

BANKNOTES

INSIDE THIS ISSUE

- Jenn's Corner — Our Legacy Will Soon Continue As...
- A Night Out With Crew SC
- Pets Without Parents
- We Now Have ATM Locations!
- New Online Business Banking Coming Soon!
- Positive Pay Replacement in July
- Let the EMV Migration Begin
- FMIG Announcement
- EMV - The Security Benefits
- Operation Feed Campaign
- What is the Fed Thinking About Rate Hikes?
- Pelotonia 2015
- Choose the Right Realtor and Sales Officer

JENN'S CORNER

Our Legacy Will Soon Continue As...

by Jennifer Griffith, Regional President



We are excited to announce Commerce National Bank will soon be changing our name to First Merchants Bank! Commerce joined the First

Merchants Family in 2003, a community bank rich in history since 1893. Our name change is only significant in the commitment it represents. We are going to continue to deliver the same great service, with the same great people, only this time in a manner that celebrates one company.

First Merchants Corporation (Nasdaq: FRME) is the largest financial holding company based in Central Indiana. The Corporation includes 113 locations in 26 Indiana counties, two Ohio counties and two Illinois counties. First

Merchants Corporation is also comprised of First Merchants Trust Company. As of March 31, 2015, the total asset size of First Merchants Corporation was \$6 billion.

The commitment to the markets First Merchants serves is unwavering. We are deeply invested in bringing our clients and communities...**more!** As you read through this quarter's edition of BankNotes, I hope you'll take time to review the article about our New Online Banking platform coming in July. In addition, through future communications, you will learn more about how our branch and ATM strategies will provide you with more convenience!

Continue to look for updates as we march forward. Please call me anytime if you have questions at (614) 583-2050. I thank you for your business, you are truly the reason we continue to grow! 🏦

Commerce National Bank

our legacy will soon continue as ...

We are excited to announce Commerce National Bank will be changing its name to First Merchants Bank! Commerce joined the First Merchants family in 2003, a community bank rich in history since 1893. Our name change unites our brand as we continue offering customers, "The Strength of Big. The Service of Small."

Giving You **MORE...**

- Convenience
- Opportunities
- Community Commitment



First Merchants Bank

THE STRENGTH OF BIG THE SERVICE OF SMALL

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.

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

FAMILY NIGHT OUT WITH CREW SC

SATURDAY 5.9.2015



VS

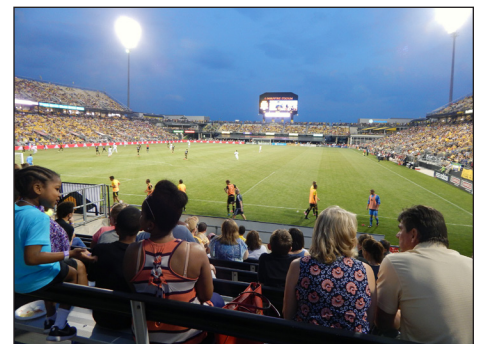


On Saturday, May 9th at 7:30 p.m., Columbus Crew SC took the field at MAPFRE Stadium for a match against Seattle Sounders FC. Commerce National Bank and CS Bank employees along with their families had the opportunity to come to the event and unite as one team, under the First Merchants name for the first time. It was great to see so many employees participate in the event! Commerce National Bank worked with Crew SC to make a great event possible for the employees.

There was a dinner buffet before the game with plenty of options to choose from and it was a good chance to mingle with some new faces.

After dinner, all employees and their families were able to sit in a reserved section to enjoy the soccer match.

Crew SC won against Seattle Sounders FC, with a score of 3–2! The win was the perfect end to a great evening with our new teammates. 🏆



PETS WITHOUT PARENTS

CNB will be hosting Pets Without Parents on Thursday, July 16th from 11:00 a.m. to 1:00 p.m. We hope you can stop by! Pets Without Parents will be set up in the CNB parking lot with cats and dogs that need a home. Pets Without Parents is a non-profit, no-kill, all-breed shelter for dogs and cats.



CONVENIENCE

We Now Have ATM Locations!

