

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, TRUST POWERS, TRANSFER OF ASSETS AND HOLDING COMPANY ACQUISITION

Order No.: 2000-82

Date: September 15, 2000

DADCO, Incorporated, Great Falls, Montana (the Applicant), the DADCO Employee Stock Option Plan, the Ryan Ian Maxwell 1991 Trust, the Casey Paul Maxwell 1991 Trust, the Alexander Scott Maxwell 1992 Trust, the Lucas Garrett Maxwell 1994 Trust, the Nicholas Adam Descamps 1995 Trust, the Ian Timothy Descamps 1997 Trust, the Abigail Elizabeth Davidson 1997 Trust, the Zachary Curtis Maxwell 1999 Trust, the Andrew Garrett Davidson 1999 Trust (collectively, the Applicants), have applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire Davidson Trust Company, Great Falls, Montana (the Savings Bank) and merge two existing state chartered trust institutions into the Savings Bank. In addition, the Savings Bank has applied, pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. Section 545.96 and Part 550, to exercise trust powers and establish an agency office, all as described in the application. The Savings Bank will be a member of the Savings Association Insurance Fund. (The foregoing are collectively referred to herein as the Applications.) The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1464(n) and 1467a(e), and 12 C.F.R. §§ 543.3, 545.96, 552.2-1(b), 552.13, and 574.7, and Part 550, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered the digest prepared by the OTS West Regional Office, an analysis by the Office of Examination and Supervision, and a legal opinion by the Business Transactions Division (collectively the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, provided that the conditions set forth below are complied with in a manner satisfactory to the West Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Applicants and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;

3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicant and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicant and the Savings Bank, respectively, as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicant, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Applicant and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan. The Applicant and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants), and in particular, those pertaining to cross-marketing of products of the Savings Bank and its affiliates, for the prior, written non-objection of the Regional Director. The request for change must be submitted no later than 60 calendar days prior to the desired implementation date with a copy to the FDIC Regional Office;
7. Prior to engaging in any business activity other than that authorized pursuant to section 5(n) of the HOLA, the Savings Bank must apply to the OTS and receive approval of its application to engage in such business activity. The OTS will consider any such application under the standards required of a new federal thrift charter which are set forth at section 5(e) of the HOLA and OTS regulations thereunder, and under the Community Reinvestment Act and OTS regulations thereunder at 12 C.F.R. § 563e.29. Any such application may be subject to the public notice and comment procedures set forth at 12 C.F.R. Part 516, Subparts B and C;
8. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Applicants or affiliates thereof or have not otherwise been determined by the Regional Director to lack sufficient

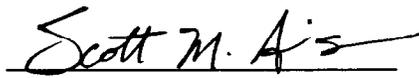
independence, and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Applicants or any affiliate and who is not an officer or employee of the Savings Bank and has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the Savings Bank's audit, investment (and/or trust) committees must be directors who are not officers or employees of the Savings Bank, the Applicants or any affiliates or have otherwise been determined by the Regional Director to lack sufficient independence. If compliance with this condition involves the selection of additional director(s), each director must receive the prior written approval of the Regional Director;

9. Prior to engaging in any fiduciary activity, the Savings Bank must develop and submit to the Regional Office for review a functioning oversight program, consisting of a comprehensive audit program, a compliance management program, and a risk management program. The audit program must be fully implemented prior to the commencement of operations. The compliance management program must be fully implemented within 90 days of commencement of operations. The risk management program must be fully implemented within 180 days of commencement of operations.
 - The audit program must address auditor qualifications, audit scope and method, committee involvement, reporting, and the process for effectuating corrective action.
 - The compliance management program must ensure compliance with applicable laws, regulations, and sound fiduciary principles. It should include, at a minimum: (a) the assignment of specific compliance responsibilities to experienced staff; (b) training for affected staff; (c) routine self-evaluations; (d) periodic compliance audits; and (e) appropriate written policies and procedures.
 - The risk management program must establish criteria to identify, measure, monitor, and control risks within the fiduciary activities;
10. Within 30 days after each calendar quarter, the Savings Bank must submit to the Regional Director quarterly activity reports on the number and type of trust accounts serviced, the total asset values of these accounts, and the minutes of the meetings of the Savings Bank's Trust and Investment Committee;
11. The Applicants, their affiliates, and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must be submitted for the review and non-objection of the Regional Director prior to the opening of the Savings Bank for business;

12. For the first eighteen months after consummation of the proposed transaction, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation;
13. A majority of the Savings Bank's board of directors must not be individuals who are officers, directors or employees of any affiliate of the Savings Bank that engages in securities brokerage, securities dealing, investment company, or investment advisor activities (Securities Affiliate(s));
14. The Savings Bank is prohibited from sharing common officers with any Securities Affiliate unless prior written approval is obtained from the Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;
15. For a period of two years following the consummation date, the Savings Bank must receive the prior non-objection of the Regional Director for any proposed new senior executive officer or director; and
16. In conjunction with our ongoing background investigations, the Applicants must submit, prior to the effective date of the transaction, all required RB-20 Applicant Certifications to the Regional Director to the extent not previously submitted.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective September 15, 2000.


Scott M. Albinson
Managing Director
Office of Supervision