

FEDERAL RESERVE SYSTEM

FirstSun Capital Bancorp  
Denver, Colorado

Order Approving the Merger of Bank Holding Companies

FirstSun Capital Bancorp (“FirstSun”), Denver, Colorado, a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”),<sup>1</sup> has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to merge with First Foundation Inc. (“First Foundation”), Irving, Texas, a bank holding company, and thereby indirectly acquire its state nonmember bank subsidiary, First Foundation Bank (“FFB”), Irvine, California. Following the proposed acquisition, FFB would be merged with and into FirstSun’s subsidiary national bank, Sunflower Bank, National Association (“Sunflower Bank”), Dallas, Texas.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (90 Federal Register 55867 (December 4, 2025)), in accordance with the Board’s Rules of Procedure.<sup>4</sup> The time for submitting comments has expired, and the Board received one comment on the proposal. The Board has considered the proposal and the comment received in light of the factors set forth in section 3 of the BHC Act.

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<sup>1</sup> 12 U.S.C. § 1841 *et seq.*

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> The merger of FFB with and into Sunflower Bank is subject to the approval of the Office of the Comptroller of the Currency (“OCC”) under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c). The OCC approved the bank merger application on February 24, 2026.

<sup>4</sup> 12 CFR 262.3(b).

FirstSun, with consolidated assets of approximately \$8.5 billion, is the 170th largest insured depository organization in the United States.<sup>5</sup> FirstSun controls approximately \$7.1 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. FirstSun controls Sunflower Bank, which operates in Arizona, California, Colorado, Kansas, New Mexico, Texas, and Washington. Sunflower Bank is the 134th largest insured depository institution in California, controlling deposits of approximately \$209.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. Sunflower Bank is the 44th largest insured depository institution in Texas, controlling deposits of approximately \$2.9 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

First Foundation, with consolidated assets of approximately \$11.9 billion, is the 139th largest insured depository organization in the United States. First Foundation controls approximately \$9.3 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. First Foundation controls FFB, which operates in California, Florida, Hawaii, Nevada, and Texas. FFB is the 24th largest insured depository institution in California, controlling deposits of approximately \$7.6 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. FFB is the 434th largest insured depository institution in Texas, controlling deposits of approximately \$11.3 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, FirstSun would become the 98th largest insured depository organization in the United States, with consolidated assets of

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<sup>5</sup> Consolidated asset data, national ranking data, consolidated national deposit, and national market share data are as of September 30, 2025. State deposit data are as of June 30, 2025, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

approximately \$20.4 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States.<sup>6</sup> FirstSun would control total consolidated deposits of approximately \$16.4 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Sunflower Bank would become the 23rd largest insured depository institution in California, controlling deposits of approximately \$7.8 billion, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.

Sunflower Bank would become the 44th largest insured depository institution in Texas, controlling deposits of approximately \$2.9 billion, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.

### ***Interstate Analysis***

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>7</sup> The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>8</sup> When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")<sup>9</sup> and the applicant's record of compliance with applicable state community

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<sup>6</sup> Following a planned \$3.4 billion reduction in FFB's balance sheet that is expected to be completed shortly after consummation, the resulting firm would have total assets of approximately \$17.0 billion.

<sup>7</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>8</sup> 12 U.S.C. § 1842(d)(1)(B).

<sup>9</sup> 12 U.S.C. § 2901 *et seq.*

reinvestment laws.<sup>10</sup> In addition, the Board may not approve an interstate application under this provision if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.<sup>11</sup>

For purposes of this provision, the home state of FirstSun is Texas.<sup>12</sup> FFB is located in California, Florida, Hawaii, Nevada, and Texas. FirstSun is well capitalized and well managed under applicable law. Sunflower Bank has a “Satisfactory” rating under the CRA.<sup>13</sup> FFB Bank has been in existence for more than five years.

