



Twenty **16**
**ANNUAL
REPORT**

Falcon NATIONAL BANK

**“ AT FALCON NATIONAL BANK,
WE WORK HARD EVERY DAY
TO HELP ENSURE OUR CUSTOMERS
ARE SUCCESSFUL, BECAUSE WE KNOW
THAT IF THEY SUCCEED, WE SUCCEED.”**

In 2016, we strategically focused on growing our product lines in the following areas:

FALCON LEASING

By providing small ticket leases to business customers nation-wide, our leasing product line grew over 50%.

RESIDENTIAL CONSTRUCTION LENDING

By offering residential construction loans to customers throughout the Midwest, we grew this product line 40%.

BUSINESS BANKING

We work with small- to medium-sized businesses throughout Minnesota, providing loan and deposit products that are second to none. We specialize in SBA Lending and, in 2016, we were one of the largest SBA lenders in the state. Last year we brought on a senior VP with more than 20 years of business and agricultural lending success to add to our strength.

HEALTH SAVINGS ACCOUNTS (HSA)

In 2016 we took a bold step and partnered with SelectAccount, a division of Blue Cross Blue Shield, and one of the premium providers of HSA products nationwide. As a result of this partnership, we're able to offer our customers the latest and greatest HSA products available anywhere.

CORE DEPOSITS

In 2017 our Falcon team will continue to grow these product lines and will also focus on the expansion of our core deposits base. A strong deposit base will allow us to continue offering the lease and loan products our customers are looking for.

EMPLOYER OF CHOICE

This year we'll also stay focused on supporting our employees/team members. I have challenged our Human Resources department and management team to design policies and programs that create the best working environment possible. By striving to become the "Employer of Choice," we'll retain and attract the best and brightest there is in the communities we serve.

POSITIONED FOR STRENGTH

Our industry is not without its challenges: regulations, competition, taxes, and IT, just to mention a few. But I'm convinced that with the team we have at Falcon National Bank, we are well positioned to meet these modern day challenges and provide our customers with "Service That Soars Above The Rest."

If you're already a Falcon National Bank customer, I want to thank you for your business and tell you how important you are to us. If you're not yet a customer, I would ask you to give us a try. I'm confident you won't be disappointed.



Wishing you all the success in 2017.

John Herges
CEO

LEADERS IN ECONOMIC DEVELOPMENT.

Strong local communities make all of our lives that much richer. To support and promote the economic growth of the greater St. Cloud area, we partner with a number of local organizations.



Back: Jonathan Brenny, Godzala Brenny Real Estate - Edina Realty; Jake Bauerly, Bauerly Dynamics; Ed Popp, Benton County Commissioner District 2, Representing Benton County Front: Jayne Greeney Schill, Schill Trucking; Cheryl Scapanski, Benton Teleco; John Herges, Falcon National Bank; Sandy Saldana, Saldana Excavating and Aggregates, Inc.; Inese Mehr, Rengel Printing Company.



— JOHN UPHOFF
Executive Director

“ The Benton Economic Partnership, Inc. is a non-profit organization with the mission to promote economic development throughout Benton County. John Herges was instrumental in getting the organization off the ground and provided key leadership to ensure a successful launch in September, 2016. John serves as our Board President and is enthusiastically engaged in supporting the growth and prosperity of our region.”

WE ARE PROUD TO PARTNER WITH THE FOLLOWING ORGANIZATIONS:



**FINANCING TO KEEP
YOU MOVING FORWARD.**



ANDY'S TOWING



JOE KAMPA

I had only been a business owner for a short time when I decided to finance my business through conventional means. My goal was to do so quickly and seamlessly. When I wasn't able to get the support I needed from other lenders, Falcon National Bank was willing and able to help me achieve that goal. From that moment on, my banking relationship with Falcon National Bank has been extremely positive and rewarding. I would highly recommend Falcon to others. 🦅

