

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Grasshopper Bank, National Association
(In Organization)
New York, New York County, New York

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("FDIC"), pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal Deposit Insurance with membership in the Deposit Insurance Fund for Grasshopper Bank, National Association ("Bank"), a proposed new national bank to be located at 915 Broadway, 7th floor, New York, New York County, New York 10010, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal Deposit Insurance be, and the same hereby is approved, subject to the following conditions:

1. That beginning paid-in capital funds of not less than \$95,962,000, after accounting for all organizational and pre-opening expenses, be provided.
2. That the Bank's leverage ratio (as defined in the appropriate capital regulations and guidance of the institution's primary federal regulator) be maintained at not less than ten percent (10.00%) throughout the first three years of operation, and that an adequate allowance for loan and lease losses be provided from the date insurance is effective.
3. That prior to the Bank's opening, the Bank shall obtain the non-objection of the FDIC to any proposed change in the composition of the Board of Directors and executive officers of the Bank.
4. That the Bank must provide to the FDIC's New York Regional Director, the final employment agreements and compensation arrangements (including salary, benefits, deferred compensation, stock options and/or incentives, and bonus and severance payments) for the Bank's senior executive officers (as defined in 12 CFR § 303.101).

5. That any proposed ownership of ten percent (10.00%) or more of the Bank's holding company stock, including new acquisitions of or subscriptions to ten percent or more of stock, must be approved by the FDIC prior to the Bank's opening. The Bank must provide a complete shareholder list to the Regional Director, which shall include the following for each beneficial owner or control party: name, number of shares owned or controlled directly or indirectly, dollar amount of shares owned or controlled directly or indirectly, and percentage of shares owned or controlled directly or indirectly. The shareholder list shall also identify any related direct or indirect interests in shares, whether such interests are held as owner, control party, beneficiary, trustee, or investment advisor, or whether due to another similar relationship that, following the offering and when aggregated, will equal or exceed 10 percent of the Bank's holding company shares. The complete shareholder list shall be provided to the FDIC prior to the Bank's opening.
6. That prior to the Bank's opening, the Bank must obtain adequate fidelity coverage.
7. That the Bank will obtain an audit of its financial statements by an independent public accountant annually for the first three fiscal years after Federal Deposit Insurance is effective, furnish a copy of any reports by the independent auditor (including any management letters) to the FDIC's New York Regional Office within fifteen (15) days after their receipt by the Bank, and notify the same office within 15 days when a change in the Bank's independent auditor occurs.
8. That the Bank will adopt an accrual accounting system for maintaining the books of the Bank in accordance with U.S. Generally Accepted Accounting Principles.
9. That Federal Deposit Insurance will not become effective until the Bank has been granted a charter as a depository institution, has authority to conduct a banking business, and its establishment and operation have been fully approved by the appropriate Federal supervisory authority.
10. That the Bank's proposed bank holding company has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the Bank prior to its opening for business.
11. That until Federal Deposit Insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed by the FDIC to warrant such action.

12. That if Federal Deposit Insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.

Dated at New York, New York, this 3rd day of July, 2018.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: / S /
John F. Vogel
Regional Director
Division of Risk Management Supervision

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: Grasshopper Bank, National Association (Proposed)
New York, New York County, New York

Application for Federal Deposit Insurance

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. §1815), the Federal Deposit Insurance Corporation ("FDIC") received an application for Federal Deposit Insurance for Grasshopper Bank, National Association (the "Bank"), a proposed new national bank, to be located at 915 Broadway, 7th Floor, New York, New York County, New York. The organizers concurrently applied to the Office of the Comptroller of the Currency ("OCC") for a national bank charter and received the OCC's preliminary conditional approval on July 3, 2018.

Notice of the Federal Deposit Insurance application, in a form approved by the FDIC, was published pursuant to the FDI Act on January 29, 2018.

The Bank will be a wholly owned subsidiary of Grasshopper Bancorp, Inc., ("BHC"), a Delaware corporation. The organizers intend to apply to the Federal Reserve Bank of New York for approval to form BHC as a regulated bank holding company. The opening capital of the Bank will be realized from a private placement offering of a minimum of 11,500,000 shares of common stock and a maximum of 16,500,000 shares of the BHC's common stock, at a price of \$10.00 per share. A minimum of \$104,000,000 of the proceeds from the common stock offering of BHC will capitalize the Bank in exchange for 100% of the voting stock of the Bank. Net of organizational expenses, the Bank's opening capital will be a minimum of \$95,962,000.

The Bank's business plan is for a national commercial bank that provides banking services primarily throughout the New York City metropolitan area and Northern California through a loan production office. The majority of deposits and loans are expected to originate from venture capital funds and their portfolio companies in technology, life-sciences, and other innovation sectors, as well as mature, non-venture backed companies that are part of, or provide products and services to, the innovation sector. Loans will predominantly be commercial and industrial, owner-occupied commercial real estate, as well as consumer credits. The Bank intends to attract a mix of local deposit accounts, including interest and non-interest bearing checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. The local communities include commercial businesses of all sizes, educational and cultural institutions, professionals, and consumers.

The Bank will operate with sufficient capital and managerial resources to accomplish the strategies and goals in the business plan. The Bank will be capitalized with an amount sufficient to achieve and maintain a leverage ratio of not less than ten percent (10.00%) throughout the Bank's first three years of operation. Projected growth and earnings appear attainable, and the investment in fixed assets is reasonable. The Bank's plans appear to satisfy the convenience and needs of the community. Corporate powers to be exercised are consistent with the purpose of the FDI Act, and no undue risk to the Deposit Insurance Fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, and in consideration of the factors of Section 6 of the FDI Act, the New York Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

REGIONAL DIRECTOR
DIVISION OF RISK MANAGEMENT SUPERVISION
FEDERAL DEPOSIT INSURANCE CORPORATION