



July 3, 2018

**Conditional Approval #1199
August 2018**

James B. Jones
Executive Vice President
Carpenter & Company
2 Park Plaza, Suite 550
Irvine, California 92614

Re: Preliminary Conditional Approval of the De Novo Charter Application for the Proposed Grasshopper Bank, National Association, New York, New York (Charter No. 25152)
OCC Control No.: 2017-NE-Charter-300116

Dear Mr. Jones:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Grasshopper Bank, National Association, New York, New York ("Bank"). The OCC has determined that your proposal satisfies the applicable regulatory and policy requirements for preliminary approval and therefore hereby grants preliminary approval of your charter application, subject to the conditions set forth in this letter.

Our preliminary conditional approval is based on a thorough evaluation of all information available to the OCC, including the facts and circumstances described in, and representations and commitments made to, OCC staff as part of the application process by the Bank's representatives to the OCC as of this date. The OCC may modify, suspend, or rescind this preliminary conditional approval if a material change in the information on which the OCC relied occurs before final approval. The Bank must inform OCC staff of changes to the information, representations, and commitments made in connection with the application process, including changes to the business plan, as such changes may affect the OCC's decision to grant final approval.

We also have made our decision to grant preliminary conditional approval with the understanding that the proposed Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation.

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until all reopening requirements are met.

As a condition of final approval, and consistent with the representations made by the Bank about its operations once it opens for business, the Bank:

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1. Shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, within three (3) business days after the Bank's opening; and
2. May not take on any credit risk with respect to any early-stage venture loan and must ensure that each early-stage venture loan: (i) is fully secured by cash collateral held on deposit at, and subject to the control of, the Bank in an amount equal to the sum of (A) the loan commitment and (B) at least three (3) to six (6) months of the borrower's cash burn; and (ii) would receive a regulatory risk rating of pass at origination.

For purposes of this condition:

“Early stage venture loan” means loans to borrowers that are pre-product, pre-revenue, pre-positive operating cash flow, pre-profit, or that have an incomplete management team or infrastructure.

“Borrower's cash burn” means a borrower's monthly earnings-before-depreciation-and-amortization (EBDA) loss based on the rolling average EBDA loss for the prior three months.

“EBDA” means earnings before depreciation and amortization, excluding any non-cash expenses related to stock compensation activities, as determined in accordance with Generally Accepted Accounting Principles (GAAP).

The above conditions of approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. Therefore, the conditions are enforceable under 12 USC 1818.

The Bank's initial paid-in capital, net of all organizational and preopening expenses, shall be no less than \$95,962,000. The manner in which capital is raised must not deviate from that described in your application without prior written OCC notification. If the capital for the Bank is not raised within 12 months, or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC ordinarily does not grant extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

The OCC poses no objection to the following persons serving as executive officers, directors, and/or organizers as proposed in the application:

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<u>Name</u>	<u>Title</u>
Judith E. Erwin	President, Chief Executive Officer, Director, & Organizer
John D. Flemming	Director & Organizer
Rajeev V. Date	Director & Organizer
William F. Grant	Director & Organizer
Jonah S. Marcus	Director & Organizer
Carol A. Baldwin Moody	Director & Organizer
David J. Munio	Director & Organizer
Kelly M. Williams	Director & Organizer
Albert Sun	Chief Credit Officer
Sangeeta Kishore	Chief Financial Officer
Gary Blumenthal	Chief Operating Officer
Eyrique Velan Miller, Jr.	Chief Banking Officer
Minerva Tantoco	Chief Technology/Information Officer
Sally Myers	Chief Risk Officer

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position.

The "Charters" booklet in the Comptroller's Licensing Manual provides guidance for organizing your bank. The booklet is available on the OCC's web site:

<https://www.occ.treas.gov/publications/publications-by-type/licensing-manuals/charters.pdf>.

The booklet contains all of the steps you must take to receive final approval.

As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to Licensing Analyst Laurie Powell for our review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval. The Bank may not begin the business of banking until it fulfills all requirements for a bank in organization and the OCC grants final approval.

This preliminary conditional approval 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 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 preliminary conditional approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this preliminary conditional approval if a material change in the information on which the OCC relied occurs before final approval. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service. If you have any questions, please contact Licensing Analyst Laurie Powell at (917) 344-3432 or by e-mail at PowellLA@occ.treas.gov. Please include the OCC Control Number listed above in all written correspondence.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing

Enclosure: Survey Letter