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

Commerce is now happy to give you even **more** convenience with six new ATM locations throughout Columbus available for your use. These ATMs are located at the existing CS Bank branches. This includes:

1. Sawmill

5811 Sawmill Road
Dublin, Ohio 43017

2. Karl Road

1616 E. Dublin-Granville Road
Columbus, Ohio 43229

3. Clintonville

3245 N. High Street
Columbus, Ohio 43202

4. Graceland

5090 N. High Street
Columbus, Ohio 43214

5. Grandview

1669 W. 5th Avenue
Columbus, Ohio 43212

6. Reynoldsburg

6950 E. Main Street
Reynoldsburg, Ohio 43068

Keep in mind, you will not be able to go into the physical branch locations to conduct banking. For now, only the ATMs are available at CS Bank branches. Banking at these locations will be available to our customers on October 26th. Please refer to the map below to see where the new ATM locations are available.

We look forward to giving you **more** in these coming months; **more** convenience, opportunities and community commitment!

If you have any questions regarding the ATMs or the newly added locations, please contact Cathy Dieckman at (614) 583-2200. 🏠

VOLUNTEER DAY

Employees Volunteer at Central Ohio Diabetes Association

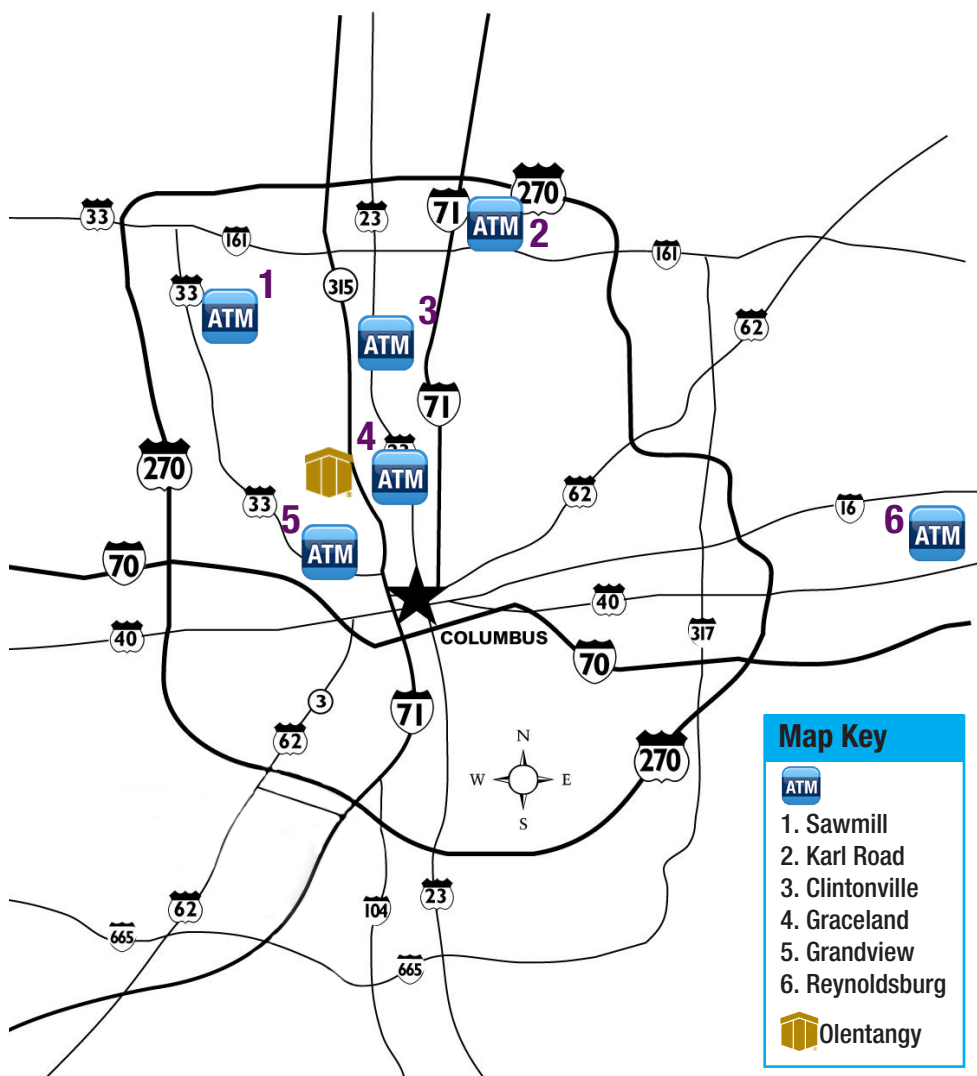
Four employees from CNB volunteered at the Central Ohio Diabetes Association for a Community Service day. The employees were able to help CODA out by preparing and planting a flower bed at the entrance of the office. They were certainly able to brighten the entrance up! Since the garden was a half day project, the rest of time was spent mowing grass, trimming hedges and weeding.

