

BankNotes



**Commerce
National Bank**

The Bank for BusinessSM

3RD Quarter 2012

Welcome to Commerce National Bank's BankNotes newsletter! We think you will find BankNotes to be a useful tool for you and others in your company, and we encourage you to share our newsletter with staff and colleagues. Questions or comments about BankNotes? Contact Donna Garrett at (614) 583-2085.

JENN'S CORNER

Vacations Are Good For The Soul

by Jennifer Griffith, President and CEO

Last week, we spent an unbelievable vacation with my family (sisters, nieces, nephews and Mom) in Michigan. The views were beautiful, the adventures were fun and my golf game was miserable. Vacations are good for the soul. Everyone enjoys the opportunity to take some down time away from work and spend it with family. Many times a little vacation is all it takes to reenergize a sluggish colleague.

Vacations can help us create balance between our work-life and our personal-life by resetting the clock. Returning from vacation can feel like a fresh start. However, prioritizing balance in our life is something we should strive for every day. I read once that the secret to real happiness is the ability to have as little separation as possible between your work and your play.

Creating an environment that promotes balance isn't always easy. It requires that we blend our organizational goals with personal identities and celebrate them both. By creating an organizational culture that encourages employees to find alignment in themselves and the corporate direction, we can reduce the negative impact of stress and conflict and replace it with the compliments of motivation and engagement.

At CNB, we offer a variety of employee activities that range from community volunteerism, to gardening, to baking, to



art, patio parties and bank sponsored lunches, just to share a few examples. We've used surveys to learn more about how our team wants to connect and we encourage all our employees to share their interests with us. I believe our senior team has the responsibility to model the way and I'm extremely proud of the balance they demonstrate every day.

It's true that occasionally a project may require extra hours, or a school play may require that you send a delegate to your regularly scheduled meeting but if you are truly balanced, these will be your exceptions and not your norm. Balance feeds success in many forms but most importantly can build a team of high performing, loyal and motivated colleagues.....how can you argue against that?



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**Mark Your
Calendar!**

**October 4, 2012
CNB Fall Seminar**

**Doug Smith
The Skill of Happiness**

Contact Info

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

Our Customer Call Center at **888-716-1514** is available extended hours:

Monday–Friday 7:00am–7:00pm
Saturday 9:00am–1:00pm

Fax

614-583-2201

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Credit Cards & Merchant Services

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Alicia Murphy

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Lockbox

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Wires

Mindy Beck

Wires Fax Line

614-583-2157

Merchants-Let CNB Help Get the Target Off Your Back!

by Alicia Murphy, Business Banking Manager

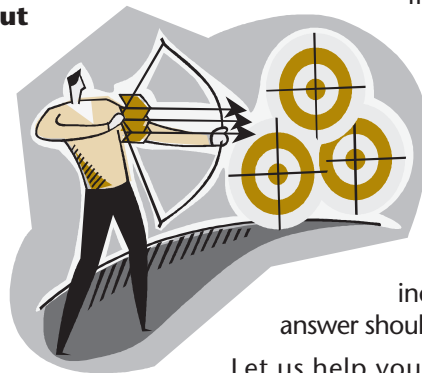


Did you know that a credit card breach at your company could affect not only the reputation of your business and brand identity, but expose your company to

large fines and remediation costs or **even worse, put you out of business?**

The most recent breach involves another national restaurant chain–Penn Station. Most of us hear about these large types of breaches but did you know that **93% of reported credit card breaches actually involve small**

merchants? Unfortunately small merchants are easier to target because they



don't usually have the resources or expertise to deal with the constant attack from hackers or thieves.

Remember that it is the responsibility of all merchants to ensure that their cardholder's information is protected from a credit card breach. In order to be compliant you must take certain steps in handling and storing your customer's card information. CNB and Elavon have the tools to assist you with this process!

So ask yourself—is it worth the time and small inconvenience to become certified "PCI (payment card industry) Compliant"? The answer should be a resounding "Yes"!

Let us help you navigate through this important process and take the steps to protect your business today! Please contact Alicia Murphy at Commerce National Bank @ 614-583-2041 for additional information and assistance!



