



July 13, 2017

**Conditional Approval #1177**  
**August 2017**

Mr. Aaron L. Bowers  
SVP and Chief Counsel  
National Advisors Trust Company, FSB  
P.O. Box 874080  
Kansas City, Missouri 64187-4080

Re: Business Combination

National Advisors Trust Company, FSB, Kansas City, Missouri to merge with Kanaly Trust, LTA, Houston, Texas  
OCC Control No.: 2017-WE-Combination-295169

Conversion to a National Bank

National Advisors Trust Company, FSB, Kansas City, Missouri  
Proposed Title: National Advisors Trust Company  
OCC Control No.: 2017-WE-Conversion-295577

Fiduciary Powers

National Advisors Trust Company, FSB, Kansas City, Missouri  
OCC Control No.: 2017-WE-Fiduciary-298359

Charter No.: 716268

Dear Mr. Bowers:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your application to **merge** Kanaly Trust Company, LTA with and into National Advisors Trust Company, FSB. This approval is granted based on a thorough review of all information available, including commitments and representations made in the application, merger agreement and those of your representatives. The OCC reviewed the proposal under the criteria of 12 CFR 5.33(g)(3), and determined it consistent with approval.

The OCC hereby conditionally approves your application to **convert** National Advisors Trust Company, FSB to a national bank. After a thorough review of all information available and reliance upon the representation and commitments made in the application and by your representatives, we find that your conversion application meets the requirements for approval to convert to a national bank pursuant to 12 USC 35 and 12 CFR 5.24. The converting bank

will operate under the title of National Advisors Trust Company (bank), headquartered at 800 East 101<sup>st</sup> Terrance, Suite 300, Kansas City, MO.

The OCC hereby conditionally approves your application to conduct **fiduciary powers** pursuant to 12 USC 92a. This approval constitutes a permit to conduct the fiduciary powers requested in your application filed pursuant to 12 CFR 5.26(e)(4).

These approvals are subject to the following conditions:

- Immediately after conversion to a national bank, the bank shall enter into a written Operating Agreement (“OA”) with the OCC on terms and conditions acceptable to the OCC, and the bank shall thereafter implement and adhere to the OA.
- Immediately after conversion to a national bank, the bank shall enter into a written Capital Assurance and Liquidity Maintenance Agreement (“CALMA”) with their holding company (National Advisors Holdings, Inc.), on terms and conditions acceptable to the OCC, setting forth the holding company’s obligation to provide capital and liquidity support to the Bank, if and when necessary. The Bank shall thereafter implement and adhere to the CALMA.
- Immediately after conversion to a national bank, the bank shall enter into a written Capital and Liquidity Support Agreement (“CSA”) with the holding company and the OCC on terms and conditions acceptable to the OCC, setting forth the holding company’s obligations to provide capital and liquidity support to the Bank, if and when necessary. The Bank shall thereafter implement and adhere to the CSA.
- If within ten days (10) after the date of this approval, the Bank does not convert to a National Bank after the merger with Kanaly Trust, the Bank shall enter into the above stated OA, CALMA and CSA as a Federal Savings Bank on terms and conditions acceptable to the OCC. Thereafter the Bank shall comply with the terms of the OA, CALMA and CSA.

If within ten days (10) after the date of this approval, the Bank does not convert to a National Bank after the merger with Kanaly Trust, the Bank shall enter into the above stated OA, CALMA and CSA as a Federal Savings Bank on terms and conditions acceptable to the OCC. Thereafter the Bank shall comply with the terms of the OA, CALMA and CSA. The conditions of these approvals are conditions “imposed in writing by a Federal banking agency in connections with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such the conditions are enforceable under 12 USC 1818.

The OCC must be advised in writing of the desired effective date for the **merger** so that we may issue the certification letter for the merger. We will issue a letter certifying the consummation of the merger when we receive the following:

- An executed copy of the final merger agreement.
- Certification that any state filing requirements have been met.
- Secretary's certificates for the both institutions, certifying that the board of directors' and shareholders' approvals have been obtained.

If the merger is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the **conversion**:

- The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
- If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
- The board of directors must adopt 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 the bank's compliance with them.
- The converting institution must apply to the Federal Reserve for membership.
- The converting institution must ensure that all other required regulatory approvals have been obtained.
- The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
- The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a "no objection" from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the "Conversion Completion Certification" (enclosed) certifying that you have done so.

When the bank has satisfactorily completed all of the above steps the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive the charter certificate.

To ensure that our files are properly closed, please surrender the National Advisors Trust Company, FSB charter to the OCC as soon as practical after the effective date of the conversion.

If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension. The OCC is opposed to granting extensions, except under the most extenuating circumstances, and expects the conversion to occur as soon as possible.

OCC handbooks, manuals, bulletins, and other publications are available for download at <http://www.occ.gov/publications/index-publications.html> and <http://www.occ.gov/news-issuances/bulletins/2015/index-2015-bulletins.html>. National banks, federal savings associations, employees, and other interested parties can subscribe to the OCC News E-mail List at [www.occ.gov/tools-forms/subscribe/occ-email-list-service.html](http://www.occ.gov/tools-forms/subscribe/occ-email-list-service.html). OCC news releases, bulletins, and alerts are also available by subscribing to the agency's four RSS news feeds at [www.occ.gov/rss/index-rss.html](http://www.occ.gov/rss/index-rss.html).

The board of directors must provide for the establishment and administration of the **fiduciary operation** either through the adoption of amendments to the bylaws or by appropriate resolutions. You will note that 12 CFR 9.4 places responsibility on the board of directors for the proper exercise of the bank's fiduciary powers. However, the board may decide whether it shall supervise the administration of all such powers directly or assign any function related to such powers to any director, officer, employee, or committee.

The board should also provide:

- A proper delineation of duties for trust officers and committees.
- Adherence to the self-dealing and conflicts of interest provisions under 12 CFR 9.12.
- The designation of the officers or employees responsible for custody of the trust investments in conformity with 12 CFR 9.13(a).

The establishment and administration of the fiduciary operations may appear in the bylaws or in the board resolutions, or partly in the bylaws and partly in the resolutions. After adoption, a copy of those provisions should be furnished to the trust officers for guidance.

Booklets of the Comptroller's Handbook pertaining to asset management are available for download at <http://www.occ.gov/publications/publications-by-type/comptrollers-handbook/index-comptrollers-handbook.html>. The trust officers and staff should become thoroughly familiar with "Fiduciary Activities of National Banks" at 12 CFR 9.

The trust activities should begin within 18 months of this approval, unless we grant an extension. If the bank decides to surrender its fiduciary powers, it must notify the OCC in accordance with 12 CFR 9.17(a).

These conditional approvals 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, any agency or entity of the United States,

or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our approvals are based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind these approvals if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding these applications should reference the OCC control numbers. If you have any questions, contact David Finnegan at (720) 475-7650 or email [david.finnegan@occ.treas.gov](mailto:david.finnegan@occ.treas.gov).

Sincerely,

*signed*

Joseph T. Burbridge  
Acting Director for District Licensing

Enclosures: Conversion Completion Certification  
Survey Letter