After lunch, the employees took to the phones in the office and offered their time to contact CODA families who have in the past had children attend their yearly summer camps. These phone calls were to inform and educate about the camps and deadlines quickly approaching.

CODA was very appreciative of CNB's help and even wrote the employees who volunteered a thank you note! 📄



Pictured from left to right: Nicole Miller, Lisa Higginbotham, Brittany Lang and Jessica Gliha



New Business Online Banking Coming Soon!

by Jennifer Wehrly, Vice President, Cash Management Sales Officer



First Merchants is pleased to announce that later this summer we're "Giving You More" through online banking and mobile banking upgrades. We believe you'll appreciate and value the enhancements.

We value your business, and look forward to continuing to provide you with "The Strength of Big. The Service of Small." through this investment in technology solutions. We're confident your experience will be all you expect and *more!*

First Merchants Online Banking for consumers is focused on "Giving You More" product improvements and feature additions that are intuitive and easy to use. These improvements include:

- Running balances
- Simpler, easier navigation
- More detailed information at your fingertips
- Enhanced security and *more*

Our new Business Online Banking will be "Giving You More" with a new look enhanced capabilities. A home page or "dashboard" provides quick navigation to your accounts and the tasks you use most. These new capabilities include:

- Additional balance fields and running balance on transaction reports

- Real time account transfers: one-to-one or one to/from many accounts
- User entitlements for all modules and services in one place
- Out-of-Band Authentication to any phone number for transactional approval
- Enhanced security, fraud monitoring, and *more*

We are looking forward to unveiling the new system to our customers! This will be a significant improvement from the old online banking platform. Because of this improvement, Commerce National Bank is offering Business Online Banking demos where you will get a chance to log in during the preview period to experience the enhancements that are coming soon. Any employee who utilizes Business Online Banking can benefit.

The following sessions are available for you to choose from:

- **Tuesday, July 7th**
Lunch 11:30 a.m. - 1:00 p.m.
- **Thursday, July 9th**
Breakfast 7:30 - 9:30 a.m.
- **Tuesday, July 14th**
Breakfast 7:30 - 9:30 a.m.
- **Wednesday, July 15th** - Lunch 11:30

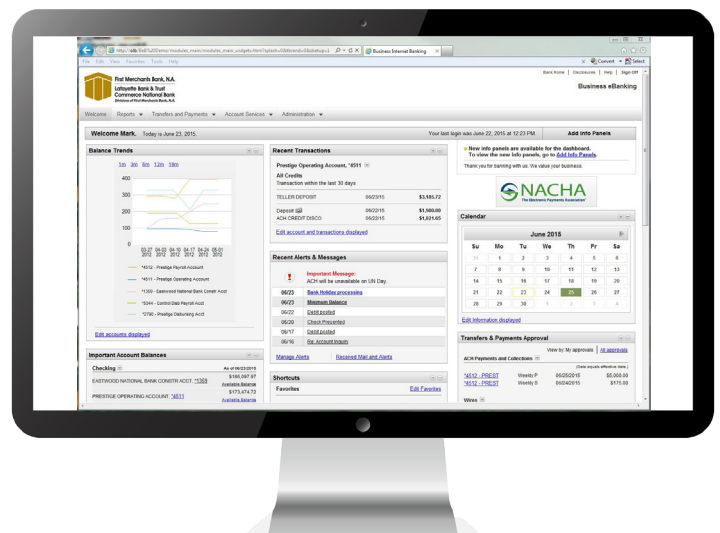
a.m. - 1:00 p.m.

Sessions will be held in the Commerce National Bank cafe located at 3650 Olentangy River Road Columbus, Ohio 43214. This training will be given by Jennifer Wehrly. Breakfast or lunch will be provided. Register soon – space is limited to only 40 individuals per session.

To register for one of these sessions, please contact Jody Shonk at (614) 583-2077 or jshonk@firstmerchants.com

If you are unable to attend an Online Banking demo session, please look for webinars and handouts as they become available in the near future.

If you have any questions regarding the new Business Online Banking coming your way, please contact Jennifer Wehrly at (614) 583-2121.



GIVING YOU MORE

Positive Pay Replacement in July

We are excited to announce that we are replacing our positive pay product at the same time as our online banking. The positive pay product will be integrated into our new online banking platform for easy single sign on.

With the new upgrade, we will now be able to accept issue files in any file format. The deadline to approve or reject any suspect items will now be extended one hour to 1:00 p.m.