On consummation of the proposed transaction, FirstSun would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. FirstSun and First Foundation have overlapping banking operations in two states: California and Texas. Texas imposes a 20 percent limit on the total amount of in-state deposits that a single banking organization may control.<sup>14</sup> The

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<sup>10</sup> 12 U.S.C. § 1842(d)(3).

<sup>11</sup> 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. *See* 12 U.S.C. § 1841(o)(4)–(7).

<sup>12</sup> 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>13</sup> One of the jurisdictions in which Sunflower Bank operates branches—Washington—has a community reinvestment law. *See* Wash. Rev. Code Ann. § 30A.60.010. However, this state community reinvestment law does not apply to this transaction.

<sup>14</sup> *See* Tex. Fin. Code Ann. §202.002. California does not impose any limit on the total amount of in-state deposits that a single banking organization may control.

combined organization would control less than 1 percent of the total amount of deposits of insured depository institutions in California and Texas. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

### ***Competitive Considerations***

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.<sup>15</sup> The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.<sup>16</sup>

FirstSun and First Foundation have subsidiary banks that compete directly in the Los Angeles, California, banking market (“Los Angeles market”);<sup>17</sup> the San Diego, California, banking market (“San Diego market”);<sup>18</sup> and the Dallas, Texas, banking market (“Dallas market”).<sup>19</sup> The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the markets (“market

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<sup>15</sup> 12 U.S.C. § 1842(c)(1)(A).

<sup>16</sup> 12 U.S.C. § 1842(c)(1)(B).

<sup>17</sup> The Los Angeles market is defined as the Los Angeles metropolitan area in Los Angeles and Orange counties, the western portions of San Bernardino and Ventura counties, and the southernmost edge of Kern County, California.

<sup>18</sup> The San Diego market is defined as the San Diego metropolitan area in San Diego County, California.

<sup>19</sup> The Dallas market is defined as Collin, Dallas, Delta, Ellis, Hunt, Kaufman, Rains, and Rockwall counties, Texas; Denton County, Texas (minus Roanoke in the southwestern portion of the county); and Van Zandt County, Texas (minus Van and Ben Wheeler in the eastern portion of the county).

deposits”) that FirstSun would control;<sup>20</sup> the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the 1995 Bank Merger Competitive Review guidelines (“1995 Bank Merger Guidelines”);<sup>21</sup> the number of competitors that would remain in each market; and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the 1995 Bank Merger Guidelines in the Los Angeles market, the San Diego market, and the Dallas market. On consummation, the Los Angeles market would remain unconcentrated, and the change in market concentration would be well within the thresholds in the 1995 Bank Merger Guidelines and consistent

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<sup>20</sup> Local deposit and market share data are as of June 30, 2025, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent-weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 Federal Reserve Bulletin 52 (1991).

<sup>21</sup> Department of Justice, Bank Merger Competitive Review – Introduction and Overview, <https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf> (1995). On September 17, 2024, the U.S. Department of Justice (“DOJ”) announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, Department of Justice, “Justice Department Withdraws from 1995 Bank Merger Guidelines,” <https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-merger-guidelines>. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals. The Board traditionally has considered a market unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. *See, e.g., Chemical Banking Corporation*, 78 Federal Reserve Bulletin 74 (1992). In addition, the Board has traditionally considered a merger not to have an anticompetitive effect where the proposed merger would not increase the HHI by more than 200 points in any banking market, in the absence of other factors indicating anticompetitive effects.

with Board precedent. The San Diego market would remain moderately concentrated, and the change in market concentration would be well within the thresholds in the 1995 Bank Merger Guidelines and consistent with Board precedent. The Dallas market would remain highly concentrated, as measured by the HHI; however, the change in HHI in the market would be well within the threshold in the 1995 Bank Merger Guidelines and consistent with Board precedent. Numerous competitors would remain in each of the markets.<sup>22</sup>

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have

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<sup>22</sup> FirstSun is the 87th largest depository organization in the Los Angeles market, controlling approximately \$127.4 million in deposits, which represents less than 1 percent of the market deposits. First Foundation is the 18th largest depository organization in the market, controlling approximately \$6.9 billion in deposits, which represent 1.0 percent of market deposits. On consummation of the proposed transaction, FirstSun would become the 17th largest depository organization in the market, controlling approximately \$7.1 billion in deposits, which would represent 1.0 percent of market deposits. The HHI for the Los Angeles market would remain unchanged at 990 points, and 111 competitors would remain in the market, including FirstSun.