**POWERING STRONG
BUSINESS PARTNERSHIPS.**



BATTERIES + BULBS

BERNADETTE "BERNIE" PERRYMAN

As a business owner, I need to rely on a bank that pays close attention to the needs of its customers. My relationship with Falcon National Bank has been nothing short of excellent. The team I work with is responsive, resourceful and engaging. I will continue to recommend Falcon to area business owners, and I'm confident they won't be disappointed with the service and satisfaction Falcon National Bank provides. Falcon National Bank is more than a bank, they are a reliable business resource and a true community partner. 🦅



**PARTNERS FOR
THE LONG HAUL.**



HULS BROS TRUCKING



**STEVE SKALLERUD
RICK WINTER**

Falcon's Preferred SBA Status, knowledge of our business lines and local decision making were big advantages to us during the purchase of our business in 2015. And it doesn't stop there. Falcon continues to go above and beyond by proactively helping us plan capital expenditures, collateral management and other growth planning. If I need help finding credible business partners with certain skills and capabilities, one of my first calls is to our Falcon Lender, Troy Cameron. Falcon is very well-connected in the community and brings much more value to our relationship than lending. Falcon is big enough to complete large transactions, but not too big to inhibit high-performance, personal service. 🦅

**SERVING UP GREAT
CUSTOMER SERVICE.**



JACK & JIM'S

**ORSON & DEANNA CHMIELEWSKI
JUSTIN & STACY CHMIELEWSKI**

We recently made the switch to Falcon National Bank, and our experience has been fantastic. The whole team at Falcon is easy to work with and has been extremely accommodating. Being in the service industry ourselves, we know the value of treating customers well. Choosing the team at Falcon meant choosing a partner who's responsive and dedicated to providing outstanding customer service. We also know that by banking with a locally owned bank, we're helping to support other local businesses too; and that's something we all can be proud of. 🦅



REAL PEOPLE CREATING STRONGER COMMUNITIES.

At Falcon National Bank, we make it our mission to donate our time, talent and treasure to the local communities we call home. Because when our communities are strong, it gives everyone a more vibrant environment to work, play, dream and thrive.



“ We very much value the support and sponsorship of Falcon National Bank. Not only does the Salvation Army appreciate their involvement this year and previous years in the PhilanthroFeed, but the 180-200 diners that partake in this lunch are thankful for their generosity which helps keep this program going.”

– JIM MUELLENBACH
Community Development Director, The Salvation Army



“ Central Minnesota is a great place in many ways because of organizations like Falcon National Bank. They are a model organization for many reasons but their commitment to their employees and the communities where they are based is phenomenal. Both employees, through giving and volunteering, and Falcon as an organization, have been increasingly supportive of the impact United Way is making in Central Minnesota and we cannot thank them enough. They understand that by investing time and treasure in our community, we all thrive.”

– JON RUIS
President & CEO, United Way of Central Minnesota



SHARING THE VISION. LEADING THE MISSION.



Back: Troy Cameron – SVP/Senior Lender; Debra Grant – VP/CFO; John Herges – CEO; Jason Iverson – VP/CRO; Caryn Stadther, VP of Marketing
Front: Kendra Berger, VP/Residential Lending Manager, Jessica Bitz – Market President; Dan Kvas – VP Falcon Leasing

OUR MISSION

To provide progressive financial solutions with exceptional customer service to the communities we serve.

Offering outstanding customer service isn't a happy accident. It's intentional, and it's at the heart of our mission. We know that great service begins from the inside out. So we've created a culture centered around RESPECT.

- R** - Responsive and Respectful
- E** - Excellence
- S** - Servicing and Supporting our Communities
- P** - Professionalism
- E** - Exceptional Service
- C** - Confidentiality
- T** - Teamwork

Of course our exceptional culture is also a reflection of our leadership. We're fortunate and grateful to have a leadership team who walks the talk of service and support. That makes all of us better at what we do, which translates to a better experience for our customers. That's what it's all about.