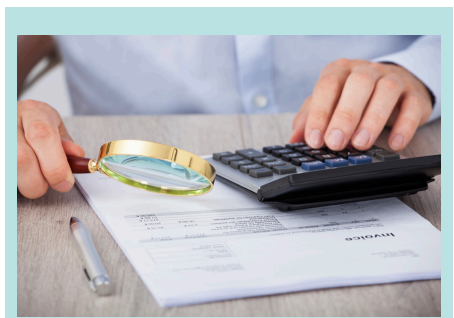
Positive pay is a fraud deterrence tool which assists with the identification of unauthorized checks before they are drawn against your checking account. Examples of unauthorized checks include counterfeit or altered checks.

The benefits of positive pay are:

- Reduce your company's exposure to check fraud.
- Easily integrate with account reconciliation services.
- Internet based image delivery to your desktop streamlines the pay or no pay decision process.

To learn more about the new positive pay platform, please register for one of our Online Banking training sessions noted in the Online Banking article on page 4.

If you have any questions regarding positive pay, please contact Jennifer Wehrly at (614) 583-2121. 📞



Protect your business against check fraud

Positive pay ensures that only authentic and authorized checks are paid from your account.

MERCHANT SERVICES

Let the EMV Migration Begin

by Phyllis Richards, CPP, Merchants Card Services Officer

To make sure we are fully prepared for the EMV (Europay, MasterCard and Visa) liability shift in October, our payment processing partner Elavon is taking every step possible to ensure a smooth transition for our customers, as well as our company.

Fraud and security threats facing consumer payments today is a complex issue that cannot be solved with any single technology. Just recently, Sally Beauty announced it had evidence to suggest it had suffered an illegal intrusion breaching their card payment systems for a second time. They confirmed that fraudulent transactions had been linked to customer cards.

Did you know if a customer has not upgraded to EMV technology by October 1st, 2015 and experiences fraudulent card-present charges, their business will be liable for the associated costs? This includes re-issuing cards to affected cardholders. These costs can run into hundreds of thousands of dollars.

Because of these potential issues, Elavon began an accelerated migration from non-EMV capable terminal and pin pad options over to EMV enabled



solutions. We encourage you to contact your Merchants Card Sales Officer by August 2015 to upgrade to an EMV terminal. Elavon will no longer support the non-EMV terminals on their systems.

The new EMV/Chip and Pin will give you added security. The new cards have an embedded chip which adds another layer of security during a chip transaction by producing a single-use code to validate the transaction - making it more difficult to steal and counterfeit the information. These cards will continue to have magnetic strips to use with merchants who have not yet transitioned to chip card readers. The EMV card will also have wider acceptance. Customers will be able to use their chip cards when traveling internationally at chip-enabled readers, which are standard in most



other countries.

If you have any questions regarding EMV cards, please contact Phyllis Richards at (614) 583-2087. 📞

INSURANCE

First Merchants Insurance Group

First Merchants Insurance Group (FMIG), a licensed insurance agency affiliate of First Merchants Bank, N.A., was sold to USI Insurance Services effective June 12, 2015.

The First Merchants Corporation (FMC) engine is primarily built around growing commercial and consumer loans, fees and deposits. As a result, management was challenged to prioritize resource demands outside these core income drivers.

FMC consistently communicates our vision of investing in initiatives that grow our franchise while adding shareholder value. In 2015, our resources and investments are focused on three major projects:

1. The successful acquisition and integration of Community Bank, which is complete;
2. The integration of CS Bank, now in process; and
3. The transition to a new Online Banking

Platform, scheduled for July.

The management team of FMIG identified a real need for expanded service offerings to continue growing the business. While a difficult decision, we feel our continued focus on core priorities supports our higher goal of “Driving Value.”

The good news is that USI will be retaining all FMIG employees, providing them with the tools and resources to retain and grow their business. FMIG clients will have access to the broad product and service offerings of a \$1 billion financially strong U.S. insurance broker.

Our commitment to First Merchants core value drivers will support our ability to grow now and into the future. 🏠

OPERATION FEED CAMPAIGN

CNB Raises Money for Mid-Ohio Foodbank

The month of June at Commerce National Bank is dedicated to raising money and creating awareness for the Mid-Ohio Foodbank.

The Mid-Ohio Foodbank has been working with grocers, food companies, Ohio farmers, the USDA, and community partners to obtain food and distribute it to 625 food pantries, soup kitchens, shelters, after-school programs, and senior housing sites across central and eastern Ohio since 1980.

