

FEDERAL RESERVE SYSTEM

Sandy Spring Bancorp, Inc.
Olney, Maryland

Order Approving the Merger of Bank Holding Companies, the Acquisition of a Nonbanking Subsidiary, the Merger of Banks, and the Establishment of Branches

Sandy Spring Bancorp, Inc. (“Sandy Spring”), Olney, Maryland, a bank holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to merge with WashingtonFirst Bankshares, Inc. (“WashingtonFirst”), and thereby indirectly acquire WashingtonFirst Bank, both of Reston, Virginia. Sandy Spring has also requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act and section 225.24 of the Board’s Regulation Y³ to acquire 1st Portfolio, Inc. (“1st Portfolio”), Fairfax, Virginia, a nonbanking subsidiary of WashingtonFirst that is engaged in financial and investment advisory activities.

In addition, Sandy Spring’s subsidiary state member bank, Sandy Spring Bank, Olney, Maryland, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act (“Bank Merger Act”) to merge with WashingtonFirst Bank, with Sandy Spring Bank as the surviving entity.⁴ Sandy Spring Bank also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the main office and branches of WashingtonFirst Bank.⁵

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842.

³ 12 U.S.C. §§ 1843(c)(8) and (j); 12 CFR 225.24.

⁴ 12 U.S.C. § 1828(c).

⁵ 12 U.S.C. § 321. These locations are listed in the Appendix.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (82 Federal Register 31973 (July 11, 2017)).⁶ The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act, the Bank Merger Act, and the FRA. As required by the Bank Merger Act, a report on the competitive effects of the merger was requested from the United States Attorney General, and a copy of the request has been provided to the Federal Deposit Insurance Corporation (“FDIC”).

Sandy Spring, with consolidated assets of approximately \$5.3 billion, is the 201st largest insured depository organization in the United States. Sandy Spring controls approximately \$3.9 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁷ Sandy Spring controls Sandy Spring Bank, which operates in the District of Columbia, Maryland, and Virginia. Sandy Spring is the 27th largest insured depository organization in the District of Columbia, controlling deposits of approximately \$3.1 million, which represent less than 1 percent of the total deposits of insured depository institutions in that jurisdiction.⁸ Sandy Spring is the 8th largest insured depository organization in Maryland, controlling deposits of approximately \$3.2 billion, which represent approximately 2.3 percent of the total deposits of insured depository institutions in that state. Sandy Spring is the 59th largest insured depository organization in Virginia, controlling deposits of approximately \$329.5 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

WashingtonFirst, with consolidated assets of approximately \$2.1 billion, is the 383rd largest insured depository organization in the United States.

⁶ 12 CFR 262.3(b).

⁷ National asset and deposit data are as of June 30, 2017, unless otherwise noted.

⁸ State deposit data are as of June 30, 2016, unless otherwise noted. In this context, insured depository institutions include commercial banks, credit unions, savings associations, and savings banks.

WashingtonFirst controls approximately \$1.7 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. WashingtonFirst controls WashingtonFirst Bank, which operates in the District of Columbia, Maryland, and Virginia. WashingtonFirst is the 14th largest insured depository organization in the District of Columbia, controlling deposits of approximately \$372.2 million, which represent less than 1 percent of the total deposits of insured depository institutions in that jurisdiction. WashingtonFirst is the 62nd largest insured depository organization in Maryland, controlling deposits of approximately \$137.7 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state. WashingtonFirst is the 22nd largest insured depository organization in Virginia, controlling deposits of approximately \$1.1 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, Sandy Spring would become the 165th largest insured depository organization in the United States, with consolidated assets of approximately \$7.4 billion, which represent less than 1 percent of the total assets of insured depository institutions in the United States. Sandy Spring would control total deposits of approximately \$5.6 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Sandy Spring would become the 14th largest insured depository organization in the District of Columbia, controlling deposits of approximately \$375.2 million, which represent less than 1 percent of the total deposits of insured depository institutions in that jurisdiction. Sandy Spring would remain the 8th largest insured depository organization in Maryland, controlling deposits of approximately \$3.3 billion, which represent approximately 2.4 percent of the total deposits of insured depository institutions in that state. In Virginia, Sandy Spring would become the 18th largest insured depository organization, controlling deposits of \$1.4 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company, without regard to whether the transaction is prohibited under state law.⁹

