



The FMCBank

STATEMENT

An Update For Our Customers

Volume I, Number 3

Summer 2002

First Minnetonka City Bank Celebrates 38 Years of Serving the Community!



MARK YOUR CALENDARS FOR FIRST MINNETONKA'S ANNUAL CUSTOMER APPRECIATION WEEK, JULY 8 TO 12, 2002

Each year, the bank sets this week aside to celebrate its anniversary and say "thank you" to the many customers that have made the bank's 38-year history possible. This year's festivities include:

- Daily give-a-ways, refreshments and snacks at both office locations
- A grand prize drawing for a gas grill and other door prizes at each location
- An ice cream social and music in the Glen Lake Station park with "THE WHITESIDEWALLS" on July 10 from 6:30 p.m. to 8:30 p.m.
- A picnic lunch at both offices on July 12, from 11 a.m. to 2 p.m.

You can learn more about the week's events on our web site, www.fmcbank.com, and at both bank locations. Please join us during this celebration, and help us say "thanks" to you! ●

WARNING: IDENTITY THEFT SCHEME

Recently, the Office of Consumer Credit (OCC), Federal Deposit Insurance Corporation (FDIC) and Internal Revenue Service (IRS) have issued alerts warning consumers of an identity theft scheme that uses fictitious IRS forms and fraudulent bank letters. The letters ask consumers to complete falsified IRS forms and provide a variety of personal and bank information. Customers from banks of all sizes are being targeted nationwide, and dozens of victims have been identified. When the fraud perpetrator contacts the bank in person, they have all the necessary customer information to appear credible, the OCC warned. If you have received, completed and returned such forms, follow the steps below. If you have only received the form please inform the IRS at the number listed below.

Following these guidelines can help minimize the potential negative impacts of identity theft:

- Immediately contact First Minnetonka City Bank, and all other financial institutions with which you do business.
- Contact the fraud department of each of the following three major credit bureaus to report your identity has been stolen. In addition, you should consider placing a "fraud alert" on your files and request that no new credit is granted without prior approval.
Equifax: 800.525.6525
Experian: 888.397.3742
Trans Union: 800.680.7289
- For any accounts that have been fraudulently accessed or opened, contact the security department of each affected creditor or financial institution, and

consider closing these accounts. On any new accounts you open, consider using a password, but not your mother's maiden name.

- File a report with the local police department, or the police where the identity theft took place, if known. Retain a copy of the police report in the event your bank, credit card company or others need proof of the crime at a later date.
- Contact the IRS, at 1-800-829-0433, to report the incident.

For more information on identity theft, please visit the Federal Trade Commission's web site, at www.consumer.gov/idtheft. ●

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

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COUNTRY VILLAGE OFFICE | 11500 Highway 7 | Minnetonka, MN 55305 | 952.935.5995



MEMBER
FDIC

WHY DO CUSTOMERS BANK AT FIRST MINNETONKA CITY BANK?



At First Minnetonka, listening to you, our customers, helps us ensure we deliver the services you want, in the ways you want to receive them. It also helps us stay focused on what makes us different from the rest and on why customers choose us to handle their banking needs.

In a recent customer survey, here's what some of our customers said were their reasons for banking with First Minnetonka City Bank:

- "The staff is very friendly, knowledgeable and helpful as they provide excellent customer service."

- "The ability to deal directly with the people making the decisions—a lack of "red tape."
- "You can call the bank and immediately speak directly to a real person, not a voice mail system."
- "They provide quality service year after year, and their staff really knows the people they serve."
- "The bank is small enough to be personal, yet big enough to offer all the banking services I need."

We are proud of these reasons, and are committed to proving ourselves to you again and again. ●

THE BANK BIDS FAREWELL TO A VALUED EMPLOYEE



After working nearly 17 years at First Minnetonka's Glen Lake office, bank teller Nicole Burda retired June 30. Having worked at the bank for such a long time, Nicole will miss all the wonderful customers she has had the pleasure of knowing and

servicing, as well as her co-workers. Although her plans are not yet definite, Nicole is considering moving closer to her children, grandchildren and great grandchildren in southern Minnesota. Please join us in wishing Nicole a happy and enjoyable retirement. ●

