



**Conditional Approval #1263
April 2021**

March 29, 2021

Bradley Harding
President
First Colorado National Bank
133 Grand Ave
Paonia, CO 81428

Re: Substantial Asset Change
First Colorado National Bank, Paonia, CO, Charter Number 6671
OCC Control Number 2020-WE-5.53-318136

Dear Mr. Harding:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the application of First Colorado National Bank, Paonia, Colorado (Bank) to change the composition of all, or substantially all, its assets by expansion of operations. This conditional approval is granted after a thorough review of all information available, including the representations and commitments made in the application and by Bank's representatives.

On July 15, 2020, First Colorado Financial Corp. (FCFC) and Carpenter Acquisition Corporation (Carpenter) executed a Plan of Merger and Reorganization whereby Carpenter will acquire 100 percent of the outstanding shares of FCFC. The Bank applied to the OCC for prior approval of a substantial change in its asset composition under 12 CFR 5.53 as the Bank will expand its operations into California and its loan and deposit product offerings.

In deciding a change in asset composition application, the OCC considers the capital level of the resulting institution; the conformity of the transaction to applicable law, regulation and supervisory policies; the purpose of the transaction, its impact on the safety and soundness of the bank; and any effect on the bank's shareholders or customers. OCC reviewed these factors and deemed conditional approval consistent with regulatory requirements.

This approval is subject to the following conditions:

1. The Bank shall maintain a minimum tier 1 leverage capital ratio of 10 percent for the first three years from the date of acquisition of the Bank by Carpenter.
2. The Bank shall seek prior written determination of no supervisory objection from the Assistant Deputy Comptroller before taking any action that significantly deviates from

Mr. Harding
President
First Colorado National Bank

the Business Plan outlined in the March 5, 2021, revision to the Substantial Asset Change application, or making any changes to the board of directors or senior management of the bank. This condition shall remain in place for three years from the date of acquisition of the Bank by Carpenter.

The conditions of this approval are conditions “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 conditions are enforceable under 12 USC 1818.

If all steps of the transaction are not consummated within 12 months of the date of this letter, this approval shall automatically terminate, unless the OCC grants an extension of the time period. Within 10 days of consummating the final step in this transaction, the bank must advise the Western district office of the effective date of consummation, so the OCC may complete its records. If any of the terms, conditions, or parties to the transaction described in the application change, the OCC must be informed in writing prior to consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new Substantial Asset Change application.

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

A separate letter 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, please contact Licensing Specialist Lois Archuleta at Lois.archuleta@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing