2015. Dr. Hicks will be presenting a National, Midwest, and Local forecast for the year 2015.

Call Brittany Lang at 614-583-2040 to register today. 🏠



## Commerce National Bank

A Division of First Merchants Bank, N.A.

Commerce National Bank is happy to have Michael J. Hicks, PhD, back to provide a forecast of national activity and economic growth in selected Midwest states, followed by a detailed forecast of Ohio and the Columbus Metropolitan Area's economy.



Nearing the end of 2014, the condition of the US economy remains masked by contradictory data points. The stock market continues to see high prices, while wages remain stagnated or falling for more workers. Despite the data, the US economy seems to be improving. Will 2015 also be a year for growth? Come join us in January and listen for yourself.

*Dr. Hicks' views do not necessarily reflect the views and opinions of Commerce National Bank.*



# Will 2015 Finally be a Year of Strong Growth?

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



For close economy watchers, 2015 is beginning to look like a period of sustained, stronger growth. Why that is, how it can be sustained and what might derail it are questions to consider as we think about the New Year.

Economic data has consistently improved throughout the last year. First quarter of 2014 was a recession-like disaster, with GDP declining 2.1 percent. While some of this was weather related, the implementation of the Affordable Care Act and some persistent concerns in labor markets offered little joy for 2014. Third quarter numbers saw some improvement, and by mid-December, revisions to preliminary estimates had the U.S. growing at a blistering 5 percent rate. Nationwide, the jobs outlook improved significantly, with hiring topping 200,000 per month for the last six months of the year. The unemployment rate dropped, it appears the decline in the labor force participation rate has stabilized and layoffs have reached two decade lows. So, in many respects, we begin 2015 strongly. The question is why?

Much economic analysis over the past several years has focused on what are called 'structural' problems in our economy. These are weaknesses in the labor force, difficulty in investment capital flows, regulatory imbalance and other issues which constrain growth. Examples of these are ubiquitous elements of any gathering of business leaders. Difficulty in finding trained workers, the challenges in matching interesting projects to bank loans, the cost of dealing with regulatory agencies are just a few of the factors which animate any discussion of today's economy. There is more than a little merit to these worries.

The rapid decline in labor force that has been so acute in many places would naturally challenge expansion plans in many large cities and all rural areas. The loss in labor supply is partly predictable as the baby boom generation retires. It is also partly a surprise as the share of

working adults aged 25-55 has also declined significantly. Part of this may be due to discouraged workers, with low skills and dismal job prospects moving outside formal labor markets. It might also be to overly generous disability and income maintenance programs. It might also be a shift in household dynamics in which a larger share of adults of both genders becomes homemakers and caregivers. For businesses the result of any of these is the same; fewer trained and available workers.

The past several years have seen a dramatic growth in the supply of money, and all local banks report having sufficient funds to lend at interest rates that are historically favorable to borrowers. Still, many projects that would have easily found financing in 2006 struggle today. Part of this is certainly better risk management, but it is probable also that increased regulatory constraints on loan underwriters and heightened financial market regulation have restricted capital flows.

Regulatory uncertainty of 2014 affected many sectors, from mining and construction to business services; but, the known unknowns of the Affordable Care Act meant that the cost of an additional hire was a highly speculative affair in 2014. Moreover, adding employees beyond the 50 worker limit also constrained growth, since small business add all net new jobs in the U.S.

The final big story in the national economy was petroleum prices. With crude oil prices roughly halving in six months, the cost of almost all goods and services declined and commuters enjoyed much better spending power. While this is mixed news for energy producing states, for Midwestern manufacturing and transport it is an unambiguous bit of happy news.

Across the Midwest, manufacturing saw a good year in 2014. If current conditions hold we should see the same throughout 2015, with a concomitant growth in transportation sectors. I've forecasted Ohio to grow at 3.1 percent this year. The question is how much of this growth can be sustained.

Reductions in the unemployment rate nationally suggest the Federal Reserve will act in 2015 to tighten monetary policy. While there is little inflationary pressure, and lower gasoline prices place little pressure on prices, the Fed will be anxious to avoid inflation while delaying action as long as possible. So, it is possible the Fed will keep rates unchanged until 2016, but most observers think the first steps will come later this year. Higher interest rates will tend to slow the economy, so whatever growth happens now will be at risk when the Fed acts. Along with lower rates, the full effect of the ACA is not yet apparent. Policy changes to the ACA are likely – most probably from the Supreme Court, so it is fair to say that what we don't yet know about healthcare will not motivate entrepreneurs to take more risk. Finally, without more willing workers, the recovery will be muted. We cannot grow quickly without sufficient labor, and so places with declining population and poor labor force characteristics will not share in the growth in 2015 and later.

