



The FMCBank

STATEMENT

An Update For Our Customers

Volume I, Number 4

Fall 2002

First Minnetonka Celebrates its 38th Anniversary with Annual Customer Appreciation Week



MASTER GRILLERS HARD AT WORK:
Bank President, Tom Rogers; Executive Vice President, Del Smith; and Vice President Kevin VonBank



BANK EMPLOYEES PAUSING FOR A SMILE:
Megan Wright, Natalie Bersheitt and Teresa Harris

While First Minnetonka City Bank appreciates your business every day of the year, we recently dedicated a week to honor you. To help celebrate the reason behind our 38 successful years in the community, our customers, First Minnetonka City Bank held a week-long customer appreciation extravaganza, July 8 through 12.

Highlights of the week included daily food and prize give-a-ways; 350 people attending a special, rain-delayed WHITESIDEWALLS concert in the park on Thursday; and a picnic lunch on Friday where the bank's president, Tom Rogers, and executive vice president, Del Smith, served as master hot dog grillers.

Throughout the week, customers were also invited to register for the grand prize drawing—a Sunbeam gas grill. Also awarded were a bocce ball set, a

three-piece cooler set and a First Minnetonka City Bank embroidered shirt. In a separate contest, customers guessed the amount of money in fishbowls located in both bank office lobbies for a chance to win \$100 U.S. savings bonds. The Country Village winner placed a guess of \$601.50, compared to the \$598.27 actual amount. In Glen Lake, two winners each placed guesses of \$575, when the actual total was \$575.35. Congratulations to these winners!

Thank you to all who participated in this annual event, and to all of you who have made our 38 years so memorable. ●

For questions regarding this newsletter, please contact: Tom Rogers at 952.935.8663 or trogers@fmcbank.com

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HOME IMPROVEMENTS BECOME AN ALTERNATIVE INVESTMENT OPTION



Since early 2000, investors have watched the market's major indexes plummet in value. And while recent conditions may seem to be improving, no one really knows when the market will reach its bottom—or if it already has.

But during this same time, investors have also watched one of their most important assets—their homes—not only maintain, but increase in value. In fact, an August article published by the Star Tribune highlighted the increase in Twin Cities' median home values, which is the price at which half of homes sell for more and half sell for less. In Hopkins, the median price of homes listed through the Regional Multiple Listing Service (MLS) increased 22.78 percent to \$141,200, and in Minnetonka, the price increased 9.76 percent to \$224,900.

If you're leery of investing all your assets in the stock market, consider investing a portion of your resources in your home. Making

improvements to your home will create a more desirable place for you to live, increase your home's value, and therefore, increase the value of your asset. In addition, improving your home may make it more suitable for resale, which is an important consideration for empty nesters and retirees who may soon be looking to downsize.

First Minnetonka has a variety of home improvement loan programs to help you get

the financing you need to complete your home improvement projects, including programs that may lend you up to 100 percent of your home's value—and sometimes even more.* Our experienced staff can help you determine which program best meets your needs. ●

*Home value based on most recent property tax statement or appraisal. Some restrictions may apply. Subject to standard credit qualifications.



CONTACT ONE OF THE FOLLOWING PERSONAL BANKERS TODAY.

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CONGRATULATIONS TO OUR EMPLOYEES OF THE MONTH!

Each month, First Minnetonka recognizes a bank employee who exemplifies excellence and dedication in his or her performance. During the past three months, we were pleased to acknowledge the efforts of the following bank employees:

JULY

Rachel Merfeld, Teller: "shares her skills and experience to best accomplish the bank's objectives, and performs her work consistently and effectively under pressure."

AUGUST

Nikki Edman, Bookkeeper: "is helpful and willing to do whatever is asked of her—always with a pleasant attitude."

SEPTEMBER

Megan Wright, Executive Assistant: "is always dependable, accurate and willing to go beyond what is asked of her—always with a terrific attitude."

First Minnetonka thanks these employees for work well done.



TEN PRINCIPLES OF INVESTING

With current market conditions challenging our patience and sense of financial security, it's important to refocus on the following basics of investing*.

1. MAKE A LONG-TERM PLAN

What are your financial goals? How much will you need to achieve them? Your long-term plan should detail where your money will be spent: cars, houses, college, retirement, etc., and the sources of that money.

