



Comptroller of the Currency
Administrator of National Banks

Western District Office
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Denver, Colorado 80202
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February 1, 2012

**Conditional Approval #1026
March 2012**

Michael Cheney
President
Bank of the Rio Grande, National Association
421 North Water
Las Cruces, NM 88001

Dear Mr. Cheney:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application by Bank of the Rio Grande, N. A. (the “Bank”) for an increase in permanent capital. This approval is granted after a thorough review of the application, other material you have supplied, and other information available to the OCC, including commitments and representations made during the application process. This approval is also subject to the condition set out herein.

National banks are required to obtain OCC approval for increases in permanent capital. In its regulations, the OCC has established a notice process for certain approvals of increases in capital that involve only common stock and cash consideration. Under that process, the bank submits a notice of the increase in capital, and the proposed increase is deemed approved by the OCC and certified seven days after the date on which OCC received notice. 12 C.F.R. § 5.46(i)(3). However, the regulation also provides that a national bank may not use this process, but must follow the full application process and obtain prior OCC approval to increase its permanent capital if the bank is “[r]equired to receive OCC approval pursuant to letter, order, directive, written agreement, or otherwise.” 12 C.F.R. § 5.46(g)(1)(i)(A).

The bank was acquired by Strategic Growth Banking, LLC and Strategic Growth Banking Partners, LLC (“SGP”) on January 4, 2012.

SGP’s plans for the Bank involve substantial expansion of the Bank’s size and market area through acquisitions. This planned expansion of the Bank’s size and operations could present safety and soundness concerns for the Bank if not managed properly.

In order to provide an opportunity for the OCC to review SGP's business plans and management for the Bank and the opportunity to impose conditions to help ensure safe and sound operations, the OCC decided to require the Bank to file an application under 12 C.F.R. § 5.46 and obtain prior OCC approval for an increase in capital for the first capital increase after SGP's acquisition of the Bank. The OCC notified the Bank of this decision by the letter dated July 21, 2011.

Pursuant to OCC's July 21, 2011 letter and the requirements of 12 C.F.R. § 5.46 and in contemplation of SGP's injection of capital into the Bank, the Bank applied to the OCC for prior approval for such an increase. The OCC hereby approves the increase in capital, subject to the following condition:

The Bank shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, prior to the injection of the approved capital.

This condition of approval is a condition "imposed in writing by a Federal banking agency in the connection with any action or any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

This conditional approval, and the activities and communications by OCC employees in connection with the filings, 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 representations made in the applications, other submissions, and other information available to the OCC as of this date. The OCC may modify, suspend, or rescind this conditional 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.

If you have any questions concerning this letter or application process under 12 C.F.R. § 5.46, please contact David Finnegan at (720) 475-7650.

Sincerely,

Ellen Tanner Shepherd

Ellen Tanner Shepherd
Director for District Licensing