Finally, there are always worries about the economy. Right now the most pronounced concerns are foreign, not domestic. Europe's economy is not robust, with the Mediterranean states locked into depression like unemployment rates. While the northern nations are stronger – which is critical to the Midwest since it is they with whom we trade – the Russian trade restrictions will affect the healthy parts of Europe disproportionately. If Russian warfare is controlled, the world economy is unlikely to damage the U.S. A peaceful Europe should be our strongest wish for a prosperous new year.

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

## Celebrating a Second Year of Cristo Rey Sponsorship!

Commerce National Bank is now in our second year of partnering with Cristo Rey High School. What makes Cristo Rey High School different is their Work Study Program. Each business sponsor has a student team for a school year who each work one full day a week in entry-level positions in addition to taking a full course load. Cristo Rey serves economically disadvantaged students exclusively and is a private-college preparatory school for students that can't afford a private education. The Cristo Rey program works by giving these students work experience in addition to their education and the number of graduates from Cristo Rey that have a college offer is 100%. Of those, 98% attend college. Currently, Cristo Rey has 116 freshman and 70 sophomores in their new building, the 88,000 square foot Discovery District Building that used to house the Ohio State School for the Deaf.



(From Left: Amonjai Duncan, Royshea Hairston, Gabe Aggrey)

Jim Foley, school President said, "The goal is not just to have our students graduate from high school or college. We want to prepare our kids to become leaders in the community, their professions, their churches and neighborhoods."

This school year CNB welcomed students Amonjai Duncan, Royshea Hairston and Gabe Aggrey. We are excited for this school year and look forward to growing with our students! For more information on how to become a business sponsor please visit [cristoreycolumbus.org](http://cristoreycolumbus.org).

## Need Knows No Season 2014



CNB participated in and was a sponsor for the 2014 Salvation Army Need Knows No Season for the seventh year in a row. The Need Knows No Season luncheon was held at the Columbus Convention Center on Thursday, October 30. This luncheon kicks off the 2014 Holiday Season and the Salvation Army's commitment to making the holidays brighter for those in need. This year's honoree was Cindy Monroe, Founder and CEO of

Thirty One gifts. Charlotte Jones Anderson, EVP and Chief Brand Officer for the Dallas Cowboys Football Club and National Advisory Board Chairperson for The Salvation Army was the Keynote Speaker.

The Salvation Army means a lot to many Commerce National Bank employees and their families. The giving and volunteerism doesn't stop after Christmas. CNB participates in Salvation Army events all year and Jessica Gliha, CNB Marketing Director serves on the Salvation Army Board.



(From Left: Cathy Dieskman and Jessica Gliha)

## 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 Wood Companies - *Featured in Business First*
- Katzinger's Delicatessen - *Celebrating 30 Years of Business*
- Dr. Jim Arnold - *Doctor's Choice Awards 2014 Denist of the Year*
- The Bradley Company - *Celebrating 30 years of business*

# 2015 is the Year for Change

by Martin Brady, Regional Chief Sales Officer



Each year the CNB Sales Team gets together in December to go over individual marketing plans for making the coming year a success. This allows us to be accountable to ourselves and our teammates. As a part of this process I have come up with a theme to carry over for each new year.

The theme this year was change. Why change? Change is what we go through all the time. As people, as companies, as families and so on.

Change is what we need to be successful and to remain relevant. In order to get better as people and organizations we need to change.

Change starts with each individual. How are you able to be your best self? 2015 is the year for change. Here are some thoughts:

**C:** Curiosity – Open yourself to new possibilities, observe new ideas and be active rather than passive.

**H:** Hardwork – Put in the effort. This is imperative.

**A:** Attitude – Do not expect great results if you only do the right things once in awhile. Strive to

be positive.

**N:** New – It's a New Year, a New Month, a New Day, a New Hour. There will always be setbacks, focus on moving forward.

**G:** Genuine – Always be your true self. Differences are what allow us to succeed.

**E:** Excellence – Pursue this every single day.

*"Change is the law of life. And those who look only to the past or present are certain to miss the future."* -John F. Kennedy. 🏠

## ENJOY YOURSELF

# Make Your Journey Enjoyable

by Mark Engle, Senior Vice President, Healthcare Business Banking Group



As we start a new year it is good to look back over the past year and learn from our successes as well as our failures. This is also a time to look ahead at the opportunity a new year presents us with.

How will you build upon those successes to make your practice stronger, more efficient, and ultimately more profitable? And then what plans or tactics do you want to implement in 2015 to generate additional growth?

Running a business is a journey, and you are faced with many decisions along the way that will impact the success of your business. Your challenge is to continue moving forward.

As you consider your goals for the new year here are a couple general thoughts that may help you enjoy success.

**1. Do not allow yourself to get overwhelmed with business decisions and do not try to**

**fix everything all at once.** This will create frustration and take the fun out of operating your practice. Instead design a plan, establish a timeline, empower your staff, and engage the guidance of an advisor or consultant. This could be your banker, accountant, financial planner, or management consultant – someone you trust that can help you prepare and execute a plan.