Section 44 of the Federal Deposit Insurance Act (“FDI Act”) generally provides that, if certain conditions are met, the Board may approve a merger transaction under the Bank Merger Act between insured banks with different home states without regard to whether the transaction is prohibited under state law.¹⁰ The Board may not approve an application that would permit an out-of-state bank holding company or bank to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.¹¹ In addition, under section 3(d) of the BHC Act, the Board may not approve an interstate application if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company would upon consummation control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹²

⁹ 12 U.S.C. § 1842(d)(1)(A).

¹⁰ 12 U.S.C. § 1831u(a)(1).

¹¹ 12 U.S.C. § 1842(d)(1)(B); 12 U.S.C. § 1831u(a)(5).

¹² 12 U.S.C. § 1842(d)(2)(A) and (B). Similar prohibitions apply to action by the Board on interstate bank merger applications under section 44 of the FDI Act. See 12 U.S.C. § 1831u(b)(2). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch.

See 12 U.S.C. § 1841(o)(4)–(7).

For purposes of the BHC Act, the home state of Sandy Spring is Maryland, and WashingtonFirst Bank is located in the District of Columbia, Maryland, and Virginia.¹³ For purposes of section 44 of the FDI Act, the home state of Sandy Spring Bank is Maryland, and the home state of WashingtonFirst Bank is Virginia.¹⁴ Sandy Spring and Sandy Spring Bank are well capitalized and well managed under applicable law, and Sandy Spring Bank has a “Satisfactory” rating under the Community Reinvestment Act of 1977 (“CRA”). Neither the District of Columbia nor Virginia has statutory minimum age requirements,¹⁵ and WashingtonFirst Bank has been in existence for more than five years.

On consummation of the proposed transaction, Sandy Spring would control less than 1 percent of the total amount of consolidated deposits of insured depository institutions in the United States. Maryland imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.¹⁶ The combined organization would control approximately 0.8 percent of the total amount of deposits of insured depository institutions in the District of Columbia, approximately 2.4 percent of the total amount of deposits of insured depository institutions in Maryland, and approximately 0.5 percent of the total amount of deposits of insured depository institutions in Virginia, the only states in which Sandy Spring and WashingtonFirst have overlapping banking operations. The Board has considered all other requirements under

¹³ See 12 U.S.C. § 1841(o)(4). For purposes of the BHC Act, a bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later, and a state bank’s home state is the state in which the bank is chartered.

¹⁴ For purposes of section 44 of the FDI Act, a state bank’s home state is the state in which the bank is chartered. 12 U.S.C. § 1831u(g)(4).

¹⁵ See D.C. Code § 26-731 - 741; Va. Code Ann. § 6.2-849 - 859.

¹⁶ Md. Code Ann., Fin. Inst. § 5-1013. The District of Columbia and Virginia do not impose a limit on the total amount of in-state deposits that a single banking organization may control.

section 3(d) of the BHC Act and section 44 of the FDI Act, including Sandy Spring Bank's record of meeting the convenience and needs of the communities it serves. Accordingly, in light of all the facts of record, the Board may approve the proposal under both statutes.

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁷ Both statutes also prohibit the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹⁸ In addition, as described in more detail below, the Board must consider the competitive effects of a proposal to acquire a nonbank company under the balancing test of section 4(j) of the BHC Act.¹⁹

Sandy Spring and WashingtonFirst have subsidiary depository institutions that compete directly in the Washington, District of Columbia-Maryland-Virginia-West Virginia banking market ("Washington market").²⁰ The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has

¹⁷ 12 U.S.C. §§ 1842(c)(1) and 1828(c)(5).

