



## Office of the Comptroller of the Currency

Washington, DC 20219

December 30, 2020

Sara Lenet  
Counsel  
Hogan Lovells US LLP  
555 Thirteenth Street, NW  
Washington, District of Columbia 20004

Tim Bogan  
Chief Banking Integration Officer  
LendingClub Corporation  
595 Market Street  
Suite 200  
San Francisco, California 94105

Re: Application by Radius Bank, Boston, Massachusetts to Convert to a National Banking Association  
Application to Charter Interim LendingClub Bank, National Association  
Application to Merge LendingClub Bank, National Association, with and into Interim LendingClub Bank, National Association  
Applications for Residency Waivers and Citizenship Waivers

OCC Control Numbers: 2020-WE-Conversion-314475  
2020-WE-Charter-318359  
2020-WE-Combination-318752  
2020-WE-Waiver-315839  
2020-WE-Waiver-316406

Dear Ms. Lenet and Mr. Bogan:

The Office of the Comptroller of the Currency (OCC) hereby approves the applications by Radius Bank, Boston, Massachusetts, to convert (the Conversion) to a national banking association operate under the title of LendingClub Bank, National Association (LCB-NA), and to merge (the Merger) LCB-NA with and into Interim LendingClub Bank, National Association, Lehi, Utah (Interim LCB), under the title of LendingClub Bank, National Association (Resulting Bank).<sup>1</sup> These approvals are granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC,

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<sup>1</sup> Additionally, the OCC also approves the director citizenship waiver request and the request for waiver of residency requirements for LCB-NA and Interim LCB pursuant to 12 USC 72.

including commitments and representations made by the applicant's representatives during the application process. The OCC also received one comment letter that was considered in the review of these applications. This approval is also subject to the representations and requirements set out herein.

## **I. Introduction**

The Merger and Conversion form part of a series of transactions by which LendingClub Corporation, Wilmington, Delaware (LendingClub), will ultimately acquire and be the parent of the Resulting Bank. LendingClub has filed an application with the Board of Governors of the Federal Reserve System (Board) to become a bank holding company. Upon receiving approval from the Board, Lending Club will form Interim LCB and become a Bank Holding Company. Interim LCB will adopt the current expected credit losses (CECL) methodology for accounting purposes.

Next, Radius will convert from a Federal savings association to a national bank. Radius is currently a direct, wholly-owned subsidiary of Radius Bancorp, Inc., Boston, Massachusetts. Following the conversion, SC Sub I, Inc., Wilmington, Delaware ("Merger Sub"), a wholly-owned subsidiary of LendingClub, will merge with and into Radius Bancorp., Inc., which will result in LCB-NA becoming a subsidiary of LendingClub. Following the acquisition, Radius will change its name to LendingClub Bank, National Association.

Finally, LCB-NA will merge with and into Interim LCB, with Interim LCB surviving under the title of LendingClub Bank, National Association. Thus, at the end of the transactions, LendingClub will control the Resulting Bank.

## **II. The Conversion**

Radius has filed an application to convert to a national bank under 12 USC 35 and 1464(i)(5) and 12 CFR 5.24. The conversion application meets the requirements of 12 USC 35 and 1464(i)(5) for approval for Radius to convert to a national bank. Radius is a Federal savings association organized under the laws of the United States and is authorized to convert to a national bank under 12 USC 35 and 1464(i)(5) and 12 CFR 5.24. Under 12 USC 1464(i)(5), a Federal savings association chartered and in operation before November 12, 1999, with branches in one or more states in operation before November 12, 1999, may, with the approval of the Comptroller, convert into a national bank. Radius operated a branch in Rhode Island before November 12, 1999, and can thus convert under 12 USC 1464(i)(5). Additionally, Radius must meet the financial, management, and capital requirements applicable to a national bank. Radius meets these requirements.

Additionally, the conversion is authorized under 12 USC 35. First, the merger would not be in contravention of Federal law. Radius also meets the other criteria in section 35, including shareholder approval, as its immediate parent, Radius Bancorp, Inc., which is the sole

shareholder, has approved the Conversion. Thus, the Conversion is authorized under sections 35 and 1464(i)(5).

