

**Special Edition**

Notes of  
**INTEREST**

February 2008

[www.dairystatebank.com](http://www.dairystatebank.com)

✓ For DSB and FB&T Customers Alike

**Important** *messages before we Merge*

By Michael R. Bock, DSB President  
and Dale E. Kastner, FB&T President

This special edition newsletter is dedicated to advising our combined customers of important notices and changes in light of our upcoming merger. Some of the information pertains to First Bank & Trust customers only, some to Dairy State Bank customers only and some to both banks' customers. We have flagged each article accordingly to make the information easier to follow.

If you have any questions about this newsletter's articles or other merger-related concerns, please feel free to direct them to your favorite DSB or FB&T representative.

**Merger overview**

Currently, our parent company, Dairy State Bancorp, Inc., encompasses a family of two community banks: Dairy State Bank (DSB) and First Bank & Trust (FB&T). Together, they have 10 locations to serve you, as listed on Page 2.

Continued *(page 2)*



Mike Bock



Dale Kastner

*Inside this special* **Edition**

- *Loan payment and servicing changes*
- *Online banking downtime alert*
- *Debit card alert*
- *Overdraft transfer agreement*
- *Questions and Answers*
- *And other important merger-related news!*

**Bank Locations**  
*Once Merged*

**Birchwood**  
124 North Main Street  
715-354-3411

**Colfax**  
101 South Main Street  
715-962-3577

**Downsville**  
E4491 County Road C  
715-664-8711

**Haugen**  
103 Third Street  
715-234-0007

**Menomonie**  
2405 Schneider Avenue  
715-235-5511

**Menomonie**  
600 Second Street  
715-235-6983

**Menomonie**  
2320 Highway 25 N  
715-235-6801

**Prairie Farm**  
100 Hepburn Street East  
715-455-1339

**Rice Lake**  
16 South Main Street  
715-234-9181

**Wheeler**  
100 South Hwy 25  
715-632-2441

Member FDIC



## Presidents' message *(continued)*

On or after March 1, 2008, the two banks will be merged into one bank for greater convenience, efficiency and simplicity. The newly combined bank will be called Dairy State Bank and all First Bank & Trust locations will be renamed Dairy State Bank.

After our banks are combined, all previous First Bank & Trust accounts will automatically become accounts at Dairy State Bank, **your current checks will still be usable and each office's hours will remain the same as before.**

### Post-Merger Locations

The newly combined DSB will have 10 locations and 17 ATMs to serve you.

The office locations are:

#### **Barron County**

16 South Main Street  
Rice Lake, WI 54868

103 Third Street  
Haugen, WI 54841

100 Hepburn Street East  
Prairie Farm, WI 54762

#### **Dunn County**

2405 Schneider Avenue  
Menomonie, WI 54751

600 Second Street  
Menomonie, WI 54751

2320 Highway 25 North  
Menomonie, WI 54751

101 South Main Street  
Colfax, WI 54730

E491 County Road C  
Downsville, WI 54735

100 South Highway 25  
Wheeler, WI 54772

#### **Washburn County**

124 North Main Street  
Birchwood, WI 54817


### The effects of the merger on deposit insurance (FDIC)

According to Section 8(q) of the Federal Deposit Insurance Act, in a transaction such as this, when the deposits of one financial institution are transferred to another financial institution, separate insurance on the transferred deposits will continue for six months after the date of the transfer or, in the case of time deposits, until their earliest maturity date after the expiration of the six-month period. In other words, if the transfer of your First Bank & Trust deposits to Dairy State Bank causes your total deposits at Dairy State Bank to exceed \$100,000, your excess deposits will be insured by the FDIC for six months from the date the transaction takes effect, or, if you have time deposits, until their earliest maturity date after the six-month period.

### Restructuring accounts to maximize FDIC protection

If you will have excess deposits at DSB, following the merger, **we can evaluate how your accounts are structured and, if necessary, restructure them to maximize your FDIC protection.** If you have any questions, please contact us. FDIC brochures are available at all of our locations and the FDIC Web site ([www.fdic.gov](http://www.fdic.gov)) contains a great deal of information on FDIC insurance.

### Thank you for being our customer!

Joining our banks together will allow us to serve you better for years to come. We thank you, again, for the confidence you have placed in Dairy State Bank and First Bank & Trust, and look forward to serving you as one. 

 For FB&T Customers

## Loan payment and servicing Changes

Effective with the merger on March 1, 2008, all loan payments should be made payable to Dairy State Bank. You can still direct your payment to the location you currently use.

### RESPA Notice of Transfer of Servicing Rights

For those customers who currently have a mortgage with First Bank & Trust, you will be receiving a notice from us about 15 days before the merger. This notice, a requirement of the Real Estate Settlement Procedures Act (RESPA), basically states:

- That First Bank & Trust will be changing its name to Dairy State Bank;
- That mortgage payments can still be made to the same location but should be made payable to Dairy State Bank; and
- That while Dairy State Bank will formally be the one "servicing" your loan, you can continue dealing with the same employees as before.