CUSTOMERS CARING FOR OUR COMMUNITY

First Minnetonka is proud to be a cornerstone in our community, and is dedicated to enriching the lives of the people and community we serve. This spirit of philanthropy can be found in the bank itself, in our employees,

and also in the customers we serve. One such customer is Randy Hansen, who will turn 75-years-old this summer and celebrate by bicycling the 530-mile trek from the Twin Cities to Chicago in the Heartland AIDS RIDE. Money

raised from the event benefits local AIDS shelters where people who have the disease may stay as it progresses. Please join us in wishing Randy the best of luck and in thanking him for his efforts. ●

INVESTMENT INSIGHTS

SECTION 529 PLANS OFFER NEW WAYS TO SAVE FOR HIGHER EDUCATION



As the costs of higher education continue to soar, far outpacing the rate of inflation, a new savings plan is available to help families financially prepare for sending their loved ones to school. It's called the Section 529 Plan, and unlike other college-planning tools such as the Education IRA, the plan does not restrict the amount of contributions made each year, nor does it limit plan participation based on income level. In addition, earnings in a 529 Plan account grow federal tax free, and qualified withdrawals, such as those for tuition, books, and room and board, can be made tax free.*

Now parents, grandparents or whomever may open and contribute to a 529 Plan for a named beneficiary, often times a child. The person who opened the account is considered the account's "owner" and

maintains control over the account's assets, decides when withdrawals are made, and can change the account beneficiary at any time, which is valuable if the initial beneficiary does not attend a qualified institute of higher education.

First Minnetonka Investment Center** also offers several other college planning tools. Certified Financial Planner Tam Hubert would be happy to discuss them with you and help you determine the ones that are best suited to your needs. She can be reached at 952-935-8663 or at thubert@fmcbank.com. ●

*These tax benefits are effective through 2010 unless extended by Congress. Certain tax-related issues for 529 Plans can be complicated. Talk to your advisor for more information.

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FIRST MINNETONKA IS YOUR SOURCE FOR HOME MORTGAGES



Low interest rates in recent times have created a boom in the real estate market, leading many people to consider buying a new home, building a new home, or refinancing their existing home mortgage.

If these scenarios apply to you, First Minnetonka City Bank is your resource for first home mortgage products. Rather than relying on someone else to help you find financing for your home's purchase, you can work with a bank you already know and trust: First Minnetonka.

We offer a wide variety of first mortgage products suited to your needs. These include:

- pre-qualification programs to help you determine the size of mortgage for which you qualify
- long-term, fixed rate mortgages
- long-term, adjustable rate mortgages

- jumbo mortgages, which are those that exceed \$300,700
- construction loans to help you pay the builder throughout the construction process
- mortgages for individuals with low-to-moderate income, which are municipally-offered loans whose availability is dependent on where the home is located

Our web site, www.fmcbank.com, offers a handy mortgage calculator you can use to determine your potential monthly payments, based on the loan's duration, amount financed, interest rate, and estimated real estate taxes and insurance. On the site, just click "Banking Services/Mortgage Services/Try our Mortgage Calculator" to use this helpful tool.



For more information on our first mortgage products and services, contact Paul Tesarek at 952-935-5995 or at ptesarek@fmcbank.com. ●

BALANCING YOUR FINANCES

MEET ISMATH QURESHI: FIRST MINNETONKA'S NEWEST PERSONAL BANKING OFFICER



We are pleased to announce the promotion of Ismath Qureshi to Personal Banking Officer. Using more than 12 years of banking industry experience,

Ismath is available to help you with your personal banking and consumer lending needs, including helping you qualify for and obtain a variety of loans and lines of credit. As she

works with customers, Ismath prides herself in her commitment to upholding their best interests when helping them make important banking decisions.

Prior to joining First Minnetonka City Bank in 1997, Ismath worked at a large bank in the Boston area. When comparing this experience to her current work, Ismath values First Minnetonka's hometown atmosphere and

focus on customer service. These bank characteristics give her the opportunity to develop long-term relationships with customers who repeatedly come to her to have their banking needs met.

Please join us in congratulating Ismath. She can be reached at iqureshi@fmcbank.com, and at 952-935-8663. ●

NO-COST HOME EQUITY LOANS



As a added benefit to our customers, First Minnetonka continues to offer you home equity loans with no closing costs.