The OCC has reviewed the factors applicable to the Conversion under 12 CFR 5.13(b), 5.24(e)(2), (f), and 25.02 and found them consistent with approval. Given the anticipated changes to Radius's current business model, the OCC has also considered the factors under 12 CFR 5.53(d)(3)(i)(A) and 5.20(f)(2) and found them consistent with approval.

Immediately following the Conversion, LCB-NA will operate the Radius' main office at One Harbor Street, Boston, Massachusetts, as its main office.<sup>2</sup> Finally, LCB-NA is authorized to retain the subsidiaries and investments currently held by Radius. Radius is currently a covered savings association, and its subsidiaries and investments are already permissible for a national bank.<sup>3</sup> Thus, the subsidiaries and investments will remain permissible for LCB-NA as a national bank.

### **III. The Merger**

#### **A. Forming Interim LCB**

Interim national banks may be chartered by the OCC to accomplish a "business combination."<sup>4</sup> An interim national bank is an insured bank upon issuance of its charter.<sup>5</sup> Interim LCB applied to the OCC for approval to merge LCB-NA with and into Interim LCB, under the charter of Interim LCB, with the title of LendingClub Bank, National Association, under 12 USC 215a-1 and 1831u.

#### **B. Riegle-Neal**

Mergers of national banks with different home states are authorized under 12 USC 215a-1 and 1831u(a)(1), which were adopted as part of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal). Riegle-Neal imposes certain conditions on interstate merger transactions. These are (i) compliance with state-imposed age limits, if any, subject to Riegle-Neal's limits; (ii) compliance with certain state filing requirements, if any; (iii) compliance with nationwide and state concentration limits; (iv) expanded community reinvestment compliance; and (v) adequacy of capital and management skills.<sup>6</sup> The OCC has considered these factors and determined that the Merger satisfies all applicable Riegle-Neal requirements.

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<sup>2</sup> Radius currently operates no branches.

<sup>3</sup> See 12 CFR 101.4(a)(1).

<sup>4</sup> See 12 USC 24(Seventh); 12 CFR 5.33(d)(8), (e)(4), (f)(2).

<sup>5</sup> 12 USC 1815(a)(2).

<sup>6</sup> See 12 USC 1831u(a)(5) and 1831u(b).

C. Bank Merger Act

The OCC also reviewed the Merger under the criteria of the Bank Merger Act (BMA), 12 USC 1828(c), and applicable OCC regulations and policies.<sup>7</sup> Under the BMA, the OCC must consider the risk of the transaction to the stability of the U.S. banking or financial system and may not, without reason, approve a merger that would substantially lessen competition in any section of the country.<sup>8</sup> The BMA also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions.<sup>9</sup> The OCC must also consider the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities.<sup>10</sup> The OCC considered these factors and found them consistent with approval of the Merger.

The OCC must also consider the convenience and needs of the community to be served under the BMA as well as the record of compliance with the CRA of each applicant bank in a merger transaction.<sup>11</sup> The OCC has considered these factors and found them consistent with approval of the application.

D. Main Office and Branch Retention

The Resulting Bank seeks to operate LCB-NA's main office in Boston, Massachusetts as a branch and retain Interim LCB's main office in Lehi, Utah, as its main office. Following an interstate merger transaction under Riegle-Neal, subject to the approval of the OCC, the resulting bank may retain and operate, as a main office or branch, any office that any bank involved in an interstate merger transaction was operating as a main office or a branch immediately before the merger transaction.<sup>12</sup> Therefore, upon consummation of the Merger, the Resulting Bank may retain Interim LCB's main office in Lehi, Utah, as its main office and operate the main office of LCB-NA in Boston, Massachusetts, as a branch office.

**IV. Pre-Conversion Requirements**

The following items must be satisfied on or before the effective date of the Conversion:

1. LCB-NA must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists factors the directors should consider to determine adequacy.
2. The Board of Directors of LCB-NA must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those

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<sup>7</sup> See 12 CFR 5.33.

