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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202  
720-475-7650; Fax: 301-333-7010

**Conditional Approval #792  
April 2007**

March 14, 2007

Ernest J. Panasci  
Attorney at Law  
Jones & Keller, P.C.  
4600 South Ulster Street, Suite 880  
Denver, Colorado 80237

Subject: First National Bank of Lake City & Creede, Lake City, Colorado

Change of Assets Composition Application  
OCC Control No.: 2007-WE-12-0006

Branch Application – 999 18<sup>th</sup> Street, Suite 2460, Denver, Colorado  
OCC Control Number 2007-WE-05-0005

Reduction in Permanent Capital  
OCC Control No.: 2007-WE-12-0064

Dear Mr. Panasci:

This is to inform you that on March 14, 2007, the Comptroller of the Currency (OCC) conditionally approved the application of First National Bank of Lake City & Creede, Lake City, Colorado, to change the composition of all, or substantially all, of its assets by sale to Pine River Valley Bank, Bayfield, Colorado.

The OCC also approved your application for First National Bank of Lake City & Creede to establish a branch at 999 18<sup>th</sup> Street, Suite 2460, Denver, Colorado. This letter serves as authorization for the bank to establish branch number 138155A at the above-noted address. Within 10 days after opening, the bank must advise this office of the branch opening date and mailing address, so the OCC may complete its records. Reference the OCC control number in your letter.

Finally, the OCC approves your request, dated March 14, 2007, for First National Bank Lake City & Creede to reduce its permanent capital to \$250,000. It is understood that this capital reduction is related to the sale of substantially all of the bank's assets and liabilities, and that the

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capital reduction will not occur independently of the related purchase and assumption transaction.

The First National Bank of Lake City & Creede applied to the OCC for prior approval of a fundamental change in its asset composition under 12 CFR 5.53. Under section 5.53(c)(1)(i), a national bank must obtain prior written approval of the OCC before changing the composition of all, or substantially all, of its assets through sales or other dispositions. In the change of asset transaction, the First National Bank of Lake City & Creede will sell substantially all of its assets and liabilities, including all of its deposits, to Pine River Valley Bank, Bayfield, Colorado. Thus, for First National Bank of Lake City & Creede, the transaction is clearly within the scope of section 5.53(c)(1)(i). The principal purpose of adopting 12 CFR 5.53 was to provide the OCC with a means to monitor and address supervisory concerns raised by so called “dormant” bank charters.

In the case of First National Bank of Lake City & Creede, it plans to merge with and into Native American Bank, National Association, Browning, Montana, immediately following the purchase and assumption by Pine River Valley Bank, thereby resolving any issues with First National Bank of Lake City & Creede becoming a “dormant” charter. Thus, OCC concerns over the continuation of “dormant” charters are addressed. OCC approval of First National Bank of Lake City & Creede’s application is consistent with the language and purpose of section 5.53, provided the series of transactions occurs as proposed. Our approval of the section 5.53 application is based on and relies upon representations made by First National Bank of Lake City & Creede.

This conditional 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 representatives. In addition, our approval is contingent on the bank obtaining any other required regulatory approvals.

These approvals are subject to the following condition:

- If the proposed merger of First National Bank of Lake City & Creede with and into Native American Bank, National Association, Browning, Montana, does not occur immediately after the sale of substantially all of the assets of First National Bank of Lake City and Creede to Pine River Valley Bank, Bayfield, Colorado, as represented in the application, First National Bank of Lake City & Creede shall immediately notify the OCC and submit a plan acceptable to the OCC to wind up its affairs and terminate its status as a national bank

This condition of approval is a condition “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 condition is enforceable under 12 USC 1818.

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If the series of transactions is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

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 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.

A separate letter is enclosed requesting your feedback on how we handled the 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 Senior Licensing Analyst Louis Gittleman at (720) 475-7650.

Sincerely,

/s/

James A. Bundy  
Acting Director for District Licensing