2. COMMIT TO INVESTING REGULARLY

Meet with your financial planner and establish a regular investment plan. Many employers offer matching programs that will help you maximize your savings in IRAs or employer-sponsored plans. Be sure to contribute the maximum amount allowed in these plans. Investing now will help you and your family have what will be needed in the future.

3. ACT NOW

You may think it won't hurt to wait a few more years to start investing, but it can. Social Security and pension plans alone are not enough for a comfortable retirement. In general, every six years you wait to invest doubles the required monthly savings to reach the same level of retirement income.

4. KNOW YOURSELF

Understand yourself as an investor: your emotions, your fears and your risk tolerance. Your financial planner can help you choose appropriate investments according to these factors and your long-term goals.

5. TAKE A POSITIVE ATTITUDE ABOUT INVESTING

By having confidence in and a positive attitude toward your investment plan, patience to wait for long-term investments to mature, and discipline to stick with your investment program, you will be much more likely to reach your investment goals.

6. INVEST FOR THE FUTURE

As the old saying goes: patience is a virtue. This rings especially true in investing. It takes discipline to hold or add to appropriate investments through both down and up markets. Don't try to time the market: get in and stay in.

7. DIVERSIFY YOUR PORTFOLIO

Although this is number seven on the list, it is one of the most important things to remember. Be sure to spread your assets among many different investments to reduce your risk. This may provide more consistent and reliable outcomes.

8. STAY ON TRACK

Review your plan periodically, and if your needs or circumstances change, make the appropriate adjustments. It may be necessary to rebalance your portfolio to stay on track with your long-term financial plan.

9. RELY ON YOUR FINANCIAL PLANNER

Your financial planner is an invaluable resource in understanding the financial world, especially in today's climate of seemingly rapid market changes. Your financial planner has the professional training to see you through these times.

10. BECOME A LIFETIME INVESTOR

Retirement doesn't signal the end of investing for growth. You can make your money continue to work for you throughout your retirement years. ●

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MARKET RECAP: WHAT'S GOING ON AND WHAT YOU CAN DO ABOUT IT

In recent months, the U.S. equity markets have encountered much volatility and steep losses. Though we may not be out of the woods yet, investors have reason to remain optimistic.

While it's easy to lump the U.S. stock market and economy together, they are two separate entities, and can have varying performance levels. In contrast to the stock market, the U.S. economy has actually performed very well since the beginning of the year. A number of economic indicators contribute to this health, such as continued low inflation; positive trends in industrial production, employment, personal income and spending; a strong housing market thanks to historically low interest rates; and rebounding consumer confidence, which is key to supporting a healthy economy.

Even the negative forces acting against the economy can bring positive results. For example, recent accounting scandals have brought with them long-needed changes in corporate accounting practices and a refocus on business ethics.

WHAT WILL IT TAKE FOR THE MARKETS TO TURN AROUND?

Low interest rates and low inflation, combined with some of the other above-mentioned factors, have set the stage for a healthy economy and a market turnaround. But for these factors to take effect, it will also take time.

In the meantime, refocus on the fundamentals of investing. Remember that your investment decisions should not be based solely on emotional reactions. Discuss your investment needs and determine whether your outlook has changed. Then, meet with your financial advisor to discuss any potential changes to your portfolio. And most importantly, ensure your portfolio is diversified, has a broad asset allocation, and has the appropriate risk exposure for your tolerance, investment timelines, and short-and long-term goals. ●

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MORTGAGE MATTERS

WHEN REFINANCING MAKES SENSE



Just when you thought they were at their low, interest rates on home mortgages recently went even lower. Although we don't have a crystal ball to tell us if they'll fall even lower yet, now may be the time for many people to refinance their first home mortgages. If doing so can help you meet one of the following objectives, you may want to consider refinancing your home mortgage:

TO REDUCE YOUR MONTHLY PAYMENT

When you refinance, you're getting a new first mortgage that pays off and replaces the old one. The new loan's lower interest rate decreases your monthly mortgage payment and may decrease the amount of interest you pay over the loan's duration.

