



Comptroller of the Currency
Administrator of National Banks

Southwestern District Office
500 North Akard Street, Suite 1600
Dallas, Texas 75201-3342

Conditional Approval 597
July 2003

June 13, 2003

Robert S. Patterson
Executive Vice President/Senior Trust Officer
First National Bank of Abilene
400 Pine Street
Abilene, Texas 79601

RE: Trust Company Charter Application No. 2003-SW-01-0002
First Financial Trust & Asset Management Company, N.A. (Proposed)
Abilene, Texas, Charter 24421

Dear Mr. Patterson:

The Office of the Comptroller of the Currency (“OCC”) has reviewed your application to establish a new uninsured national trust bank, which will engage solely in fiduciary activities with the title of First Financial Trust & Asset Management Company, National Association (“Bank”). Your charter proposal meets applicable standards and we herewith grant conditional approval.

This decision is granted based on a thorough evaluation of all information available, including the representations and commitments made in the application and by the Bank’s representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for membership in the Federal Reserve System and will not apply for deposit insurance from the Federal Deposit Insurance Corporation (“FDIC”).

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all pre-opening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary conditional approval should the OCC deem any interim development to warrant such action.

This preliminary conditional approval is subject to the following conditions:

1. Activities of the Bank shall be limited to fiduciary activities and this limitation shall be specified in the Articles of Association. The Bank must obtain the prior written approval of the OCC before amending its Articles to expand the scope of its activities and services

beyond fiduciary services.

2. At all times, the Bank shall maintain a minimum of at least \$2 million in Tier 1 capital.
3. If the Bank fails to maintain Tier 1 capital in the amount of \$2.0 million, the Bank shall be deemed “undercapitalized,” for purposes of 12 USC 1831o and 12 CFR 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 USC 1831o and 12 CFR 6 applicable to an undercapitalized national bank. For purposes of 12 USC 1831o(e)(5), an action “necessary to carry out the purpose of this section” shall include restoration of the Bank’s capital so that it is not “undercapitalized,” and any other action deemed advisable by the OCC to address the Bank’s capital deficiency or the safety and soundness of its operations.
4. The Bank: (i) shall give the Dallas – South Field Office at least sixty (60) days prior written notice of the Bank’s intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC’s written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations.
5. The Bank must notify all potential technology-related vendors in writing of the OCC’s examination and regulatory authority under 12 U.S.C. § 1867(c). All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the Bank is subject to the OCC’s examination and regulatory authority. The provisions of 12 C.F.R. § 9 would be applicable to any fiduciary activities contracted out to vendors.
6. The OCC has granted an exemption to the condition for a new national bank to engage an independent external auditor for the first three years of operations. This exemption is subject to the following conditions: a) the Bank remains a subsidiary of First Financial Bancshares, Inc., a bank holding company, and the Bank’s financial statements are included in the audited financial statements of the parent; and b) adequate audit coverage is maintained at the Bank level. If any of these conditions are not met within the first three years of operations, the exemption may be withdrawn at the OCC’s discretion.
7. All transactions between the Bank and any affiliates, foreign or domestic, shall be conducted subject to the applicable provisions of 12 U.S.C. § 371c, 12 U.S.C. § 371c-1, or other applicable Federal law. The Board of Directors of the Bank annually shall review and approve the service agreements, and any other transactions with foreign and domestic affiliates, including in particular any cost allocation, fee-sharing or tax-sharing provisions in such agreements or other transactions.

These conditions of approval are conditions “imposed in writing by the agency in connection

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

with the granting of any application or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

You are reminded that the Bank must establish and maintain a Fiduciary Audit Committee consistent with the requirements of 12 CFR § 9.9(c).

The Bank’s initial paid-in capital, net of all organizational and pre-opening expenses, shall be no less than \$2.0 million. Please be advised that the OCC is currently reviewing its capital and liquidity policy with respect to national trust banks. Should there be a change in our policy as a result of the review, we will advise you accordingly. In addition, if the Bank’s future assets under management increase significantly, or if the Bank assumes additional risk, the OCC may conclude that increased capital is required.

Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application to establish the trust company. You must furnish the OCC’s Dallas District Office (Attn: Licensing) with a copy of all related filings to the Federal Reserve, including registration material.

The OCC poses no objection to the following persons serving as executive officers and/or directors as proposed in the application:

- Robert Patterson – Director, CEO
- Scott Dueser - Director
- Charles Cowell - Director
- Joseph Canon - Director
- David Copeland – Director
- Kirk Thaxton – EVP-Trust Administrator
- Larry Cleveland – EVP-Trust Operations

You are also reminded that for a period of two years after the Bank has opened for business, the Bank must file an Interagency Biographical and Financial Report with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

The “Corporate Organization” booklet in the Comptroller’s Licensing Manual provides guidance for organizing your bank. The booklet may be found at the Publications section of the OCC's web site: www.occ.treas.gov . The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not engage in fiduciary activities until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures. The Bank must meet

the standard requirements before it is allowed to commence business. Management also must ensure that the applicable policies and procedures are established and adopted by the board of directors before the Bank begins operation.

Under separate cover, the OCC will send to you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

This preliminary conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Please direct any questions concerning this preliminary conditional approval to NBE-Licensing Analyst Joseph T. Burbridge at (214) 720-7052, e-mail joseph.burbridge@occ.treas.gov, or write to the address reflected above.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

Yours truly,

/s/ Brenda E. McNeese

Brenda E. McNeese
Acting Licensing Manager

Enclosures: Standard Requirements
 Minimum Policies and Procedures
 Survey