



# PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

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## **Stearns Bank, National Association, St. Cloud, Minnesota, Assumes All of the Deposits of Horizon Bank, Pine City, Minnesota**

Horizon Bank, Pine City, Minnesota, was closed today by the Minnesota Department of Commerce, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Stearns Bank, National Association, St. Cloud, Minnesota, to assume all of the deposits of Horizon Bank.

The two offices of Horizon Bank will reopen on Saturday as branches of Stearns Bank, N.A. Depositors of Horizon Bank will automatically become depositors of Stearns Bank, N.A. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance coverage. Customers should continue to use their existing branches until Stearns Bank, N.A. can fully integrate the deposit records of Horizon Bank. Depositors of Horizon Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of March 31, 2009, Horizon Bank had total assets of \$87.6 million and total deposits of approximately \$69.4 million. Stearns Bank, N.A. paid a premium of 0.75 percent to acquire all of the deposits of the failed bank. In addition to assuming all of the deposits of the failed bank, Stearns Bank, N.A. agreed to purchase approximately \$84.4 million of assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and Stearns Bank, N.A. entered into a loss-share transaction on approximately \$65.1 million of Horizon's assets. Stearns Bank, N.A. will share in the losses on the asset pools covered under the loss-share agreement. The loss-sharing



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at [www.fdic.gov](http://www.fdic.gov), by subscription electronically (go to [www.fdic.gov/about/subscriptions/index.html](http://www.fdic.gov/about/subscriptions/index.html)) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-103-2009

arrangement is projected to maximize returns on the assets covered by keeping them in the private sector. The agreement also is expected to minimize disruptions for loan customers.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-866-954-9531. The phone number will be operational this evening until 9:00 p.m., Central Daylight Time (CDT); on Saturday from 9:00 a.m. to 6:00 p.m., CDT; on Sunday from noon to 6:00 p.m., CDT; and thereafter from 8:00 a.m. to 8:00 p.m., CDT. Interested parties can also visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/horizon.html>

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$33.5 million. Stearns Bank's, N.A. acquisition of all the deposits was the "least costly" resolution for the FDIC's DIF compared to alternatives. Horizon Bank is the 43rd FDIC-insured institution to fail in the nation this year, and the first in Minnesota. The last FDIC-insured institution to be closed in the state was First Integrity Bank, N.A., Staples, on May 30, 2008.

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