



PRESS RELEASE

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

FOR IMMEDIATE RELEASE
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Northern State Bank, Ashland, Wisconsin, Assumes All of the Deposits of State Bank of Aurora, Aurora, Minnesota

State Bank of Aurora, Aurora, 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 Northern State Bank, Ashland, Wisconsin, to assume all of the deposits of State Bank of Aurora.

The sole branch of State Bank of Aurora will reopen on Monday as a branch of Northern State Bank. Depositors of State Bank of Aurora will automatically become depositors of Northern State Bank. 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 former State Bank of Aurora branch until they receive notice from Northern State Bank that it has completed systems changes to allow other Northern State Bank branches to process their accounts as well.

This evening and over the weekend, depositors of State Bank of Aurora 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 December 31, 2009, State Bank of Aurora had approximately \$28.2 million in total assets and \$27.8 million in total deposits. Northern State Bank will pay the FDIC a premium of 0.5 percent to assume all of the deposits of State Bank of Aurora. In addition to assuming all of the deposits, Northern State Bank agreed to purchase essentially all of the failed bank's assets.



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, by subscription electronically (go to 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-62-2010

The FDIC and Northern State Bank entered into a loss-share transaction on \$21.3 million of State Bank of Aurora's assets. Northern State Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-830-4705. 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 also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/state-aurora.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$4.2 million. Northern State Bank's acquisition of all the deposits was the "least costly" resolution for the FDIC's DIF compared to all alternatives. State Bank of Aurora is the 37th FDIC-insured institution to fail in the nation this year, and the fourth in Minnesota. The last FDIC-insured institution closed in the state was 1st American State Bank of Minnesota, Hancock, on February 5, 2010.
