



Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

June 25, 2003

**Conditional Approval 599
July 2003**

Deborah Drosnin, Esq.
Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210

- Re: 1) Application to convert Freedom Trust Company, Concord, New Hampshire to a national trust bank to be known as Freedom Trust Company, National Association, Concord, New Hampshire.
- 2) Application to merge Freedom Trust Company, National Association, Concord, New Hampshire with and into First Financial Trust, National Association, Newton, Massachusetts, under the charter number and title of the latter.
- Control Numbers: 2003 NE 01 006, 2003 NE 02 015, and 2003 NE 12 095

Dear Ms. Drosnin:

The Comptroller of the Currency (OCC) has reviewed your request, dated April 7, 2003, to convert Freedom Trust Company, Concord, New Hampshire to a national bank. After a thorough review of all information available, including the representations and commitments made in the application, we find that your request meets the requirements for approval to convert to a national banking association pursuant to *12 U.S.C. § 35 and 12 C.F.R. § 5.24* as follows:

Title: Freedom Trust Bank, National Association

Location: Two Capital Plaza, Concord, NH 03301

The OCC also has approved your proposal to conduct fiduciary powers pursuant to 12 U.S.C. § 92a. This approval constitutes a permit to conduct the fiduciary powers requested in your application [12 C.F.R. § 5.26(e)(4)].

This is also to inform you that today the OCC conditionally approved the proposal to merge Freedom Trust Company, National Association (hereinafter, "Freedom"), an uninsured national

trust bank, with and into First Financial Trust, National Association, under the charter number and title of the latter (“Resulting Bank”).

The OCC has also approved Resulting Bank’s return of capital, under 12 U.S.C. § 59, in the amount of \$1,389,000 as outlined in your application dated April 7, 2003, to occur subsequent to the conversion of Freedom and consummation of the merger. This reduction in capital stock was approved by shareholders owning at least two-thirds of First Financial Trust, National Association’s capital stock at a special meeting held on January 14, 2003.

We note that First Financial Trust, National Association has represented that the Resulting Bank’s capital structure, after the merger and return of capital, will be unchanged from First Financial Trust, National Association’s pre-merger capital structure, consisting of \$71,032 in common stock, \$1,396,313 in surplus and undivided profits of \$1,422,811, as adjusted for operating results from December 31, 2002.

The preliminary conditional approval to convert Freedom Trust Company and the merger and capital approvals are subject to the following conditions “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

- The transactions and activities described in the applications must be conducted and consummated in the order described and in accordance with the representations made in the applications.
- At all times, Resulting Bank shall maintain a minimum of \$2.4 million in Tier 1 capital.
- If the Resulting Bank fails to maintain Tier 1 capital in the amount of \$2.4 million, Resulting Bank shall be deemed “undercapitalized,” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. § 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 U.S.C. § 1831o and 12 C.F.R. § 6 applicable to an undercapitalized national bank. For purposes of section 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 operation.

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 to our policy as a result of the review, we will advise you accordingly. In addition, if the Resulting Bank’s future fiduciary and related assets increase significantly, or if the Resulting Bank assumes additional risk, the OCC may require the Resulting Bank to hold additional capital.

Until final approval is granted and the merger is consummated, the OCC has the right to alter, suspend, or revoke these approvals should any interim development be deemed by the OCC to warrant such action.

You are also reminded that the following are required before the effective date of the conversion:

1. Directors must own qualifying shares in conformance with 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.
2. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. § 7.2013, which lists four factors the directors should consider to determine adequacy.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure bank compliance with them. We are attaching the minimum policies and procedures applicable to national banks.

If the Freedom Trust Company does not convert, and the merger and capital change are not consummated within one year from the approval date, the preliminary conditional approval will expire and merger and capital approval shall automatically terminate.

As a reminder, the bank should advise us in writing and in advance of the desired effective date for the merger transaction so that the OCC may issue the necessary certification letter. We will issue a letter certifying consummation of the merger transaction when we have received:

- A Secretary's Certificate for both banks, certifying that a majority of the board of directors approved the transaction, if not previously provided.
- A Secretary's Certificate for both banks, certifying shareholder approval of the merger transaction, if not previously provided.
- An executed merger agreement, if not previously provided.

These decisions, 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 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.

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If you have any questions, please contact me at (212) 790-4055.

Sincerely,

/s/ Sandya Reddy

Sandya Reddy
Senior Licensing Analyst