¹⁸ 12 U.S.C. §§ 1842(c)(1)(B) and 1828(c)(5)(B).

¹⁹ 12 U.S.C. § 1843(j)(2)(A).

²⁰ The Washington market includes the District of Columbia; the Maryland counties of Charles, Calvert, Frederick, Montgomery, and Prince George's; District 7 in Anne Arundel County, Maryland; the Clarksville and Savage districts in Howard County, Maryland; the Virginia counties of Arlington, Culpeper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, Stafford, and Warren; the Virginia cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park; and Jefferson County, West Virginia.

considered the number of competitors that would remain in the market; the relative shares of total deposits of insured depository institutions in the market (“market deposits”) that Sandy Spring would control;²¹ the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);²² and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Washington market. On consummation of the proposal, the Washington market would remain unconcentrated, as measured by the HHI, according to the DOJ Bank Merger Guidelines. The change in HHI in this market would be small, and numerous competitors would remain in the market.²³

²¹ Local deposit and market share data are as of June 30, 2016, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989) and *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. *See, e.g., First Hawaiian, Inc.*, 77 Federal Reserve Bulletin 52 (1991).

²² Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. *See* Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

²³ Sandy Spring operates the 12th largest depository institution in the Washington market, controlling approximately \$3.0 billion in deposits, which represent 1.6 percent of market deposits. WashingtonFirst operates the 16th largest depository institution in the

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market, including the Washington market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Washington market or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under sections 3 and 4 of the BHC Act and the Bank Merger Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.²⁴ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs

same market, controlling approximately \$1.6 billion in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, Sandy Spring would remain the 12th largest depository organization in the market, controlling deposits of approximately \$4.6 billion, which represent 2.4 percent of market deposits. The HHI for the Washington market would increase by 2 points to 998, and 77 competitors would remain in the market.

²⁴ 12 U.S.C. §§ 1842(c)(2), (5), and (6); 1843(j)(4); 1828(c)(5) and (11).

of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Sandy Spring and WashingtonFirst are both well capitalized, and the combined entity would remain so on consummation of the proposed transaction. The proposed transaction is a bank holding company merger that is structured primarily as an exchange of shares, with a subsequent merger of the subsidiary depository institutions.²⁵ The asset quality, earnings, and liquidity of Sandy Spring Bank and WashingtonFirst Bank are consistent with approval, and Sandy Spring appears to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects of the institutions under the proposal are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Sandy Spring, WashingtonFirst, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Sandy Spring; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking,

²⁵ To effect the holding company merger, a wholly owned subsidiary of Sandy Spring formed to facilitate the transaction would merge with WashingtonFirst, with WashingtonFirst as the surviving entity ("First-Step Merger"). At the effective time of the First-Step Merger, each share of WashingtonFirst common stock would be converted into a number of shares of Sandy Spring common stock based on an exchange ratio. Immediately thereafter, WashingtonFirst would merge with Sandy Spring, with Sandy Spring as the surviving entity. WashingtonFirst Bank would then merge with and into Sandy Spring Bank, with Sandy Spring Bank as the surviving entity. As part of the holding company merger, Sandy Spring would acquire 1st Portfolio from WashingtonFirst and immediately thereafter transfer 1st Portfolio to Sandy Spring Bank.

consumer protection, and anti-money-laundering laws; and information provided by the commenters.

