

September 5, 2018

OCC Grants Preliminary Conditional Approval to Varo Bank, N.A.

All-Mobile Banking Services Company Varo Money Receives Preliminary Conditional Approval for a National Bank Charter

On September 4, 2018, the organizers of Varo Bank, N.A. (the “Bank”) announced that the Office of the Comptroller of the Currency (the “OCC”) granted preliminary conditional approval to organize the Bank under a de novo, full-service national bank charter. The organizers are associated with Varo Money, Inc. (“Varo”). The Bank is not pursuing the special purpose national bank charter for nondepository fintech companies announced by the OCC on July 31, 2018. Rather, this approval relates to a full-service national bank charter with a nationwide “footprint.” However, this approval, we believe, will be indicative of the OCC’s approach to applications by fintech businesses for special purpose charters.

Varo currently offers banking products in partnership with a third party bank while operating an app with features to budget, track and save money. Varo was founded in 2015 with the mission to lower the cost of banking and help consumers improve their financial lives. It has raised more than \$79 million from private equity investors Warburg Pincus and The Rise Fund.

Varo does not plan to open any physical branch locations, but will use its all-mobile platform to offer customers a diverse suite of banking products. The Bank’s home office will be in Salt Lake City, Utah.

With preliminary conditional approval, the Bank is currently in organization. Receipt of final approval to open the Bank is contingent upon Varo’s satisfaction of the OCC’s pre-opening requirements, as well as obtaining deposit insurance from the Federal Deposit Insurance Corporation and membership in the Federal Reserve System.

Sullivan & Cromwell LLP represents Varo and the organizers in connection with the bank charter application.

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