FirstSun is the 36th largest depository organization in the San Diego market, controlling approximately \$82.3 million in deposits, which represents less than 1 percent of the market deposits. First Foundation is the 38th largest depository organization in the market, controlling approximately \$38.5 million in deposits, which represents less than 1 percent of market deposits. On consummation of the proposed transaction, FirstSun would become the 34th largest depository organization in the market, controlling approximately \$120.8 million in deposits, which would represent less than 1 percent of market deposits. The HHI for the San Diego market would remain unchanged at 1221 points, and 45 competitors would remain in the market, including FirstSun.

FirstSun is the 29th largest depository organization in the Dallas market, controlling approximately \$1.4 billion in deposits, which represents less than 1 percent of the market deposits. First Foundation is the 141st largest depository organization in the market, controlling approximately \$11.3 million in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, FirstSun would remain the 29th largest depository organization in the market, controlling approximately \$1.4 billion in deposits, which would represent less than 1 percent of market deposits. The HHI for the Dallas market would remain unchanged at 1873 points, and 156 competitors would remain in the market, including FirstSun.

a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

***Financial, Managerial, and Other Supervisory Considerations***

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.<sup>23</sup> In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

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<sup>23</sup> 12 U.S.C. § 1842(c)(2), (5), and (6).

FirstSun and Sunflower Bank are well capitalized, and the combined organization would remain so upon consummation of the proposal. FirstSun would acquire First Foundation in a merger that is structured as an exchange of shares.<sup>24</sup> The capital, asset quality, earnings, and liquidity of FirstSun and Sunflower Bank are consistent with approval, and FirstSun and Sunflower Bank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations as proposed. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records and other supervisory information concerning the institutions, including assessments of the institutions' management, risk-management systems, and operations. In addition, the Board has considered information provided by FirstSun; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.<sup>25</sup>

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<sup>24</sup> FirstSun would effect the transaction by merging First Foundation with and into FirstSun, with FirstSun as the surviving entity. By the time of the merger, each share of First Foundation common stock, First Foundation Series A Noncumulative Convertible Preferred Stock, and First Foundation Series C Non-Voting Common Equity Equivalent Stock would generally be converted into a right to receive shares of FirstSun common stock based on an exchange ratio. Following the holding company merger, FFB would merge with and into Sunflower Bank, with Sunflower Bank as the surviving entity. FirstSun has the financial resources to effect the proposed transaction.

<sup>25</sup> FirstSun represents that it intends to complete a planned \$3.4 billion reduction in FFB's loans, cash balances, and securities shortly after consummation. FirstSun represents that this would enable a reduction in higher-cost funding at the resulting organization. The Board received a comment that expressed concern regarding First Foundation's commercial real estate portfolio and alleged that the plan to downsize the pro forma organization's balance sheet entails a risk of harm to the community and creates execution risk, in addition to raising other concerns discussed below. The

FirstSun and Sunflower Bank are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and FirstSun's risk-management program appears consistent with approval of this proposal.

The Board also has considered FirstSun's plans for implementing the proposal. FirstSun has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, FirstSun's management has the experience and resources to operate the resulting organization in a safe and sound manner. FirstSun plans to apply its risk-management policies, procedures, and controls at the combined holding company following the transaction.

Based on all the facts of record, including FirstSun's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of FirstSun and First Foundation in combatting money-laundering activities, are consistent with approval.

### ***Convenience and Needs Considerations***

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>26</sup> In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have

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commenter also objected to the pricing of the proposed transaction. The Board has considered First Foundation's commercial real estate portfolio and the plan to downsize the pro forma organization's balance sheet in considering the financial and managerial resources and future prospects of the organizations involved and the proposed resulting organization.