Sandy Spring, WashingtonFirst, and their subsidiary depository institutions are each considered to be well managed. Sandy Spring has a record of successfully integrating organizations into its operations and risk-management systems after acquisitions. Sandy Spring's directors and senior executive officers have significant knowledge of and experience in the banking and financial services sectors, and Sandy Spring's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Sandy Spring's plans for implementing the proposal. Sandy Spring has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-integration process for this proposal. Sandy Spring would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Sandy Spring's management has the experience and resources to operate the combined organization in a safe and sound manner.²⁶ Sandy Spring plans to integrate WashingtonFirst's existing management and

²⁶ One commenter asked the Board to consider the diversity of Sandy Spring's management in reviewing the proposed transaction. While the Board encourages all firms to promote diversity in their management and workforce, the statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act and Bank Merger Act are limited and specifically defined. See, e.g., PacWest Bancorp, 102 Federal Reserve Bulletin 82, 88 n. 24 (2015); CIT Group, Inc., 102 Federal Reserve Bulletin 1, 7 n. 24 (2015); Bank of America Corporation, 90 Federal Reserve Bulletin 217, 223 n.31 (2004). See also Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973). Other provisions of law authorize the Board, together with the other federal financial supervisory agencies, to monitor the efforts of regulated entities to promote diversity and inclusion. Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, 80 Federal Register 33016 (June 10, 2015). See Pub. L. No. 111-203, 124 Stat. 1376, 1541-44 (2010), codified at 12 U.S.C. § 5452.

personnel in a manner that augments Sandy Spring's management.²⁷

Based on all the facts of record, including Sandy Spring's supervisory record, managerial and operational resources, and plans for operating the combined institution after consummation, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Sandy Spring and WashingtonFirst in combating money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.²⁸ In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation,²⁹ and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.³⁰

²⁷ On consummation, WashingtonFirst's president and chief executive officer, as well as the chairman and two additional members of its board of directors, will be appointed to the boards of directors of Sandy Spring and Sandy Spring Bank.

²⁸ 12 U.S.C. §§ 1842(c)(2) and 1828(c)(5).

²⁹ 12 U.S.C. § 2901(b).

³⁰ 12 U.S.C. § 2903.

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Sandy Spring Bank and WashingtonFirst Bank; the fair lending and compliance records of both banks; the supervisory views of the Federal Reserve Bank of Richmond ("Reserve Bank") and the FDIC; confidential supervisory information; information provided by Sandy Spring; and the public comments received on the proposal.

Public Comments Regarding the Proposal

Three commenters objected to the proposal based on alleged deficiencies in the CRA performance and fair lending record of Sandy Spring Bank.³¹ All three

³¹ Two commenters requested that the Board not approve the proposal until Sandy Spring enters into a community benefits plan that outlines how the bank plans to help meet the convenience and needs of the communities it serves. The Board has consistently found that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any organizations. See, e.g., Huntington Bancshares Inc., FRB Order No. 2016-13 at 32 n.50 (July 29, 2016); CIT Group, Inc., FRB Order No. 2015-20 at 24 n.54 (July 19, 2015); Citigroup Inc., 88 Federal Reserve Bulletin 485 at 488 n.18 (2002); Fifth Third Bancorp, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas ("AAs").

commenters alleged low levels of lending to minority borrowers, and/or in majority-minority areas, in communities served by Sandy Spring Bank, as reflected in data reported under the Home Mortgage Disclosure Act (“HMDA”).³² One commenter alleged high denial rates in 2015 by Sandy Spring Bank to African American applicants and low levels of lending by WashingtonFirst Bank to African American and Hispanic applicants in certain communities. Two commenters criticized Sandy Spring Bank’s lending to LMI individuals and in LMI census tracts, and one such commenter also criticized the bank’s lending levels to small businesses and its levels of community development loans and investments in certain communities. Specific geographic areas of concern for commenters included the District of Columbia; Montgomery County, Maryland; Prince George’s County, Maryland; Baltimore City, Maryland; and Baltimore County, Maryland.

One commenter alleged that the percentages of Sandy Spring Bank’s branch locations in LMI and majority-minority census tracts in Montgomery County, Maryland, and Northern Virginia are inadequate, and that the proposed transaction will not increase the bank’s branching presence in LMI and majority-minority markets. Further, one commenter generally criticized the adequacy of information provided by Sandy Spring Bank regarding potential branch closings that would occur in connection with the proposed transaction.