TO ELIMINATE A HIGH INTEREST SECOND MORTGAGE

Refinancing may also make sense if you intend to replace a high interest rate second mortgage, depending on the current equity in your home now compared to when you obtained the loan. You may now be able to combine a second mortgage into a new lower-rate first mortgage, and potentially save in interest payments over time.

TO REDUCE YOUR LOAN'S DURATION

When many people bought their homes, interest rates were high,

making a 30-year mortgage the only manageable payment option for many. Now, with today's lower rates, combined with the principal they have paid and improvements in their financial situation, many people can now opt for a 15-year mortgage—without significantly increasing their monthly payment. Savings come both from the decreased interest rate and from reducing the loan's duration by 15 years—which also reduces the time you're paying interest.

TO OBTAIN CASH WITHOUT A HOME EQUITY LOAN OR LINE OF CREDIT

Depending on the equity available in their homes, some borrowers can use refinancing as a way to tap the equity in their homes, without taking out a separate home equity loan or line of credit. In a cash-out refinancing, borrowers get the difference between the old loan balance and the new one, at closing, to use at their discretion.

Our mortgage professional would be happy to discuss your situation to determine if refinancing makes sense for you. Please contact PAUL TESAREK at 952-935-5995 or at ptesarek@fmcbank.com for more information.

You can also use our web site's mortgage calculator, at www.fmcbank.com, to determine how much money you could save each month by refinancing to a lower interest rate. ●

IN A CHANGING BANKING ENVIRONMENT, FIRST MINNETONKA IS COMMITTED TO PROVIDING PERSONALIZED, QUALITY COMMERCIAL BANKING SERVICES



Recently, the Twin Cities banking landscape dramatically changed as several smaller, independent banks merged with or were acquired by larger, national banks. Business owners are significantly impacted as these banks are gobbled up, with many commercial banking customers losing their banking relationships, or with the dynamics of their banking relationships changing as banking professionals are forced to operate under new rules—and often with less authority in the decision-making process. You and many of your colleagues may now find yourselves in this undesirable situation, facing difficulty when trying to get issues resolved or speak to a person who knows you, long waits as you apply for loans, or an inability to turn to your bank for advice on the financing options that make the most sense for your business.

With 38 years of experience serving our community, First Minnetonka remains committed to ensuring our commercial bankers have the authority they need to make decisions, the dedication to truly understand their customers' businesses and financial needs, and the focus on customer service that makes them available to handle customers' concerns. These are the reasons that set us apart from other banks—and are also key reasons why

many businesses have chosen us to meet their banking needs.

If you or any of your friends or colleagues have found yourselves in an ever-changing banking environment, First Minnetonka would appreciate the opportunity to speak with you. A significant source of our growth continues to be referrals from current customers—referrals that are treated with a superior level of local, personalized service that strives to help businesses meet their goals. ●

CONTACT ONE OF OUR DEDICATED
COMMERCIAL BANKING PROFESSIONALS TODAY
TO LEARN HOW OUR SERVICES CAN BENEFIT YOU.

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BARB "P" CELEBRATES 20 YEARS!



When bank teller supervisor Barb Pachkofsky first started as a teller at First Minnetonka, she never dreamed that 20 years later, she'd still be here, now supervising the Country Village office's tellers. But soon after starting with the bank, she began to appreciate its "friendly, home-style atmosphere, loyal customers, and great people to work for and with," and knew she'd be with the bank for the long term.

Throughout her 20 years, Barb has earned a reputation as being a dependable and honest teller. Customers—and the bank alike—appreciate how they can ask Barb for help, and even if it's not her area of expertise, she'll work to ensure it gets done right.

Please join us in congratulating Barb on 20 wonderful years! ●

GIVE US YOUR FEEDBACK



At First Minnetonka, it's our mission to provide our customers with: "quality financial products and exceptional personal service that fulfills their current needs and meets their future goals." We rely on customer feedback to help us consistently deliver on that promise to you. That's why we're inviting you to share your opinion on the bank and its services—telling us what you like, what you don't and everything in between. We've added a new link on our site's home page to make it simple for you to give us your feedback.

Please take a moment to go to www.fmcbank.com and click on the suggestion box icon located on the home page's bottom right-hand side. You'll then have the opportunity to send us an e-mail with your opinions and ideas. Visit the Web site today to help us provide you with the tools and services you want. ●

www.fmcbank.com