<sup>26</sup> 12 U.S.C. § 1842(c)(2). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA.<sup>27</sup> The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.<sup>28</sup>

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Sunflower Bank and FFB, the fair lending and compliance records of

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<sup>27</sup> 12 U.S.C. § 2901 *et seq.*

<sup>28</sup> *See* 12 U.S.C. § 2901(b).

both banks, the supervisory views of the OCC and the Federal Deposit Insurance Corporation (“FDIC”), confidential supervisory information, information provided by FirstSun, and the public comment received on the proposal.

*Public Comment on the Proposal*

The Board received one adverse comment on the proposal. The commenter objected to the proposal, alleging that, based on data reported under the Home Mortgage Disclosure Act of 1975 (“HMDA”),<sup>29</sup> Sunflower Bank made fewer home loans to African Americans as compared to white individuals in Texas in 2024.<sup>30</sup> The commenter also appeared to allege that Sunflower Bank denied home loan applications of African American individuals at a higher rate than those of white individuals in Texas in 2024. The commenter further alleged that Sunflower Bank made fewer home loans to African Americans as compared to white individuals nationwide in 2022. Further, the commenter alleged that Sunflower Bank denied home loan applications of African American individuals at a higher rate than those of white individuals nationwide in 2022.<sup>31</sup>

*Businesses of the Involved Institutions and Response to the Public Comment*

FirstSun and Sunflower Bank offer an array of financial products and services to a range of commercial and consumer clients through multiple distribution channels, including digital channels and branch locations across seven states. FirstSun’s banking operations are conducted through Sunflower Bank, which offers commercial and industrial loans; commercial real estate loans; residential mortgage and other consumer loans; a variety of commercial, consumer, and private banking deposit products, including noninterest-bearing accounts, interest-bearing demand products, savings accounts, money market accounts, and certificates of deposit; and treasury management

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<sup>29</sup> 12 U.S.C. § 2801 *et seq.*

<sup>30</sup> The data cited by the commenter corresponds to publicly available 2024 data reported by Sunflower Bank under HMDA. *See id.*

<sup>31</sup> As noted, the commenter also made allegations concerning First Foundation’s commercial real estate portfolio and the plan to downsize the pro forma organization’s balance sheet, as well as the pricing of the proposed transaction. *See supra* note 25.

products and services. Additionally, Sunflower Bank offers wealth management and trust products, including private banking, personal trust and agency accounts, employee benefit and retirement-related trust and agency accounts, investment management and advisory agency accounts, and foundation and endowment trust and agency accounts. FirstSun offers other financial services to clients through its registered investment advisor subsidiary.

First Foundation and FFB similarly offer an array of banking, investment, trust, and mortgage products and services to a range of commercial and consumer clients through multiple channels, including digital channels and branch locations across five states. First Foundation's banking operations are conducted through FFB. FFB offers commercial loans, commercial real estate loans, residential mortgages, and other consumer loans, as well as a variety of commercial, consumer, and private banking deposit products, including noninterest-bearing accounts, interest-bearing demand products, savings accounts, money market accounts, and certificates of deposit. FFB also offers treasury management products and services. In addition, First Foundation also offers wealth management products and services, including a wealth management business platform.

In response to the comment, FirstSun asserts that, in Sunflower Bank's most recent CRA performance evaluation, OCC examiners did not identify any evidence of discriminatory or other illegal credit practices by Sunflower Bank. FirstSun also notes that, in that evaluation, Sunflower Bank received overall ratings of "Outstanding" for the investment test and "High Satisfactory" for the lending test and service test, and that Sunflower Bank received those same ratings for its performance in the state of Texas. FirstSun represents that Sunflower Bank's home mortgage lending record reflects decisions based on underwriting criteria applied without regard to the race of the borrower.

