



**Comptroller of the Currency
Administrator of National Banks**

Southern District Licensing
500 North Akard, Suite 1600
Dallas, Texas 75201-3323

January 11, 2007

**Conditional Approval #782
February 2007**

William T. Luedke, IV, Esq.
Partner
Bracewell & Giuliani, LLC
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770

Re: Conversion of Encore Bank, Houston, Texas to a National Bank
Application Control No. 2006-SO-01-0023

Dear Mr. Luedke:

The Comptroller of the Currency (OCC) has reviewed your request, dated October 18, 2006, to convert Encore Bank, Houston, Texas (the Bank) to a national bank and retains all its branches. After a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives, we find that your request meets the requirements for approval to convert to a national banking association pursuant to 12 CFR 5.24 as follows:

Title: Encore Bank, National Association
Location: 1600 Tamiami Trail, N., Suite 604, Naples, Florida 34108

This conversion approval is subject to the following special conditions:

1. The Bank's Holding Company shall inject the necessary capital into the Bank during 2007 and 2008 to bring the Bank's minimum leverage capital ratios to 7.28% at December 31, 2007 and 7.75% at December 31, 2008.
2. The Bank: (i) shall give the Houston Field Office at least sixty (60) days prior notice of the Bank's intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations.¹ The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a Bank's notice.

All 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 USC 1818 and, as such, are enforceable under 12 USC 1818.

¹ If such deviation or change is the subject of an application filed with the OCC, no notice to the Supervisory Office is required.

This approval is also subject to the Bank relocating its home office from Nine Greenway Plaza, Suite 1000, Houston, Texas 77046 to 1600 Tamiami Trail, N., Suite 604, Naples, Florida 34108 immediately prior to conversion.

The OCC approves the Bank's plans to continue to operate Encore Trust Company, National Association and Linscomb & Williams, Inc. as operating subsidiaries. Encore Trust Company, N.A. provides trust and investment management services. Linscomb & Williams, Inc. is a registered investment advisor under the Investment Advisors Act of 1940 that provides financial planning and investment management services primarily to the Houston market.

Following consummation and for a period of two years, the Bank is permitted to retain its investment in the Town & Country Insurance Agency, Inc. This investment must be terminated within the two-year period unless, within that time period, Town & County Insurance Agency, Inc. is converted to a financial subsidiary.

This letter constitutes official OCC authorization to operate the branches listed in the attachment as branches. Of the branches listed, those marked by an asterisk have been previously authorized by another regulator, but remain unopened. You must notify this office within 10 days after opening these branches. If they are not opened within 18 months of the date of this letter, the authorization and approval for the unopened branches shall automatically terminate unless the OCC grants an extension of the time period.

You should retain this letter as the official branch authorization. OCC branch numbers have been assigned to each of the branches. If, at some time in the future, the bank desires to close a branch, the requirements of 12 USC 1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event the branch is sold, the branch authorization should also be surrendered to the OCC.

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

1. The Bank 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 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.
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 the bank's compliance with them. We are enclosing the Minimum Policies and Procedures for national banks.

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4. The Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, the Bank ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that the Bank is not a member of the FHLB system.
5. The Bank must apply to the Federal Reserve for membership.
6. The Bank must ensure that all other required regulatory approvals have been obtained. Final authorization to operate as a national bank will not be given to an institution with a bank holding company until the Federal Reserve Board has approved the holding company.
7. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
8. If the Bank 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.
10. The Bank 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.
11. The Bank must divest of its ownership of Encore Financial Services, Inc. prior to conversion.

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 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 banking association. At that time you will receive the charter certificate. 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 of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This conditional, 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 modified or waived by any employee or agent of the OCC or the United States.

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A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so that we may improve our service. All correspondence regarding this application should reference the CAIS control number.

All correspondence regarding this application should reference the application control number. If you have any questions, contact Senior Licensing Analyst Brenda E. McNeese at (214) 720-7052.

Yours truly,

/s/

Karen H. Bryant

Director for District Licensing

Enclosures: Conversion Completion Certification
Minimum Policies and Procedures
Survey Letter