Consumer Corner

Did you know that Commerce National Bank has personal checking and savings accounts for you and your employees? We also have loans for all seasons and any reasons: vehicle, mortgage, personal and great rates on home equity loans.

Summer is a great time to take advantage of the benefits of a Home Equity Line of Credit! Let your investment in your home help you build the future with paying college tuition expenses, a family vacation, home improvements or even a new car. Call Suzan Orban at 614-583-2188 to find out about our low interest Home Equity Line of Credit Loans.



A Mid-Year Economic Review: Yet Another Disappointment

by James E. Newton, CNB Chief Economic Advisor



Some people say the definition of insanity is doing the same thing over and over again and each time expecting a different outcome. Assuming this definition is reasonable, one has to

wonder if a deep vein of insanity runs through the economics profession. For the past few years most beginning-of-year forecasts have been composed of the same basic message: this is the year when things will turn around. This is the year when U.S. economic growth will re-emerge in a significant way and produce huge numbers of new job opportunities. And each year very early economic data suggest economists may have finally beaten the odds and gotten the forecast right, only to find by spring that the economy remains under significant stress.

Sad to say, 2012 is falling into this same regrettable pattern. As the year began the typical forecast called for real GDP growth in the 3-4 percent range, with the expectation that some 2.5-3.0 million new jobs would be created.

As last year ended and 2012 began, all seemed right with the latest forecasts. As measured by the nation's labor markets, economic activity did, indeed, seem to be shifting into a more favorable growth mode. Total non-farm payroll employment grew by well over 200,000 each during the final month of 2011 and the first two months of 2012. But then economic reality hit (or perhaps the influence of highly favorable weather patterns were no longer able to give a false impression of strength) and jobs growth shifted into a lower gear. And to add insult to injury for the nation's soothsayers, real GDP growth, which economists felt confident would be at or above 3 percent, posted a first quarter growth pace of just 1.9 percent.

So what happened yet again to sink the high-flying expectations for the economy?

As we stated at the beginning of the year in the *CNB 2012 Economic Forecast*, some very significant headwinds would hold economic growth down throughout the year. A very significant debilitating influence

would originate abroad. And this influence would come in two forms.

First and foremost the euro-zone debt crisis would be a major depressing factor throughout the year with no likely quick-fix to such a complex and deeply structural imbalance among the 17-nation euro-zone. While Greece has recently shown a bow to electoral sanity and avoided a possible exit from the euro-zone, the country has not resolved its fiscal imbalances and austerity continues to produce a downward pressure on economic activity. Somewhat lost in recent elections was the message of France and the victory of the Socialist party. While they may be unable to meet their pre-election promises, the new government pledged to set aside fiscal austerity and concentrate on policies to promote growth. Such policies, if they were enacted, would put France at odds with the German government which insists fiscal imbalances must be addressed via deficit reduction measures. In the meantime, Spain and Italy have become the most recent flashpoints of uncertainty, leaving the euro-zone at risk of recession throughout much of 2012 and possibly continuing into 2013.

But the "international" aspects of U.S. growth problems do not just involve European problems (for example, via exports); they extend to a number of other countries which have been major contributors to world growth in the past few years, including China, India, Brazil, Russia, and the like. In China, for example, the government has shifted rapidly from trying to restrain growth – due to inflationary concerns – to actively promoting expanded economic activity by reducing the reserve requirement ratio that Chinese banks must meet. The hope of the People's Bank of China, much like our own Federal Reserve, is that by reducing interest rates, consumers and businesses will borrow/spend more and aggregate economic activity will expand more energetically. Unlike our Fed, however, the Chinese may be a bit more successful since their interest rates are not already hugging zero percent.

In addition to these types of international drags on our growth potential, the U.S. has its own home-grown problems. All levels

of government are under significant budgetary pressures and virtually eliminate government as a means of expanding economic activity. As well, attention has finally shifted to the potentially depressing impact of the end-of-year "fiscal cliff", when sunset legislation automatically produces huge tax increases and very sizeable federal budget cuts. And since businesses and people do not generally share in the insanity of the economics profession, they very likely will prepare for potentially painful hard times ahead by foregoing some current spending.