### Future loan transactions

The merger will not change the current decision-making process for loans. If you are accustomed to working with a lender from the Menomonie or Colfax offices, that lender can help you with your future loan needs as well.

✓ For DSB and FB&T Customers Alike

## Online *banking* Downtime

The online banking sites for both Dairy State Bank and First Bank & Trust will be unavailable from Friday, February 29, 2008, at 5 p.m., until Monday, March 3, 2008, at 8 a.m., so that our systems can be merged. Please make sure you have completed your online banking transactions before then: transfers and ACH, bill payment, cash management and wire transactions. ➤



✓ For FB&T Customers

## FB&T *Web site and online banking* Changes

The First Bank & Trust Web site ([www.1stbk.com](http://www.1stbk.com)) will be redirected to the Dairy State Bank Web site ([www.dairystatebank.com](http://www.dairystatebank.com)) on March 1, 2008. We will monitor the activity on the 1stbk.com site and will continue to automatically redirect users to the dairystatebank.com site for as long as needed. It may be a good idea now to bookmark Dairy State Bank's Web site.

### FB&T e-mail addresses after the merger

All of First Bank & Trust's e-mail addresses will also be automatically forwarded to their new e-mail addresses.

### Changes to online banking user names and passwords

FB&T customers will experience some changes to their online banking user names and passwords following the 2/29/08-3/3/08 shutdown and system changes. Please log in to your online banking account for further details.

✓ For DSB and FB&T Customers Alike

## Annual *privacy* Notice

What follows is Dairy State Bank's annual notice regarding the privacy of its customers' financial information. It pertains to DSB's current customers, as well as First Bank & Trust customers, once the merger has occurred.

### Introduction

We recognize our customers' expectation that information provided to us by our customers or obtained by us about our customers will be safeguarded by us. This Notice is intended to describe how we collect, maintain and disclose customer information, and how you can choose how information about you is used by us. This Notice may be amended from time to time at our discretion. If you have any questions, comments or complaints about the privacy of information about you, please contact us at 16 South Main Street Rice Lake, WI 54868, or call us at 715-234-9181.

### Collecting information about you

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms and on our Web site;
- Information about your transactions with us, our affiliates or others; and
- Information we receive from consumer reporting agencies.

### Information from our Web site

When you visit our Web site, we obtain data relating to which pages are visited, what is downloaded, the addresses of sites visited immediately before and after our site, domains our visitors come from, the type of operating system on your computer (Macintosh, Windows), and the type of browser (Netscape Navigator, Internet Explorer) you are using to view the site.

**This information is only collected in the aggregate for everyone who accesses our site and not on you individually.**

No personal information is collected or retained by us when you browse our Web site or use the planning tools on our Web site, such as financial calculators.

Continued (*back page*)

✓ For DSB and FB&T Customers Alike

## Credit *card changes* and Improvements

Sometime in May 2008, Dairy State Bank will be switching its credit card program over to Elan — the same credit card company that First Bank & Trust currently uses. Elan offers more reward-type programs than DSB's current credit card provider.

### Popular benefits that won't be changing for current DSB card holders

We're pleased to announce that two important features of our current program were kept and made part of the new Elan program. They are our customers' ability to make their credit card payments directly at Dairy State Bank, as well as their ability to call us direct with questions on their credit cards.

### Added benefits for FB&T customers, following the May 2008 switchover

For those First Bank & Trust customers who are current Elan card holders, you will also be able to make your credit card payments directly at Dairy State Bank, effective in May 2008, and will have the ability to call us direct with your credit card questions. This is an added feature we negotiated with the May 2008 switchover. ➤



✓ For FB&T Customers

## Debit *card* Alert

At the end of February, all First Bank & Trust **debit card customers will receive a new, FREE (no monthly charge) Visa "check card,"** which will go into effect March 3, 2008.

This check card replaces your debit card; however, some FB&T debit cards are scheduled to expire two days sooner, on Friday, February 29. Therefore, to cover the two-day gap between cards, we're asking you to keep your debit card intact until you've first used your new Visa check card. At that time, you should destroy your old debit card. We're sorry for any inconvenience this may cause you during this transition.

For those debit cards that expire after March 3, 2008, please destroy them once you've received and started using your new Visa check card. ➤

*Please, do not destroy  
your old debit card  
until you've used your new  
Visa check card.*

✓ For DSB Customers

## ATM *cards will* soon be Available

Beginning March 3, 2008, ATM cards will be available to our current Dairy State Bank customers.

An ATM card can be linked to either your checking or savings account, and allows you to draw cash from your account at any ATM, worldwide, including the 17 machines currently operated by DSB and FB&T.

If you'd like more information or wish to apply for an ATM card, please see any of our customer service representatives.

✓ For FB&T Customers

## Safe *deposit* box Payments

If you rent a safe deposit box at a current FB&T office, effective with the merger, your rental payments (billed in June) should be made payable to Dairy State Bank. At renewal time you may notice a **reduction in rates**, depending on the box size. All other terms of your safe deposit box lease agreement will remain the same.