Businesses of the Involved Institutions and Response to the Comments

Sandy Spring provides a broad range of financial products and services, primarily through Sandy Spring Bank, which operates through a branch network in the District of Columbia, Maryland, and Virginia. Products and services offered by Sandy Spring Bank include retail and commercial banking products and services; consumer, commercial, and mortgage lending; trust and investment services; and insurance services.

WashingtonFirst operates primarily through WashingtonFirst Bank and offers a similar range of retail and commercial products and services through branches

³² 12 U.S.C. § 2801 et seq.

located in the District of Columbia, Maryland, and Virginia. WashingtonFirst Bank's products and services include retail and commercial banking products and services; consumer, commercial, and mortgage lending; and financial and investment advisory services.

Sandy Spring denies the commenters' allegations regarding Sandy Spring Bank's CRA and fair lending records and asserts that the bank's record of meeting the convenience and needs of the communities the bank serves is consistent with the criteria for approval of the proposal. Sandy Spring asserts that the allegations based on HMDA data do not fully represent Sandy Spring Bank's lending record. Sandy Spring represents that Sandy Spring Bank has made significant efforts in recent years to serve the credit needs of its communities, including increasing mortgage lending to LMI borrowers and in LMI census tracts. Sandy Spring also states that the bank has taken steps to enhance the delivery of products and services to LMI individuals in its AA, such as hiring mortgage bankers with experience in lending to LMI individuals, expanding and enhancing the role of its CRA and Fair Lending Committee, and adopting a Community Development and Fair Lending Implementation Plan ("Implementation Plan") containing priorities, goals, and initiatives for home mortgage, small business, and community development lending, among other areas. Sandy Spring represents that initiatives being undertaken under the plan include enhancement of products that serve LMI communities, hiring mortgage bankers and CRA specialists to originate loans in LMI communities, and outreach to educate mortgage bankers about CRA products.

Sandy Spring represents that Sandy Spring Bank's small business lending has increased in dollar amount since its last CRA performance evaluation. Moreover, Sandy Spring represents that in 2016, Sandy Spring Bank exceeded peers in small business lending in LMI census tracts within its AA and in high minority census tracts in several counties. Sandy Spring also represents that its Implementation Plan includes initiatives related to small business lending, including proactive outreach to prospective and existing business clients in LMI communities. Further, Sandy Spring denies a

commenter's allegations regarding its levels of community development lending and investments and represents that its community development loans and investments have significantly increased since its last CRA performance evaluation.

Sandy Spring also asserts that it maintains appropriate controls to ensure compliance with applicable fair lending laws and regulations. Sandy Spring contends that it has comprehensive policies and procedures that ensure both safe and sound lending and equal access to credit for creditworthy applicants, including ongoing fair lending training, internal fair lending and CRA audits, and annual assessments of underwriting and pricing decisions. Sandy Spring represents that the denial rates that a commenter referenced reflect determinations based on applicants' credit history, existing debt levels, and other non-discriminatory factors.

Sandy Spring represents that Sandy Spring Bank has a comprehensive branching strategy and procedures for determining its branch locations, and a key component of its decisions to open or close branches is the demographics of the census tract in which the branch is located and the census tracts surrounding the branch location. Moreover, Sandy Spring asserts that with each branch decision, the overall network of branching and availability of services are considered from a CRA perspective to ensure that banking needs are met for a diversified population without exclusion. Sandy Spring represents that Sandy Spring Bank has not specifically identified branches that it intends to close in connection with the proposed transaction, but will evaluate its continued coverage in LMI and high minority census tracts as important factors when considering branch consolidation.³³

