



Comptroller of the Currency
Administrator of National Banks

Western District Office
1225 17th Street, Suite 300
Denver, CO 80202

June 22, 2004

**Conditional Approval #645
July 2004**

Keith E. Varner, President and Chief Executive Officer
Southern Colorado National Bank
3593 Spaulding Avenue
Pueblo, Colorado 81008

Subject: Application to Open a New Branch
OCC Control Number 2004-WE-05-0049 – Branch Application
OCC Control Number 2004 –WE-12-0213 – Material Non-Cash Contribution
to Capital Surplus

Dear Mr. Varner:

This is to inform you that on June 22, 2004 the Comptroller of the Currency (OCC) conditionally approved your proposal to establish a branch at 7 Spaulding Avenue, Pueblo West, Colorado 81007. The specifics are detailed below.

This branch approval is subject to the following condition:

- The bank shall maintain a well-capitalized position throughout the 3-year projection period ending December 31, 2007.

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 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

This approval is also subject to the following preconsummation requirement:

- The holding company shall inject a capital contribution of \$1,000,000 into the bank prior to opening the proposed branch.

Southern Colorado National Bank
Pueblo, Colorado
OCC Control Numbers 2004-WE-05-0049 and 2004-WE-12-0213

In addition, the OCC approves your proposal for a material non-cash contribution to capital surplus. This amount represents the difference between the purchase price paid by the bank to the holding company for the branch premises (\$350,000) and the current appraised value of \$600,000.

The bank must advise this district office in writing in advance of the desired opening date, so the OCC may issue the necessary authorization letter. The authorization letter will include the assigned branch number and branch name. If the branch is not opened within 18 months from this date, the approval will automatically terminate, unless the OCC grants an extension.

This approval incorporates the bank's request for an additional investment in bank premises, not to exceed \$1,739,000, exclusive of furniture and fixtures.

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 bank's representative.

In the event you choose to close this branch, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to *12 U.S.C. 1831r-1*. Following the closing of the branch office, a final notice should be submitted to this office.

This conditional approval, 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 U.S., any agency or entity of the U.S., or any officer or employee of the U.S., 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 U.S.

Sincerely,

/s/ Ellen Tanner Shepherd

Ellen Tanner Shepherd
Licensing Manager