FirstSun represents that, in Sunflower Bank's assessment areas ("AAs") nationwide, Sunflower Bank has originated conventional home loan applications at a consistent rate regardless of the applicant's race. FirstSun also asserts that Sunflower

Bank's origination rate for HMDA-reportable loans to minority applicants nationwide in its AAs was consistent with or exceeded the performance of a group of peer institutions in 2022, 2023, and 2024.

FirstSun represents that the firm places a priority on compliance with fair lending laws and regulations. Further, FirstSun argues that the combined institution would offer a broader, complementary suite of consumer loan and deposit products, ensuring no reduction in current offerings, and that current customers of both FirstSun and First Foundation would gain access to an expanded range of services. FirstSun asserts that Sunflower Bank's performance with respect to the convenience and needs of the community should also be viewed in light of the firm's community development investments. In addition to its "Outstanding" rating in the investment test in its most recent CRA performance evaluation, FirstSun notes that, in 2025, Sunflower Bank made significant public welfare investments in the communities in which Sunflower Bank operates, including investments that increased access to affordable housing, supported small business growth, created jobs, and fostered economic stability.

Regarding the commenter's allegation of potential harm to the community due to execution risk and the intended balance sheet downsizing associated with the proposal, FirstSun asserts that the proposed downsizing, which includes an intended reduction of approximately \$3.4 billion of FFB's loans, securities, and cash, would not result in any community harm, and would instead reduce the resulting firm's reliance on higher-cost, wholesale funding. FirstSun argues that the downsizing and the proposed merger would increase the resulting bank's ability to offer community and small business-oriented products and services to its combined customer base, as Sunflower Bank would incorporate its retail-centric branch model into the branches of FFB. Regarding execution risk, FirstSun asserts that FirstSun's and Sunflower Bank's management team has been stable and is deeply experienced, with prior success in integrating acquired institutions.

*Records of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the OCC with respect to Sunflower Bank and the FDIC with respect to FFB.<sup>32</sup> In addition, the Board considers information provided by the applicant and any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>33</sup> An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as Sunflower Bank and FFB, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and

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<sup>32</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

<sup>33</sup> 12 U.S.C. § 2906.

consumer loans (as applicable) in the institution's CRA AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;<sup>34</sup> (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.<sup>35</sup> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.<sup>36</sup>

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions may not be available from public HMDA data.<sup>37</sup> Consequently, the Board considers

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<sup>34</sup> Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. *See, e.g.*, 12 CFR 228.22(b)(3) (2023).

<sup>35</sup> *See* 12 CFR 228.22(b) (2023).

<sup>36</sup> *See* 12 CFR 228.23 and 228.24 (2023).

<sup>37</sup> Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution's compliance with fair lending laws.

additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

*CRA Performance of Sunflower Bank*

Sunflower Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the OCC, as of November 20, 2023 (“Sunflower Bank Evaluation”).<sup>38</sup> The bank received a “High Satisfactory” rating for each of the Lending Test and the Service Test, and an “Outstanding” rating for the Investment Test.<sup>39</sup>

With respect to the Lending Test, examiners found that an adequate percentage of Sunflower Bank’s loans were in its AAs. Examiners rated the bank’s performance under the Lending Test as “High Satisfactory” in the states of Arizona, Colorado, Kansas, New Mexico, and Texas, and “Outstanding” in Washington. Examiners found that lending levels reflected good responsiveness to credit needs in the bank’s AAs, and that the bank exhibited a good geographic distribution of loans in its

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<sup>38</sup> The Sunflower Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed the bank’s home mortgage loans and small loans to businesses from January 1, 2020, through December 31, 2022. Examiners reviewed all home mortgage products, as well as community development loans. However, examiners did not analyze or consider farm and consumer loans.