This year, CNB had a goal of raising \$4000 by the end of June. CNB held events all month to encourage donation. These events included Popcorn & Drinks in the Lobby, a Mason Jar Challenge among employees, a Silent Auction and a Bake Sale.

Barb, our Ambassador of First Impressions was able to get creative and offer pictures with Cardboard Barbie in the lobby for a donation! Her desk is surrounded with customers who got their pictures taken. Barb was even kind enough to print and autograph each photo!

Our teammates at CS Bank even contributed to our goal by hosting events at their branches.

Did we hit our goal? Ask Barb the next time you stop in! 🏠



Pictured from left to right: Barb Atherton, Zo Sellers, Royshea Hairston, & Debbie Russ

SECURITY & TECHNOLOGY

EMV—the Security Benefits

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

EMV, which stands for Europay, MasterCard and Visa – is a global standard for credit cards equipped with computer chips and methods to authenticate EMV transactions. This standard has finally made its way here to the U.S. to the dismay of hackers and fraudsters alike.

The security benefits from EMV are obvious—make it harder for the bad guys to counterfeit credit card information. The new standard reduces fraud by getting rid of the old standard magnetic stripe which contains static card information that could be copied by a hacker or fraudster and replicated.

With the EMV standard, an embedded computer chip creates a unique transaction code when validated by an EMV reader that cannot be used

again. If a hacker stole this information it would be of no use, as each transaction has a unique code. Another option for retailers and financial institutions is to implement a PIN for each transaction, however this is not a requirement for the United States.

Although EMV will not eliminate security breeches for credit cards, this standard makes it very difficult for criminals to capture your card information. Risks still remain, however. For example, “non-in-person” transactions such as via phone or eCommerce sites where EMV chips cannot be authenticated. However, for the vast majority of “in-person” transactions, this new standard benefits consumers by decreasing the likelihood of fraud. 🏠

What is the Fed Thinking About Rate Hikes?

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



The summer of 2015 brings us the third longest economic expansion in American history. But, with the most recent GDP data pointing to a deep slowdown and European troubles aplenty, it hardly feels like good times. So just where is the Federal Reserve on its interest rate calculus and how does this impact labor markets, especially in the Midwest?

Most economists suspect that the poor first quarter economic data may largely be driven by changes to the seasonal adjustments made to the data. Two things make this especially plausible. The first is that the 2007-2009 recession really clobbered sectors that are very seasonal; construction and the purchase of consumer durables. One of these sectors recovered well, the other did not. So, when the solid team of economists at the Bureau of Economic Analysis (BEA) crafted a new seasonality adjustment, which took effect in January 2014, they likely overestimated what GDP should have been in the first quarter.

Second, the mix of consumer goods purchased may be more seasonal, as there are fewer home purchases. So, we are spending our dollars for goods during the holiday season and services in the summer. That combines to make first quarter data look far worse than it should be. All this is pretty well understood by the folks at BEA who are charged with getting the final numbers right, not the preliminary figures that now have us worried.

The Fed knows this as well, so the decision to delay the much anticipated interest rate increases from late spring 2015 to much later in 2015 is motivated by different considerations. Chief among these is the very tenuous economic worries in Europe. As I write this column, it is not clear that Greece will have suffered a short term default. And, even with solid EU bailouts, Greece will remain an economic catastrophe far worse than Detroit at its worst. This matters because nearly every bank in the world owns some Greek debt, either directly or through holdings from other banks.

The Fed is far more worried about a financial contagion that pushes the world into recession than they are poor first quarter GDP figures. If summer passes with a more solid European Union economy, which depends both on Greece and an end to Russian adventures in Ukraine, then we should expect a rate hike. Here is why.

Though the number of long-term, unemployed Americans has only slowly declined, the unemployment rate in many places points clearly to plenty of jobs. Both Ohio and Indiana have jobless rates that are lower than the 30-year average, and in some counties the only jobless folks are those moving to better positions. This condition isn't happening everywhere, but in growing urban places like Columbus and Indianapolis, and in smaller vibrant places like Kokomo, Dayton and Fort Wayne there are no workers wanting for a job. When this happens, the Fed must start raising interest rates.

In past recoveries, the Fed decision to tighten has worried many, fearing a quickly slowing economy. I think that is far less a problem today.