³³ Sandy Spring also represents that once Sandy Spring Bank determines which branches it will close, it will comply with its branch closure policy and will follow all applicable regulations with respect to notice of branch closures. The Board notes that section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34844 (1999)), requires that a bank provide the public with at least 30 days' notice, and the appropriate federal supervisory agency with at least 90 days' notice, before the date of a proposed

Sandy Spring denies one commenter's allegations that WashingtonFirst Bank engages in discriminatory lending practices. Sandy Spring asserts that the allegations based on HMDA data do not fully represent WashingtonFirst Bank's lending record. Sandy Spring asserts that WashingtonFirst maintains appropriate controls to ensure compliance with applicable fair lending laws and regulations and has comprehensive policies and procedures that ensure both safe and sound lending and equal access to credit for creditworthy applicants, such as ongoing fair lending training and internal fair lending and CRA audits.

Records of Performance under the CRA

In evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board evaluates an institution's performance record in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by the appropriate federal supervisors.³⁴ In this case, the Board considered the views of the Reserve Bank and the FDIC.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.³⁵ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

³⁴ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

³⁵ 12 U.S.C. § 2906.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's HMDA data, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;³⁶ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic

³⁶ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.³⁷ Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.

CRA Performance of Sandy Spring Bank

Sandy Spring Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the Reserve Bank, as of July 14, 2014 ("Sandy Spring Bank Evaluation").³⁸ The bank received a "Low Satisfactory" rating for the Lending Test, and "High Satisfactory" ratings for each of the Investment and the Service Tests.

Examiners concluded that, overall, the bank's lending activity was consistent with the bank's capacity and market presence. Examiners noted that a substantial majority of the bank's HMDA and small business loans were originated within the bank's AA. Examiners found that the bank's geographic lending distribution

³⁷ Other information relevant to credit decisions could include credit history, debt-to-income ratio, and loan-to-value ratio. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

³⁸ The Sandy Spring Bank Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed small business loans and HMDA loans reported by the institution from January 1, 2012, through December 31, 2013. The evaluation period for community development lending, investments, and services was May 21, 2012, through July 14, 2014.

Examiners evaluated the bank's performance in its single AA, which included portions of the Washington-Baltimore-Northern Virginia, District of Columbia-Maryland-Virginia-West Virginia, Combined Statistical Area. The bank's AA included all of the Bethesda-Rockville-Fredrick, Maryland, Metropolitan Division and portions of both the Baltimore-Towson, Maryland, Metropolitan Statistical Area ("MSA") and the Washington-Arlington-Alexandria, District of Columbia-Maryland-Virginia-West Virginia, Metropolitan Division. With the exception of Baltimore City and Baltimore County, where Sandy Spring Bank has a limited presence, the AA included all geographic areas of concern to the commenters.

performance ranged from poor to good by loan product and year, but found the bank's geographic distribution performance to be adequate overall. Examiners also found that, overall, Sandy Spring Bank's distribution of loans by borrower income and revenue size of business was adequate. Examiners explained that this conclusion was based on findings that the bank's distribution of HMDA loans to borrowers of different income levels was adequate and its distribution of loans to businesses of different revenue sizes was good, and that greater weight was given to the bank's HMDA lending performance. Examiners also determined that Sandy Spring Bank's community development lending activity was adequate, considering the bank's capacity and available opportunities. Examiners noted that the bank's community development lending supported organizations focused on assisting LMI individuals, promoting affordable housing, and financing small businesses.

Examiners determined that Sandy Spring Bank maintained a significant level of qualified community development investments and that its level of responding to community development needs through investment activities was rated High Satisfactory, given the investment opportunities in the bank's AA. Examiners highlighted several investments and/or grants that supported LMI individuals and small businesses within the bank's AA.