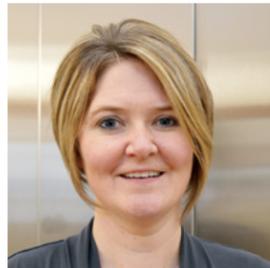
COMING TOGETHER FOR THE BEST OF THE COMMUNITY.

Falcon National Bank's core values include maintaining positive and productive relationships with surrounding communities. That's one reason why every founder and director is an integral member of the community and a successful business owner. Together with our Board of Directors, we work to promote positive growth and change for local businesses and communities.

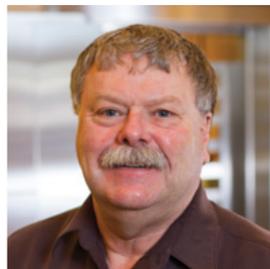
BOARD OF DIRECTORS



BRIAN BAUERLY
E-Ride Industries



JESSICA BITZ
Falcon National Bank



MIKE DOTY
Michael Doty, D.D.S.



LEE HANSON
Gray Plant Mooty



JOHN HERGES
Falcon National Bank



CHAD MURPHY
Murphy Chevrolet



STEVE TORBORG
Torborg Builders



DIANE WOJTANOWICZ
Prairie Farm Company

ADVISORY BOARD MEMBERS



STEVE BAKER
Steven V. Baker, Ltd



CASSIE CZECH
Czech Roadside Acres



EMILY FALK
Student Advisor,
Foley Public Schools



SCOTT JOHNSON
The Johnson Farm



LAURIE KISSNER
All State Traffic Control



JIM KNOBLACH
Crown Companies



RANDY KOTSMITH
Foley Fuel & Lumber Co



BRIAN LAVERDIERE
WebWizard Works



LESLIE LECUYER
Central MN Arts Board



DOLORA MUSECH
Current Properties



PAUL NEUBAUER
Foley Public Schools



MARK OSENDORF
Xcel Energy



LUKE RIORDAN
Dayta Marketing



KIM SCHAAP
St. Cloud Orthopedics

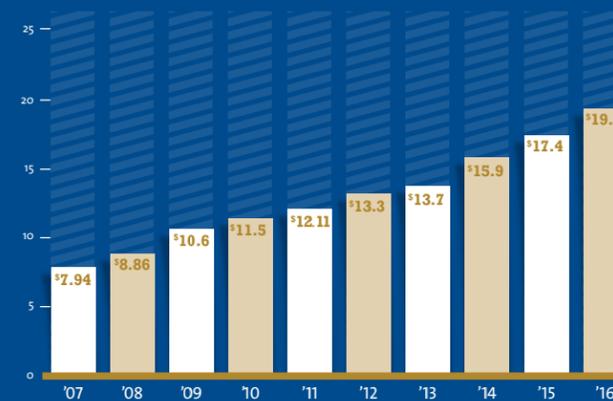


GREG WENNER
Foley Funeral Home

AT 14 YEARS, WE'RE GOING THROUGH A GROWTH SPURT.

CAPITAL

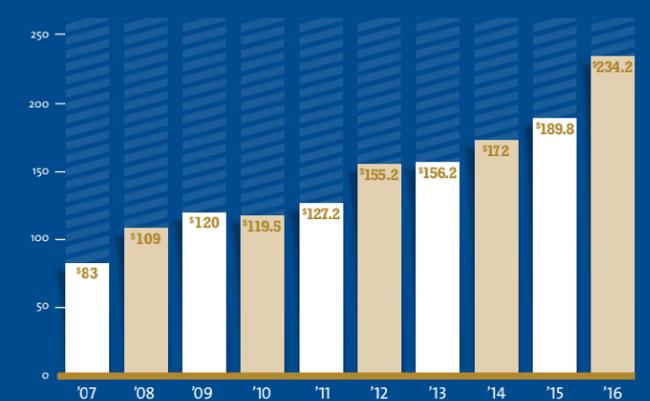
IN MILLIONS



In 2016, our capital assets surpassed \$19 million. We attribute our success to a growth strategy that puts people at the forefront of all of our business decisions.