Interest rates are historically low. So low that we have no experience measuring consumer responses to higher rates. It is worth putting this in context. I bought my first home, in Savannah, Georgia in 1989 at a 9.25 interest rate. That was, in the context of the past 15 years, a fabulous rate. I now have a mortgage less than one third that level. Even if the Fed raises rates aggressively for a year or two, any new homebuyer will still have rates at about half what I paid in 1989. Young people may seem foolish, but young homebuyers probably aren't. The record low levels of interest rates will likely permit the Fed several rate increases before they noticeably slow the economy. This is especially true if labor markets continue to strengthen and if inflation remains weak. So, there is much less to fear from a rate hike than most folks suppose.

Here in the Midwest, labor markets have recovered well, but GDP in 2014 was weak. Much of this was due to lower commodity prices that clobbered farmers. Construction spending has likewise languished. Still, this looks likely to change if both population and job growth continue to be stronger in some key places, including Ohio and Indiana.

In closing, it seems clear that in the Midwest at least, the long awaited recovery is finally taking root in labor markets, if not the overall sense of enthusiasm for the economy. If we pass a quiet summer in Europe, that could change and 2015 could emerge as the year the much awaited economic recovery from the Great Recession began in earnest.

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

PELTONIA 15

For a second year, Commerce National Bank is fielding a Peloton to ride for One Goal ~ End Cancer! Our rider count has grown this year to 15 individuals who have chosen to ride between 50 to 180 miles over the two day ride being held August 8-9. Together these riders have accepted the challenge to collectively raise at least \$26,550. ONE HUNDRED PERCENT of all funds raised by our team directly supports cancer research at the Ohio State University Comprehensive Cancer Center – James Cancer Hospital and Solove Research Institute. Pelotonia dollars support four key areas at Ohio State's cancer program; The Pelotonia Fellowship Program, Idea Grants, Tools for Discovery and Bringing the Best to Ohio State. If you are inspired to donate to our Peloton or to an individual rider, please visit our fundraising site at www.pelotonia.org/firstmerchants and if you are interested in joining our team as a rider, virtual rider or volunteer, please contact Cathy Dieckman at cdieckman@firstmerchants.com.



Commerce National Bank

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Columbus, Ohio 43214

(614) 583-2200

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www.commercenationalbank.com



EXCITING NEWS INSIDE!

- Our Legacy Will Soon Continue As...
- New ATM Locations for Our Customers!
- Online Banking Upgrade Will Focus on Giving You More
- Register Today for the Online Banking Upgrade Demos
- EMV Migration Critical for Future of Credit and Debit Cards

SELLING AND BUYING

Choose the Right Realtor and Loan Officer

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



Summer has begun and consumers are right in the middle of purchase season. There are many things to take in to account, whether you are going to purchase or sell a home. Buying and selling can become very complicated and stressful, that is why you need professionals you can count on. Two professionals who can help during this stressful time is a realtor you trust and a loan officer you can count on.

Why should you use a realtor?

- 1. Fiduciary Responsibility.** When you work with a realtor, their fiduciary responsibility is to you. That means you have an expert who is looking out for your best financial interests and who is contractually bound to do everything in their power to protect you.
- 2. Complex, ever-changing real estate regulations.** Buying or selling a home is not like

purchasing a plane ticket. Laws are changing every year and may even vary from state-to-state.

3. Help to find the right home, beyond square footage and bathrooms. Browsing online is a terrific way to start a home search, but when it is time to buy, the right realtor knows the pros and cons of each property can help you make the right decision.

4. Pricing and selling a home. You can view a price estimate for your home online, but it presents risks. Online estimates often rely on tax records and data that can be 6–12 months old.

5. Contracts and negotiations. Today's contracts can be fifty pages long, not counting addendums and riders. A realtor can help you navigate these complex documents. A realtor will always be your advocate in a negotiation.

What should you look for when choosing your loan officer and a bank?

1. Trust. You must make sure the loan officer

works for a bank you can trust to get the loan done and do what is best for you.

2. Knowledge. You want a loan officer who has plenty of experience closing loans and someone who can deal with an unexpected situation.

3. Power. Choose a bank that has the power to roll with the punches. A portfolio lender will more than likely have the ability to change and adapt given the situation.

4. Pricing and cost. As a consumer you want the lowest rate with the least amount of cost. You want to make sure your bank is competitively priced with rate and cost. When comparing banks, it is good to use the APR.

At Commerce National Bank, we possess the knowledge and resources to help you, whether you are buying or selling a home.

If you are interested in purchasing or selling a home, please contact Greg Valentino NMLS# 223558 at 614-583-2200.