<sup>39</sup> The Sunflower Bank Evaluation covered 22 AAs, located in Arizona, Colorado, Kansas, New Mexico, Texas, and Washington, including a full-scope review of the bank’s activities in its Boulder, Colorado, Metropolitan Statistical Area (“MSA”) AA; Colorado non-MSA AA; Denver-Aurora-Lakewood, Colorado, MSA AA; Dallas-Fort Worth-Arlington, Texas, MSA AA; El Paso, Texas, MSA AA; Albuquerque, New Mexico, MSA AA; Santa Fe, New Mexico, MSA AA; Kansas City Multi-State Metropolitan Statistical Area AA; Lawrence, Kansas, MSA AA; Wichita, Kansas, MSA AA; Phoenix-Mesa-Chandler, Arizona, MSA AA; and Spokane-Spokane Valley, Washington, MSA AA. Examiners also conducted a limited-scope review of Sunflower Bank’s activities in its Pueblo, Colorado, MSA AA; Austin-Round Rock-Georgetown, Texas, MSA AA; Houston-The Woodlands-Sugar Land, Texas, MSA AA; San Antonio-New Braunfels, Texas, MSA AA; Waco, Texas, MSA AA; Texas non-MSA AA; Las Cruces, New Mexico, MSA AA; New Mexico non-MSA AA; Manhattan, Kansas, MSA AA; and Kansas non-MSA AA.

AAs. Examiners found that Sunflower Bank generally exhibited a good distribution of loans among individuals of different incomes and businesses of different sizes, and that the bank made a relatively high level of community development loans.

Examiners rated the bank's performance under the Investment Test as "Outstanding" in the states of Arizona, Colorado, Kansas, New Mexico, Texas, and Washington. Examiners found that the bank made an excellent level of qualified community development investment and grants, and exhibited excellent responsiveness to credit and community economic development needs.

Examiners rated the bank's performance under the Service Test as "High Satisfactory" in the states of Arizona, Colorado, Kansas, New Mexico, and Texas, and "Low Satisfactory" in Washington. Examiners found that Sunflower Bank's products and services did not vary in any way that inconvenienced portions of the bank's AAs, particularly in LMI geographies. Examiners also found that Sunflower Bank provided a relatively high level of community development services, which were responsive to community needs. Examiners found that Sunflower Bank's delivery systems were accessible to geographies and individuals of different income levels in the bank's AAs.

#### *Sunflower Bank's Efforts since the Sunflower Bank Evaluation*

FirstSun represents that, since the Sunflower Bank Evaluation, Sunflower Bank has continued to expand and enhance its CRA program. Specifically, FirstSun represents that the bank has made substantial investments in tax credits for schools, school district bonds, community development financial institutions, and projects that support transportation services for LMI individuals. FirstSun also represents that Sunflower Bank has recently upgraded its CRA compliance software systems and has created a customized mortgage and small business lending strategy for its AAs.

#### *CRA Performance of First Foundation Bank*

First Foundation Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of September 9, 2024

(“FFB Evaluation”).<sup>40</sup> The bank received a “Low Satisfactory” rating for the Lending Test and a “High Satisfactory” rating for each of the Investment and Service Tests.<sup>41</sup>

With respect to the Lending Test, examiners found that FFB’s lending levels reflected adequate responsiveness to credit needs in the bank’s AAs. Examiners found that the geographic distribution of loans reflected adequate penetration throughout the bank’s AAs and that the distribution of loans to retail customers of different income levels and business customers of different revenue sizes was poor, given the product lines offered by FFB. However, examiners also noted that FFB exhibited an adequate record of serving the credit needs of the most economically disadvantaged areas of its AAs, LMI individuals, and very small businesses. Examiners observed that a high percentage of FFB’s loans were made in the bank’s AAs. Examiners also found that the bank made an adequate level of community development loans and made use of innovative or flexible lending practices in serving its AAs’ credit needs.

With respect to the Investment Test, examiners found that FFB made a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly with respect to those that are not routinely offered by private investors. Examiners also found that the bank made significant use of innovative or complex investments to support community development

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<sup>40</sup> The FFB Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed small business and HMDA loans originated or purchased from January 1, 2021, through December 31, 2023. Examiners reviewed community development loans, qualified investments and grants, and services from August 1, 2021, to August 31, 2024.