<sup>8</sup> 12 USC 1828(c)(5).

<sup>9</sup> *Id.*

<sup>10</sup> 12 USC 1828(c)(11).

<sup>11</sup> 12 USC 1828(c)(5), 2903(a)(2); 12 CFR 25.02(a)(3).

<sup>12</sup> 12 USC 36(d) and 1831u(d)(1).

policies, practices, and procedures continually and ensure the bank's compliance with them.

3. LCB-NA must apply for membership in the Federal Reserve System.
4. LCB-NA must ensure all other required regulatory approvals have been obtained.
5. The directors of LCB-NA must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.

Upon completion of all steps required to convert to a national banking association, Bank staff should submit the enclosed Conversion Completion Certification certifying completion. Please provide the OCC with at least 10 days advance notice of the Conversion. When LCB-NA has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive a charter certificate.

If the Conversion is not consummated within six months from the date of this approval, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the Conversion to occur as soon as possible after approval.

## **V. Merger Consummation Requirements**

The OCC must be advised in writing in advance of the desired effective date for the Merger, so it may issue the necessary certification letter. The OCC will issue a letter certifying consummation of the transaction when it receives:

1. A Secretary's Certificate for LCB-NA and Interim LCB, certifying that a majority of the board of directors approved the transaction.
2. An executed merger agreement.
3. A Secretary's Certificate for LCB-NA and Interim LCB, certifying that shareholder approvals have been obtained.
4. Executed amended Articles of Association for the Resulting Bank.

If the Merger is not consummated within six months of the date of this approval, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the Merger to occur as soon as possible after approval.

## **VI. Conditions**

The Merger is subject to the following conditions under 12 USC 1818:

1. The Resulting Bank shall have day one capital of \$410 million, including a capital contribution from LendingClub of no less than \$250 million, effective as of consummation of the Merger.<sup>13</sup>
2. The Resulting Bank 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 of the consummation of the Merger. This condition shall remain in effect for three years of the effective date of the Merger.
3. Within 45 days of the consummation of the Merger, the Resulting Bank shall appoint an executive-level Chief Credit Officer and submit to the OCC for a written determination of no supervisory objection: (a) the information described in the “Changes in Directors and Senior Executive Officers” booklet of the *Comptroller’s Licensing Manual* (June 2019) or any subsequent updates; and (b) the proposed duties, responsibilities, reporting lines, and membership on executive-level and board-level committees. If the OCC, in its sole discretion, objects to the individual’s service as Chief Credit Officer, he or she must immediately vacate the position.
4. Within 45 days of the consummation of the Merger, the Resulting Bank shall appoint an executive-level Chief Compliance Officer and submit to the OCC for a written determination of no supervisory objection: (a) the information described in the “Changes in Directors and Senior Executive Officers” booklet of the *Comptroller’s Licensing Manual* (June 2019) or any subsequent updates; and (b) the proposed duties, responsibilities, reporting lines, and membership on executive-level and board-level committees. If the OCC, in its sole discretion, objects to the individual’s service as Chief Compliance Officer, he or she must immediately vacate the position.

These conditions 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. As such, the conditions are enforceable under 12 USC 1818.

## **VII. Conclusion**

These approvals 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

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<sup>13</sup> Lending Club has notified the OCC that Interim LCB intends to elect the 2020 CECL transition provision under 12 CFR 3.301(d). This election will carry over to the Resulting Bank.

Sara Lenet and Tim Bogan

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supervisory, regulatory, and examination authorities under applicable law and regulations. The OCC's approval is based on the representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Senior Licensing Analyst Ann Marie Fernandez at (202) 553-2716 or by e-mail at [Anne.Fernandez@occ.treas.gov](mailto:Anne.Fernandez@occ.treas.gov). Please include the OCC control number on any correspondence related to this filing.

Sincerely,

Stephen A. Lybarger  
Deputy Comptroller for Licensing