TOTAL ASSETS

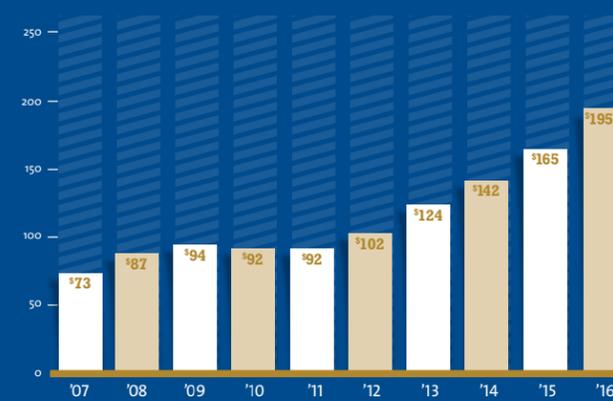
IN MILLIONS



Our total assets saw a significant growth spurt in 2016, even as the financial industry became increasingly more competitive. No matter how the financial landscape changes, we'll continue to balance discerning decision making with the best interests of our customers and our community.

TOTAL LOANS

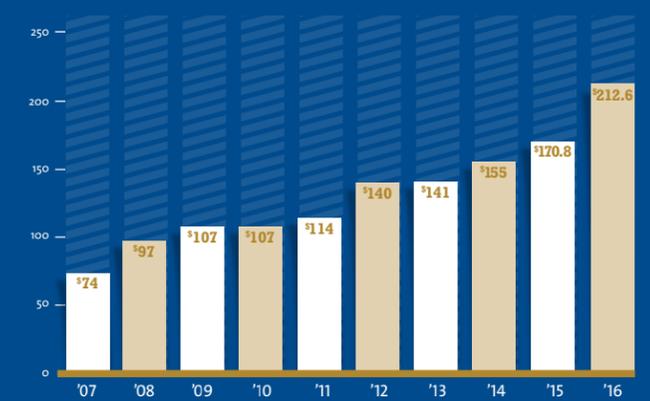
IN MILLIONS



In 2016, our total loans climbed to just over \$195 million. Our business customers tell us our exceptional personal service and our ability to approve loans locally make all the difference in their lending experience.

TOTAL DEPOSITS

IN MILLIONS



A strong deposit base is the key to a thriving lending program. Our growth in deposits makes it possible for more local customers to lease, borrow, and reach their dreams. That's good for all of us.

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**ANNUAL
REPORT**

SAINT CLOUD LOCATION

1010 W. St. Germain Street
320-223-6300

FOLEY LOCATION

183 Cedar Drive
320-968-6300

**FALCON LEASING,
SAINT CLOUD**

28 11th Avenue S.
Suite 103
320-968-2000

FalconNational.com



REAL SOLUTIONS YOU CAN BANK ON.

BUSINESS BANKING SOLUTIONS

Commercial Loans
Agricultural Loans
SBA Preferred Lending Options
Working Capital Loans
Equipment Financing and Leasing
Checking and Savings
Money Market
Remote Deposit
Cash Management
Positive Pay
Wire Transfers
Merchant Credit Card Services
Employee Relationship Banking
Online Banking
Bill Pay and E-Statements

PERSONAL BANKING SOLUTIONS

Residential Real Estate Loans
Construction Financing
Consumer Loans
Checking and Savings
Money Market
Health Savings Account Solutions
Certificates of Deposit
Mobile Banking
Individual Retirement Accounts
Gold Club (50+)
Safe Deposit Box
Online Banking
Bill Pay and E-Statements
Employer Relationship Banking