<sup>41</sup> The FFB Evaluation involved a full-scope review of the bank’s activities in its Los Angeles, California, AA; Oakland, California, AA; Las Vegas, Nevada, AA; Honolulu, Hawaii, AA; Collier, Florida, AA; and Collin, Texas, AA. Examiners also conducted a limited-scope review of FFB’s activities in its Sacramento, California, AA; San Diego, California, AA; Imperial Valley, California, AA; and Tampa, Florida, AA.

initiatives. Examiners characterized FFB as having exhibited good responsiveness to credit and community development needs.

With respect to the Service Test, examiners determined that FFB delivery systems were reasonably accessible to essentially all portions of the bank's AAs. Examiners found that the bank's record of opening and closing of branches had generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Examiners also noted that services and business hours did not vary in a way that inconvenienced portions of its AAs, particularly LMI geographies or individuals. Finally, examiners found that the bank provided a relatively high level of community development services.

*Additional Supervisory Views*

In its review of the proposal, the Board consulted with and considered the views of the OCC as the primary federal supervisor of Sunflower Bank and of the FDIC as the primary federal supervisor of FFB. The Board also considered the results of the most recent consumer compliance examinations of Sunflower Bank and FFB, which included reviews of the banks' compliance management programs and their compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance records of Sunflower Bank and FFB, into account in evaluating the proposal, including in considering whether FirstSun has the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization, any additional plans the combined organization has for meeting the

needs of its communities following consummation, and any other information the Board deems relevant.

FirstSun represents that it does not expect any material discontinuation in products and services for continuing customers of FFB resulting from the proposed transaction, and that customers of FFB would gain access to the larger suite of mortgage products and wealth management and digital banking capabilities offered by Sunflower Bank. FirstSun states that customers also would benefit from the combined organization's expanded footprint of branches and ATMs, access to the combined bank's expanded loan capacity, and access to expanded delivery systems for small business and retail banking services.

#### *Branch Closures*

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.<sup>42</sup> In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches,

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<sup>42</sup> See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.<sup>43</sup>

FirstSun represents that it presently does not anticipate any branch closures or consolidations in connection with the proposal.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by FirstSun, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

***Financial Stability Considerations***

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”<sup>44</sup> To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the

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<sup>43</sup> See, e.g., 12 CFR 228.24(d)(2) (2023).

<sup>44</sup> 12 U.S.C. § 1842(c)(7).

resulting firm.<sup>45</sup> These categories are not exhaustive, and additional categories could inform the Board's decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.<sup>46</sup>

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.<sup>47</sup>

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.<sup>48</sup> The pro forma organization would not exhibit an organizational structure, complex

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<sup>45</sup> Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

<sup>46</sup> For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (February 14, 2012).

<sup>47</sup> See *People's United Financial, Inc.*, FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

<sup>48</sup> FirstSun and First Foundation offer a range of retail and commercial banking products and services. FirstSun has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

### ***Conclusion***

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.<sup>49</sup> In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to

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<sup>49</sup> The commenter requested that the Board hold public hearings on the proposal. Under section 3(b) of the BHC Act, the Board must hold a public hearing on a proposal if the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal. 12 U.S.C. § 1842(b); *see also* 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public hearing. In addition, the request does not demonstrate why written comments do not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for public hearings on the proposal is denied.

The commenter also requested an extension of the comment period for the application. The commenter's request for additional time to comment did not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by FirstSun with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by FirstSun of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.<sup>50</sup>

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Kansas City, acting under delegated authority.

By order of the Board of Governors,<sup>51</sup> effective March 11, 2026.

*(signed) Michele Taylor Fennell*

Michele Taylor Fennell  
Associate Secretary of the Board

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<sup>50</sup> See 12 U.S.C. § 1818(b)(1).

<sup>51</sup> Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, Governors Waller, Cook, Barr, and Miran.