**2. Focus on your personal (and family) health as much as the financial health of your practice.** Many times we get caught up in our career and unfortunately don't give enough attention to our personal life. This could have a negative impact on your business (not to mention your personal life). So spend time with friends and family, and take vacations. Plan this time now before you get too busy and forget.

If you have the guidance of a trusted advisor, and your personal life is a part of your strategic growth plan, you will find execution of the daily tasks become much easier and your journey becomes more enjoyable.

One of the unique demands of being a practice owner is that you are not only a skilled clinician expected to provide quality care, you are also expected to be an equally skilled business person. There are plenty of resources available to help you navigate the business side of practice ownership. Select your advisors carefully and then meet with them regularly.

This year will bring new opportunities your way. For some of you this will be a new marketing campaign, others will have staff changes, and a few may consider buying a new practice. Let me know if I can be of any help in achieving your goals and improving your practice. 🏠

## Introducing American Express Credit Cards Available from CNB

We are proud to announce that Commerce National Bank will now offer American Express Credit Cards! With American Express you can travel more, and earn more, with up to 3X points on travel-related purchases. You can also earn cash rewards which are accelerated with earning power – up to 3% back!

**If you are interested in opening an American Express credit card please contact Commerce National Bank at (614) 583-2200.**



### INVESTMENT GOALS

## Happy New Year: Time for Review

by Jim Keene, Vice President, Personal Trust Officer



I remember being told that time flies as you get older. I now completely understand. It seems as if 2014 went by in the blink of an eye and I'm sure many of you feel

the same way. As we embark on a new year, it's a good time to review your investment portfolio and objectives.

Are your investments helping you reach the goals you've set for yourself? The start of a new year offers an opportunity to determine whether your current asset mix is moving you closer to your objectives and to make adjustments if your investments aren't performing as you expected.

You may be saving and investing for a variety of short—and long—term goals at the same time — a new home, a child's college tuition, your retirement. Over time, the goals you're investing for may change. You may achieve some of your objectives, and new goals may take their place. Reviewing your investments can help you decide whether they're appropriate for meeting your needs, both now and in the future. If you're in

doubt, making changes to your strategy may be the best solution.

Your portfolio review should include a comparison of your investments' performance with appropriate benchmarks. An investment that has consistently underperformed its benchmark can undermine your efforts to reach your goals. If the proportion of stocks, bonds, and cash equivalent investments has changed significantly from the original asset mix you chose, or if your tolerance for risk has increased or decreased, rebalancing can bring your portfolio in line with your current objectives.

We would be happy to assist with your portfolio review. Wishing you a safe and prosperous 2015!

*Please feel free to contact Jim Keene at 765-962-7696 with any questions about choosing and creating a trust for your needs. 🏠*

### SAVE THE DATE

## Recycle-O-Rama Earth Day | April 22

The 6<sup>th</sup> Annual Recycle-O-Rama will again be a spring event at Commerce National Bank. It will be on Earth Day, April 22<sup>nd</sup> from 11 AM to 1 PM. We will continue the "drive-thru" process so you don't have to carry boxes across the parking lot. Please note the 5 box limit on Shred-It materials. After depositing your recycle items, grab lunch from the Leslie's Creperie food truck. A portion of all lunch proceeds will go to the Mid-Ohio Foodbank.

Commerce National Bank is committed to finding green solutions in a business environment. We are pleased to offer our clients the opportunity to recycle old electronics, contribute to area schools and dispose of paper documents and maintain security of information through shredding.



# Commerce National Bank

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## HOME BUYING

# Buying a New Home is Still Cheaper than Renting

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



When deciding to buy or rent, it is important to look at the total cost of living. Right now the average person who rents a three bedroom property uses about 27%

of their household income. To purchase a new three bedroom property, the average person uses about 25% of their household income. During the pre-approval process, we will sit down with you and go over all of your monthly expenses. We will look at all of your income coming in the door compared to all of your expenses going out. We can do a rent-to-own comparison to show you exactly what your new monthly payment will be compared to what you would pay in rent. Your income and credit score will help determine the best loan product for you and your family. Right now is a very competitive purchase market, as inventory is low. The supply of new homes does not outpace

the demand. Typical turn times for houses on the market currently are less than 90 days. We will prepare you to be able to move forward with your purchase transaction as quickly at possible. When thinking about purchasing or renting, you need to ask yourself if you are ready for the responsibility of home-ownership or do you like the convenience of renting. Fair market rents are expected to rise in 2015, and home appreciation is predicted to be around 3% in 2015.

Economists are predicting 2015 to be a good year to purchase a property for a number of reasons:

1. Improving economy
2. Historically low interest rates
3. Home appreciation is steady
4. Decline in distressed bank owned properties

*If you are thinking of buying or selling a home in the next 12 months please contact myself or Kyle Dynes NMLS# 223558 at 614-583-2200.*