If you would like the convenience of having your payment made automatically from your account, one of our customer service representatives can help you arrange that. Also, please remember that the contents of your safe deposit box are not FDIC-insured.

✓ For DSB and FB&T Customers Alike

## Questions *and* Answers

We have received several similar questions about the merger and have answered them below. If you have additional questions, please direct them to any DSB or FB&T office.

**Q** Is the bank being sold?

**A** No. Dairy State Bancorp, our holding company, owns both Dairy State Bank and First Bank & Trust. The decision to merge our sister banks into one bank was simply a way of allowing us to deliver the very latest in banking services to you, making us more efficient, while keeping costs down.

**Q** When will the merger take place?

**A** We expect the merger to take place around March 1, 2008. At that time, the First Bank & Trust name will be changed to Dairy State Bank.

**Q** Will I have to make any account changes because of the merger?

**A** The vast majority of customers will not be affected by account changes due to the merger. We did have some deposit account numbers that were duplicated between our banks and each of those customers has been contacted already and their account numbers changed.

**Q** Will loan decisions now have to be made at the main office in Rice Lake?

**A** No. Business will be as usual. Loan decisions will continue to be made by the people you know and trust, at the location you generally frequent.

**Q** When will my FB&T checks need replacing?

**A** FB&T customers can continue using their current checks until they're gone. When you reorder your checks through DSB,\* they will automatically have the Dairy State Bank name on them.

**Q** When will my FB&T debit, ATM and credit cards need replacing?

**A** At the end of February, all FB&T ATM cards will be replaced with the Dairy State Bank name. Please destroy your old ATM card. FB&T credit cards will be reissued with the DSB name, as they expire.

All FB&T debit cards will be replaced with a new Visa check card at the end of February. Please read the article "Debit Card Alert," on page 4, for important information regarding your debit card and its replacement.

**Q** How will the two banks merging benefit me?

**A** You will benefit three ways. First, because both banks will have the same name and signage at all of their locations, you will clearly have more places to conveniently do your banking. In fact, you will now have 10 locations and 17 ATMs that will recognize you as their customer. Second, through more efficient operations, we can remain competitive in the products and services we provide you. Third, as one bank, we are better able to introduce powerful new services to meet or exceed your needs and expectations.

**Q** If I have accounts at both Dairy State Bank and First Bank & Trust, what will happen once you merge?

**A** Each of your accounts has a unique account number, so they will be separate accounts at the newly merged Dairy State Bank. If your combined account balances will exceed \$100,000, you may need to restructure your accounts to maximize your FDIC protection. (See the presidents' article, on the cover page and page 2, for more information about your FDIC insurance coverage.)

**Q** So, I have nothing to worry about? You're still a local, independent bank, with the same owners and same staff?

**A** That's correct. We're the same bank, with the same focus on our communities and the same appreciation of you as our customer! And, we thank you for the opportunity to serve you.

\* For checks ordered through any source other than DSB, you will need to arrange for both the bank name and routing number changes.

✓ For DSB and FB&T Customers Alike

## Overdraft *transfer* Agreement

Sometime after March 1, 2008, those customers who have an overdraft transfer agreement in place will see a change in the incremental dollar amount that is transferred to their checking accounts to avoid an overdraft. The previous incremental transfer amount was \$10 at DSB and \$100 at FB&T. **The new incremental transfer amount will be \$50.00.** ➤



16 South Main Street  
Rice Lake, WI 54868

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Please stop and take note of these important, time-sensitive notices regarding our upcoming merger.

### Annual privacy notice *(continued)*

Information we collect from our Web site is used in the same way we use any information we obtain about you, as described in this Notice.

**When you use a link from our Web site to go to another site, our privacy notice is no longer in effect.**

Messages you send to us by e-mail are subject to viewing, alteration and copying by potentially anyone on the Internet. We encourage you to send confidential correspondence by regular mail or by using the telephone to speak directly to our employees.

### Disclosure of information about you

We disclose nonpublic personal information about you to third parties only as permitted by law and as necessary to effect, administer or enforce a transaction that you request or authorize. We may provide the information we collect, as described above, to **the following companies** with which we have entered joint-marketing agreements that are nonaffiliated third parties, for the purposes of marketing their products and services to you: **financial providers, such as Elan Credit Card Program and LPL Financial.** We provide information to these companies because we believe these companies provide products and services that our customers might be interested in. We provide only that customer information that may assist the

company in making its products and services available to those customers that we believe could benefit. These third parties must agree to keep the information confidential, except as necessary to perform the task for which the information was provided. We may also disclose nonpublic personal information about you to nonaffiliated third parties as permitted by law.

When you no longer have a continuing relationship with us, that is, when you do not have any active products or services with us, we discontinue sharing information about you according to this Notice.

If we decide to share your information with any nonaffiliated company not described in this Notice or if we change the kind of information we share from that described in this Notice, we would inform you in advance. You will have an opportunity to opt out of disclosure when we notify you of any such disclosure plan.

### Confidentiality and security

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information. ▶