While many other restraining factors could be cited, these few represent some of the major reasons mentioned in January's *Forecast* to explain why we felt the outlook for 2012 was being over-estimated once again. In the half-year since the document was prepared, little has occurred to change our basic outlook. Our GDP forecast on a quarter-by-quarter basis throughout the year was for very modest GDP increases of 2.0%, 1.5%, 2.0% and 2.0% from the first through fourth quarters, respectively. As matters currently stand, that outlook has not changed. And as the year began the *Forecast* indicated that some 1.75-2.0 million payroll jobs would likely be created during the year. Despite a disappointing spring performance, that figure still looks reasonable.

It should be noted that a few factors seem to be doing significantly better than what the *Forecast* suggested in January. The nation's housing sector is coming back more energetically than originally thought. While it is still in a deep hole compared to its peak-year performance, the number of housing starts suggests this sector will be a net contributor to 2012 growth and help offset weaknesses elsewhere. And while national employment growth is still on track with our original outlook, Ohio and the Columbus MSA payroll growth is much more vibrant than anticipated.

In summary, 2012 is exhibiting good labor market news for both Ohio and Columbus compared to the January outlook, but at the national level, it's just the same-old, same-old.

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



Time To Make A Gift?

by Jim Keene, Vice President, Personal Trust Officer



As a Trust Officer, I get involved in estate planning with my clients and their advisors from time to time. Planning has been difficult in recent years because estate tax exemptions are far

from permanent. The Bush Tax Cuts from the early 2000's were set to expire in 2010, but were extended at the deadline. This extension in 2010 increased the estate tax exemption and gift tax exemption to \$5,120,000 in 2012.

We don't typically control when we die so I want to focus on the gift tax exemption. This allows individuals to make lifetime transfers of up to \$5,120,000 before December 31, 2012, without incurring a gift tax. This is in

addition to annual exclusion gifts (\$13,000) and certain direct payments to schools or healthcare providers. Individuals who desire to transfer wealth should not overlook this opportunity.

Absent Presidential and Congressional action, this opportunity expires at the end of this year. Under current law, estate and gift tax exemptions will revert to \$1 million beginning in 2013. It should be noted that the transfer tax rates also increase from 35% to 55% on amounts greater than the exemption. Therefore, making a \$5 million gift in 2012 vs. 2013 creates a potential tax savings of \$2.2 million (assuming you have made no



previous gifts). At the same time you are also removing future appreciation and income from the gift made. I am ignoring the fact that basis carries over with a gift, so some of the tax savings may be lost with higher capital gains.

I don't have a crystal ball. No one does. I only know that those who are able may never have the opportunity to make significant tax-free gifts beyond 2012. As always, you should consult your estate planning attorney or other advisors to determine if making a significant gift in 2012 is appropriate for your circumstances. For more information contact Jim Keene at (765) 962-7696.

You Must Choose an Option for Online Banking Before July 31st

by Jennifer Wehrly, Vice President, Cash Management Officer



The Federal Financial Institutions Examination Council (FFIEC) promotes uniformity and consistency in the supervision of financial institutions. In late 2011 the FFIEC updated their

Authentication Guidance for online banking with additional and more specific requirements. One of the new requirements is that **all banks must provide an additional layer of security for their clients who are initiating payments** via the online banking channel. This applies to ACH transactions as well as wires. It DOES NOT apply to Bill Payment. All clients must choose an option and have it in place for all payments **before July 31, 2012**.

Commerce National Bank has chosen



two options with distinct features to accommodate this mandate from the FFIEC.

1st Option – Dual Authorization.

This requires two users to complete a transaction. One user initiates and the other approves the transaction.

2nd Option – Out of Band Authentication (OOBA).

Requires the user (person initiating the transaction) to receive a text message to their cell phone with a code to verify the transaction.

Please join us at one of our Lunch-n-Learn sessions to understand more about the changes. If you are unable to attend either of these, please contact myself, Kelly Bailey, or your Relationship Manager.

