
Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

November 9, 2000

**Conditional Approval #426
December 2000**

Dale P. Repass, Esq.
1325 Valentine Drive
Dubuque, Iowa 52003

Re: Application to charter First Community Trust, National Association (Proposed)
Dubuque, Iowa
CAIS Control Number 2000-MW-01-0011

Dear Mr. Repass:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national trust bank, which will engage solely in fiduciary activities with the title of First Community Trust, National Association ("Bank"). On November 9, 2000, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and will not be FDIC-insured.

This charter approval is subject to the following conditions:

1. The Bank shall maintain a minimum of \$2 million in Tier 1 capital at all times.
2. The Bank shall obtain prior approval from the OCC's Minneapolis South Field Office before any significant deviation or change from the proposed operating plan occurs during the Bank's first three years of operation. The Bank must notify Assistant Deputy Comptroller Sheila A. VanOrnum at least sixty (60) days prior to any proposed significant deviation or change.

3. The Bank must notify all potential vendors in writing of the OCC's examination and regulatory authority under 12 U.S.C. ' 1867(c). All final 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 CFR 9 would be applicable to any fiduciary activities contracted out to vendors.

The conditions of this approval are 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.

Please refer to the "Corporate Organization" booklet (enclosed) in the *Comptroller's Corporate Manual* for the instructions on organizing your bank. 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, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met before the Bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the Bank begins operation. Applicable standard requirements also must be satisfied before the Bank will be allowed to commence business. In addition, the Bank must meet the following three additional requirements prior to opening:

1. The Bank's initial Tier 1 capital, net of any and all organizational and pre-opening expenses, must be no less than \$4.0 million.
2. The Bank must submit to the OCC for review and approval a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:
 - vendors and vendor contracts; vendor management policy; security policies; security mechanisms; security testing plans; customer, vendor, and employee authentication; personnel; business resumption plans; internal controls; and internal audit plans.

3. The Bank must have performed an independent security review and test of its electronic banking platform. The scope of the review should encompass all access points, including the Internet, Intranet, or remote access. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely upon testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified, independent source ("Reviewer"). The scope must cover the adequacy of physical and logical protection against unauthorized internal and external access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access. By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. The report must critique the effectiveness of security policies and controls and confirm, with reasonable certainty, that unauthorized internal or external data and network access or access attempts will be detected and recorded. As part of its decision to grant final charter approval, the OCC will consider the results of the report as well as any subsequent actions by the Bank or service provider to implement any recommendations or to remedy any noted security or control deficiencies.

Please be aware that the trust officers and staff should become thoroughly familiar with "Fiduciary Powers of National Banks and Collective Investments" at 12 CFR 9 and 12 CFR 5.26. Management is reminded that 12 CFR 5.26 requires a national bank which already has approval to engage in fiduciary activities to provide written notice to the OCC when commencing fiduciary activities in a new state. Also, in addition to the independent annual audit requirement referenced in the standard requirements, the Bank will need to develop and implement a fiduciary audit program as required by 12 CFR 9.

The OCC poses no objection to the following persons serving as executive officers as proposed in the application. Additional executive officers are subject to the OCC's prior review and clearance.

CEO: Dale P. Repass
President: Francis A. Murray, Jr.

The OCC poses no objection to Dale P. Repass, Francis A. Murray, Jr., K. Bruce Lauritsen, Richard K. Smith, Barry E. Stump, and Richard J. Burgmeier serving as directors. You are reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director *prior* to that person assuming such position. (See Standard Requirements attached for additional discussion.)

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

Please direct any questions concerning this preliminary conditional approval to Ellen Tanner Shepherd, Licensing Manager at 816-556-1860.

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

Sincerely,

~~signed~~

Mark S. Ginsberg
Senior Licensing Analyst

Enclosures: "Corporate Organization" Booklet
Minimum Policies and Procedures
Standard Requirements
Survey Letter