With a First Minnetonka home equity loan, you can borrow up to 100 percent of the equity available in your home* and use it for whatever purpose you choose. Whether it's to buy a car, take a vacation, renovate your home, or pay for a child's education or wedding, home equity loans can provide you with the money you need, when you need it. The interest paid on these loans may even be tax deductible.**

For more information about our no-cost home equity loans, please contact Kevin VonBank, Jeff Scribner, Ismath Qureshi at the Glen Lake office at 952-935-8663, or Glenn Keller or Paul Tesarek at the Country Village office at 952-935-5995. ●

*Home value based on most recent property tax statement or appraisal. Some restrictions may apply. Subject to standard credit qualifications.
**Consult your tax advisor for more information on the tax deductibility of interest on your home equity loan.



RECREATIONAL VEHICLE LOANS CAN SET SUMMER PLANS SAILING

Whether it's your dream to cruise along Lake Minnetonka, go camping in Mount Rushmore National Park, or take a cross-country road trip, First Minnetonka offers a number of flexible options to help you finance the purchase of a new or used recreational vehicle, including the following:

Yachts • Aircrafts • Motorhomes • Boats • ATVs • Campers • Motorcycles • Personal watercrafts • Snowmobiles

Don't let financing worries stand in the way of your summer plans. For more information on our recreational vehicle loans or boat titling, please contact Kevin VonBank, Jeff Scribner, or Ismath Qureshi at the Glen Lake office at 952-935-8663, or Glenn Keller or Paul Tesarek at the Country Village office at 952-935-5995. ●

YOUR BUSINESS: THE BOTTOM LINE

COMBATING RISING INSURANCE PREMIUMS: WHAT YOU CAN DO TO SAVE*



Headlines have been filled with the rising costs of insurance. Whether it's healthcare, automobile or homeowner's coverage, consumers are facing double-digit premium increases. While these increases seem to be widespread, the following tips may offer you some new options as you search for lower-cost health insurance.

Contact your state Department of Insurance. Well versed in the type of insurance products available in their state, the office's customer service people can steer you to companies and products that meet your particular needs.

Work with an agent or a broker. They know the products available, and it's a lot easier, and more cost-effective, for them to do the legwork. They can help you focus on what's most important, a low premium, say, or doctor choice, then evaluate your cash flow and propose realistic options. Using a broker is cost-effective for another reason, too: Commissions are built into the premiums.

When looking for a broker, experience is important. Someone who's sold a particular line of products for a long time is likely to have valuable insights into the quirks of various carriers—which ones are more prone to sell insurance to someone who's had cancer, for example.

Check out trade/professional organizations to which you may belong. They might offer a health plan to members. But don't assume that, just because a group to which you belong sponsors them, they're a good deal. Such plans are sometimes marketing arrangements, with commissions going to the sponsoring associations.

Check out group-purchasing arrangements. In some states, joint-purchasing organizations give small firms a choice of health plans. Because they have many members, these groups have more purchasing power than a lone small business would. As a result they're able to buy better plans and give options to members they might not oth-

erwise be able to get, such as a vision or dental plan.

Consider establishing a Medical Savings Account (MSA). Established by Congress in 1997, this pilot program expires in 2002 and is only available to the self-employed and small businesses with two to 50 employees. (Proposals are in Congress to extend the deadline and expand the program to most Americans). Creating an MSA involves taking out a high-deductible insurance policy (\$1,600 to \$2,400 for singles; \$3,200 to \$4,800 for families) and setting up a tax-free account (up to \$1,560 for a single person per year; up to \$3,600 for a family) to pay for day-to-day medical expenses until the deductible is reached and the policy kicks in.

If you don't spend all the money in your account, it can be used in subsequent years or to pay for long-term care insurance, premiums for COBRA continuation coverage or premiums for health-care coverage while an individual receives unemployment compensation. If it is withdrawn for non-medical reasons, you pay your current rate and a 15 percent penalty. (There is no penalty for individuals more than 65 years old).

Remember: Before signing on the dotted line, check out A.M. Best and Dunn and Bradstreet's company ratings for their financial stability and their claims-paying history. ●

*This article is excerpted from the Nov. 22, 2001 Fortune Small Business article: "Good, inexpensive coverage isn't easy to find. Here are some tips to streamline your search," by Miriam Ascarelli.

Contact one of our dedicated commercial banking professionals today to learn how our services can benefit you:
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TELEBANK VS ONLINE BANKING: HOW DO THEY COMPARE?



