

DUE DILIGENCE REPORT

Mesa Verde Bank & Trust - Colorado Expansion

Date: January 18, 2025

EXECUTIVE SUMMARY:

Mesa Verde Bank & Trust ("Mesa Verde") seeks to expand operations into Colorado through acquisition of three community banks:

- Rocky Mountain Community Bank (Denver)
- Aspen Valley Bank (Aspen)
- Colorado Springs First National (Colorado Springs)

REGULATORY ANALYSIS:

1. Federal Reserve Board approval required for bank holding company acquisition exceeding \$1 billion in assets
2. Colorado Banking Commissioner approval needed
3. FDIC review of deposit insurance transfer
4. OCC examination of national bank charter conversion

FINANCIAL REVIEW:

Total Transaction Value: \$847 million

Mesa Verde Assets (current): \$2.3 billion

Target Banks Combined Assets: \$1.1 billion

Pro Forma Assets: \$3.4 billion

COMPLIANCE ASSESSMENT:

- All target banks maintain satisfactory CRA ratings
- No outstanding regulatory enforcement actions
- BSA/AML programs require enhancement post-acquisition
- Fair lending compliance review ongoing

RISK FACTORS:

1. Colorado real estate market volatility
2. Interest rate environment impact on margins
3. Integration costs estimated at \$23 million
4. Potential branch closure regulatory requirements

RECOMMENDATION:

Proceed with acquisition subject to regulatory approval and completion of outstanding due diligence items.