

Conditional Approval #1338
May 2025

April 30, 2025

Beth A. Whitaker, Esq.
Hunton Andrews Kurth, LLP
1445 Ross Avenue, Suite 3700
Dallas, Texas 75202

Re: Application by Servbank, sb, Oswego, Illinois to Convert to a National Bank
OCC Control Number: 2024-Conversion-338646

Dear Ms. Whitaker:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your application to convert Servbank, sb, Oswego, Illinois, to a national bank.

After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank's 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 converted bank will operate under the title of Servbank, National Association under OCC Charter Number 25346, and its headquarters will be located at 3201 Orchard Road, Oswego, Illinois.

The OCC is granting conditional approval for the conversion application; however, authorization for the bank to commence business as a national banking association will not be granted until all pre-conversion requirements are met.

This conversion approval is also subject to the following condition:

The bank shall (i) provide the appropriate OCC supervisory office with at least sixty (60) days' prior written notice of its intent to significantly deviate from or change its business plan or operations, and (ii) obtain the OCC's written determination of no supervisory objection before implementing any such significant deviation or change, through the expiration of its current business plan in 2027.

The condition of this approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the condition(s) is/are enforceable under 12 USC 1818.

Pre-Conversion Requirements

The following pre-conversion requirements must be satisfied before the OCC will authorize the bank to commence business as a national banking association:

1. 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.
2. 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 must 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.
3. 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.
4. The converting institution must apply for stock in a Federal Reserve Bank in accordance with 12 USC 222.¹
5. The converting institution must ensure that all other required regulatory approvals have been obtained.
6. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
7. The bank must maintain any existing liquidation account records and liquidation accounts established when the converting institution's prior mutual holding company converted from the mutual to stock form.²
8. If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
9. 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 enclosed Conversion Completion Certification certifying that you have done so. Please provide the OCC with at least 10 days advance notice of the conversion.

When the institution 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 a charter certificate.

¹ See also 12 CFR 209.2.

² Nothing in this approval changes the responsibilities the converting institution undertook with respect to maintenance of liquidation accounts when it converted to stock form in 2001.

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 does not grant extensions of the approval period, except under extenuating circumstances, and expects the conversion to occur as soon as possible after approval.

OCC handbooks, manuals, bulletins, and other publications are available for download at <http://www.occ.gov/publications/index-publications.html> and <https://www.occ.gov/news-issuances/news-releases/index.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. 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.

Director Residency Waiver Approval

This letter *also* responds to your request for the OCC to waive the residency requirement under 12 USC 72 for five out of the six directors of Servbank. Your request is based upon the bank's necessity for selecting directors with experience in various areas of the bank's operations who might not meet the geographic residency requirement under 12 USC 72.

The OCC hereby grants a waiver of the residency requirements of 12 USC 72 for the non-resident directors listed in your waiver request. We understand that after their election, the bank will have one director who has resided within the state where the bank is located or within 100 miles of the bank's main office for at least one year immediately preceding their election, and five directors who have not. The bank may continue to appoint directors who do not meet the residency requirements without applying for individual waivers, as long as the ratio of directors remains the same as in this approval.

This waiver is granted upon a review of all available information, and reliance upon the representations and commitments made in the application and by the bank's representatives, including that this waiver will enable the bank to better meet the goals of its business plan without affecting the safety and soundness of the bank.

The OCC reserves the right to withdraw this waiver at any time and, at our discretion, to request additional biographical and/or financial information on any member of the board of directors.

Approval of your request does not alter the citizenship and stock ownership requirements for such persons to serve as directors on the board. The Board should review the qualifications of the directors nominated to ensure compliance with the requirements in 12 USC 72 or seek a waiver of the citizenship requirement.

These 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. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

Beth A. Whitaker, Esq.
2024-Conversion-338646

Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval 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.

A survey is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Please include the OCC control number on any correspondence related to this filing. If you have any questions, contact Kevin Burnett at (202) 655-7563 or kevin.burnett@occ.treas.gov.

Sincerely,

/s/

John Hansen
Director for Licensing

Enclosures: Conversion Completion Certificate
Survey Letter (via email)

cc: Matt White, ADC