



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

June 9, 2017

Jason J. Cabral, Esq.
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004

Dear Mr. Cabral:

This is in response to your request on behalf of Aquiline Capital Partners LLC (“Aquiline”), New York, New York, for an exemption from the prohibitions of the Depository Institution Management Interlocks Act (“Interlocks Act”)¹ and the Board’s Regulation L² to permit Mr. G. Kennedy Thompson, a principal of Aquiline, to become a director of Sunflower Reincorporation Sub, Inc. (“FirstSun”),³ Salina, Kansas, while also serving as a director on the boards of BNC Bancorp, High Point, and its subsidiary, Bank of North Carolina, Thomasville, both of North Carolina (collectively, “BNC”).

Mr. Thompson became Aquiline’s representative on the boards of directors of BNC in 2011. In 2012, Mr. Thompson also became Aquiline’s representative on the boards of directors of Strategic Growth Bank Incorporated and Strategic Growth Bancorp Incorporated (collectively, “Strategic”), both of El Paso, Texas. The Strategic entities are parent companies of Capital Bank, S.S.B., El Paso, Texas, and First National Bank of Santa Fe, Albuquerque, New Mexico.

On September 29, 2016, FirstSun filed applications under section 3 of the Bank Holding Company Act of 1956 for prior approval to (i) become a bank holding company upon its merger with Sunflower Financial, Inc., the parent of Sunflower Bank, National Association, both of Salina, Kansas;

¹ 12 U.S.C. § 3201 *et seq.*

² 12 CFR part 212.

³ The application was submitted under the name Sunflower Reincorporation Sub, Inc. Subsequently, the name of this entity was changed to FirstSun Capital Bancorp.

and (ii) merge with Strategic and thereby indirectly acquire Strategic's subsidiary banks. The Board approved these proposals on June 2, 2017.⁴ Aquiline will be a shareholder of FirstSun and has selected Mr. Thompson to become its representative on the board of directors of FirstSun after consummation of the proposal.

The Interlocks Act and Regulation L prohibit a management official of a depository institution or a depository holding company with total assets exceeding \$2.5 billion (or any affiliate of such organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or any affiliate of such an organization), regardless of the location of the two depository organizations ("major assets prohibition").⁵ BNC has assets of \$7.6 billion, which exceeds the applicable threshold of the major assets prohibition. FirstSun, after consummation of its proposed merger with Strategic, would have assets of \$4.0 billion, which also exceeds the applicable threshold of the major assets prohibition.

Under the general exemption provision of Regulation L, the Board may exempt an interlock that otherwise would be prohibited by the Interlocks Act if the Board determines that the interlock would not result in a monopoly or in a substantial lessening of competition and would not present safety and soundness concerns.⁶ While the Board applies a strong presumption against granting a general exemption, the Board has granted exemptions in certain limited situations. The Board has delegated to its General Counsel, in consultation with the Director of the Division of Supervision and Regulation ("Director"), authority to grant exemptions under this provision of Regulation L.

The proposed interlock between FirstSun and BNC would not result in a monopoly or in a substantial lessening of competition. The subsidiary depository institutions of FirstSun and BNC would not operate in the same banking markets. The interlock also would not have any adverse effect on competition with respect to the nonbanking activities of FirstSun and BNC.

In addition, the interlock does not present safety and soundness concerns. Aquiline represents that Mr. Thompson is qualified to serve as its management official of FirstSun, given his experience and overall abilities. Additionally, Mr. Thompson has been a management official of several large organizations.

⁴ Sunflower Reincorporation Sub, Inc., FRB Order No. 2017-14 (June 2, 2017).

⁵ 12 U.S.C. § 3203; 12 CFR 212.3(c).

⁶ 12 CFR 212.6(a).

Based on all the facts of this case and for the reasons discussed above, the General Counsel, acting pursuant to delegated authority and after consultation with the Director, has granted an exemption to allow Mr. Thompson to serve as a director on the board of FirstSun while also serving as a director on the boards of BNC.

The Board reserves the right to revoke the exemption should the interlock result in a monopoly or a substantial lessening of competition or present safety and soundness concerns.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Ann E. Misback", with a horizontal line extending to the right.

Ann E. Misback
Secretary of the Board