Below are the 2 sessions offered here at Commerce National Bank:

Tuesday, July 17th – 11:30-1:00
(Lunch will be provided)

Thursday, July 19th – 11:30 – 1:00
(Lunch will be provided)

To register for one of the Lunch-n-Learn sessions, please contact either Jennifer Wehrly (614-583-2121) or Kelly Bailey (614-583-2068).

CNB 2012 Spring Seminar and Network Fair a Resounding Success

by Donna Garrett, Marketing Specialist

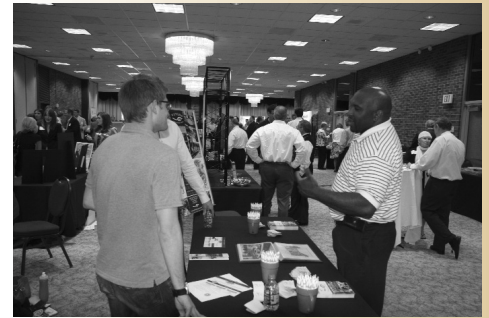
At the CNB 2012 Spring Seminar, held at the Fawcett Center on the OSU campus, the 300 attendees sat with riveted attention as Mark Sanborn challenged the audience to bring more enthusiasm and personal involvement to their every day tasks. Citing the exploits of "Fred" his extraordinary postman made famous in his national best seller *The Fred Factor*, Mark encouraged his audience to reach deep and become a "Fred."

Commerce held their own Finding Fred contest within CNB to honor colleagues who exhibit those winning characteristics. Out of 21 nominations, three were selected

as CNB "Fred's." Congratulations to Eric Colombo, Jessie Soto and Sarah Kull.



Immediately following the Spring Seminar CNB's guests joined the room full of clients exhibiting their products and services at



the CNB Network Fair in the Fawcett Center Grand Ballroom. Mark Sanborn personally signed his books and answered questions while the Spring Seminar attendees had the opportunity to network with some of central Ohio's leading businesses. The cost of exhibiting at the Network Fair was a \$50 contribution to the American Cancer Society in celebration of CNB's Alicia Murphy. The Network Fair raised \$1,400 for the American Cancer Society.



CNB's Alicia Murphy (left) and Jessica Gliha (right) present the \$1,400 check to American Cancer Society representative Christine Mills.



Commerce hosts three business education seminars each year, the January Economic Forecast with Dr. Jim Newton, a Spring Seminar and a Fall Seminar. Every other year the Spring Seminar is an expanded event and offers the Network Fair opportunity for clients to showcase their products and services. This dynamic event also offers all Seminar attendees a chance to investigate new business connections.

Our 2012 Fall Seminar is scheduled for October 4th at the OSU 4-H facility on Fred Taylor Drive.






Commerce National Bank

The Bank for BusinessSM

Suite 100
3650 Olentangy River Road
Columbus, Ohio 43214
(614) 583-2200
Fax (614) 583-2201
www.commercenationalbank.com



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Community Corner

CNB Collects over 10,000 Meals for Mid-Ohio Food Bank

In many cultures sharing food is a supreme act of generosity. At Commerce National Bank it is an annual event. For the past three years, CNB has made collecting meals for Operation Feed a departmental competition.

Coordinated by Zo Sellers and inspired by their team leaders, groups were challenged to collect the most meals for Operation Feed. This competition sparked some innovative ideas. Our first floor group, "Hunger Heros", created a rolling non-alcoholic Happy Hour Cart, the second floor "FoodBanker\$" held a silent desert auction and "Healthcare Champions" encouraged clients to bring food items to a get together. These collection opportunities, along with many more, and a weekly raffle, raised a total of 10,463 meals for the Mid-Ohio Food Bank! The 2012 total surpasses last year's record breaking campaign by over 5,000 meals.

Our staff is the heart of CNB, and their enthusiasm and creative spirit drive the success of this commitment to our community. We are proud of the company we keep.



Alicia Murphy, Barb Atherton and Cathy Dieckman created a rolling Happy Hour Cart



Alicia Murphy and Joe Sauline grill hot dogs and serve pie for Operation Feed.