TeleBank and FMCBank Online are both valuable self-service banking tools that allow customers to conduct a variety of banking transactions, wherever they are, whenever it's convenient for them.

However, each tool also offers distinct advantages.

For example, because TeleBank is accessible from any touch-tone phone, customers can use it virtually anywhere. But because FMCBank Online is a web-based tool, it can offer a number of features that TeleBank cannot, including:

- Printing checking and savings account statements
- Reviewing multiple transactions simultaneously

- Downloading transactions to Microsoft Excel, Quicken or Microsoft Money
- Paying bills online
- Searching and sorting transactions
- Scheduling and reviewing fund transfers
- Viewing a snapshot of all account balances
- Reviewing safe deposit box account information and rates
- Offering online help

When both services are used, customers have access to the most complete range of banking services. So, use them both. They're a perfect complement to each other. Visit www.fmcbank.com, or call TeleBank at 952-932-9690 to see for yourself. ●

Feature	TeleBank	Online Banking
<u>CHECKING</u>		
Check Balance	✓	✓
Print Balance	-	✓
Review recent checks	✓	✓
Print recent checks	-	✓
Review recent deposits	✓	✓
Print recent deposits	-	✓
Review all recent transactions	✓	✓
Print all recent transactions	-	✓
Review/print statement	✓ via fax	✓
See if check has cleared	✓	✓
Transfer funds	✓	✓
Make loan payment from checking	✓	✓
Make payment to Ready Reserve from checking	✓	✓
Obtain interest information	✓	✓
Order checks	✓	✓
Place stop payment	✓	✓
Review multiple transactions simultaneously	-	✓
<u>SAVINGS</u>		
Review recent withdrawals	✓	✓
Print recent withdrawals	-	✓
Review recent deposits	✓	✓
Print recent deposits	-	✓
Review all recent transactions	✓	✓
Print recent transactions	-	✓
Review/print statement	✓ via fax	✓
Review pending transactions	✓	✓

Feature	TeleBank	Online Banking
<u>SAVINGS (Continued)</u>		
Transfer funds	✓	✓
Make loan payment from savings	✓	✓
Ready Reserve payment from savings	✓	✓
Obtain interest information	✓	✓
Review multiple transactions simultaneously	✓	✓
<u>LOAN INFORMATION</u>		
Obtain current balance and loan payment information	✓	✓
Review transactions	✓	✓
Obtain interest information	✓	✓
Transfer funds	✓	✓
Obtain loan payoff information	✓	✓
<u>OTHER</u>		
Pay bills	-	✓
Search/sort transactions by amount, date, type, cycle	-	✓
Download transactions to Quicken, Excel, or MS Money	-	✓
Schedule future repetitive or one time fund transfers	-	✓
Review (posted and pending) funds transfer transactions	-	✓
View a "snapshot" of all account balances	-	✓
Review safe deposit box account information and rates	-	✓
Online help available	-	✓

BANK CUSTOMERS CLICK WITH ONLINE BILL PAY



With more and more First Minnetonka customers using FMCBank Online each month, many consumer banking customers are also seeing first-hand how the service can automate the often tedious and time-consuming process of paying bills. In addition, they have begun experiencing the numerous other benefits online bill payment offers, including:

- Saving money every month on mailing costs and check orders.
- Maximizing the amount of time money stays in your account because you control when payments are made.
- Viewing your payments with your checking account statement—helpful

when trying to establish and follow a monthly budget.

- Saving time by not having to write checks or address envelopes, and by only having to set up your payment schedule once to have your recurring bills paid while we do the rest!
- Paying anyone, anytime, anywhere in the United States, from your mortgage lender to your newspaper carrier.

GETTING STARTED IS SIMPLE!

If you are enrolling in First Minnetonka's online banking for the first time, simply indicate that you want to use the online bill payment service when inputting your first-time user information. If you have already enrolled

in online banking and didn't select to participate in online bill payment, you can begin using the service by calling customer service at 952-935-8661.

The web site, www.fmcbank.com, contains step-by-step on-screen instructions that guide you through the process of setting up your recurring payments, how often they occur, the desired payment date, and other terms. This convenience can be yours for a small \$5 monthly fee for up to 20 online payments, and \$0.40 for each additional online payment.

For more information or to see the service in action, visit www.fmcbank.com, and tour the online banking demo. ●