Examiners found that the bank's systems for delivering retail banking services and its branch locations were readily accessible to all segments of the AA. Examiners also observed that the bank offered many services with no or minimal service charges, including free mobile and internet banking, free bill pay, free account alerts, no ATM fees, and free checking accounts. Examiners determined that the bank's distribution of branches was adequate, and its record of opening and closing branches had not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or individuals. While examiners noted certain differences between the hours of the bank's offices in LMI census tracts compared to middle- and upper-income census tracts, examiners determined that, when viewed comprehensively, the bank's services did not vary in a way that inconvenienced communities within its AA, including

LMI geographies and/or individuals.

Examiners also found that bank employees had participated in a relatively high level of community development activities. Examiners noted that the bank and its employees provided financial expertise to a number of organizations that provide community development services that target LMI individuals, facilitate small business development, or focus on job creation. Examiners also observed that the bank participated in various community development service activities that served LMI individuals.

Sandy Spring Bank's Activities Since the Sandy Spring Bank Evaluation

Sandy Spring represents that since the Sandy Spring Bank Evaluation, Sandy Spring Bank has furthered its commitment to community reinvestment and serving the needs of LMI geographies and individuals in all of its communities through its home mortgage lending, community service activities, outreach efforts, and investments. Specifically, Sandy Spring represents that Sandy Spring Bank has continued to originate home mortgage loans to LMI borrowers and in LMI census tracts. Sandy Spring represents that Sandy Spring Bank has demonstrated its commitment to flexible and innovative lending through its participation in various affordable housing programs, and has also made a number of community development loans and donations to community organizations. Further, Sandy Spring represents that numerous Sandy Spring Bank employees have continued to serve the bank's communities by volunteering at nonprofit organizations, including organizations focused on providing services targeted to LMI individuals or communities, offering affordable housing opportunities to LMI residents, and providing financial literacy training for youth, young adults, adults, and small business owners.

CRA Performance of WashingtonFirst Bank

WashingtonFirst Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the FDIC, as of August 18, 2014

(“WashingtonFirst Bank Evaluation”).³⁹ WashingtonFirst Bank received “Satisfactory” ratings for both the Lending Test and the Community Development Test.

Examiners found that WashingtonFirst Bank’s loan-to-deposit ratio was reasonable given the bank’s size, financial condition, and AAs’ credit needs. Examiners determined that WashingtonFirst Bank originated a substantial majority of its loans within its AAs. Examiners also found that the geographic distribution of WashingtonFirst Bank’s loans reflected a reasonable dispersion throughout the AAs. According to examiners, the bank’s geographic distribution of small business loans reflected a reasonable dispersion, and its geographic distribution of home mortgage loans reflected an excellent dispersion, throughout the AAs. Examiners also found that WashingtonFirst Bank’s distribution of loans based on borrower profile displayed a reasonable level of penetration and that the bank’s record of lending to businesses of different sizes and individuals of different income levels reflected reasonable performance.

With respect to community development, examiners considered WashingtonFirst Bank’s community development loans, investments, and services. Examiners found that WashingtonFirst Bank demonstrated adequate responsiveness to the community development needs of the Washington MMSA, where the majority of its community development activities occurred, considering the bank’s capacity and the need and availability of opportunities for community development in the AA. Examiners

³⁹ The WashingtonFirst Bank Evaluation was conducted using Intermediate Small Bank CRA Examination Procedures, consisting of the lending and community development tests. For the Lending Test, examiners reviewed home mortgage loans reported pursuant to HMDA for 2012 and 2013, and small business loans reported under CRA data collection requirements for 2013. For the Community Development Test, examiners reviewed the bank’s qualified community development lending, investments, and service activities from September 19, 2011, through August 18, 2014.

Examiners evaluated the bank’s performance in the bank’s two AAs, which included portions of the Washington-Arlington-Alexandria, District of Columbia-Virginia-Maryland-West Virginia, Multistate Metropolitan Statistical Area (“Washington MMSA”), and the Bethesda-Rockville-Fredrick, Maryland, MSA.

observed that WashingtonFirst Bank's community development lending was responsive to community credit needs because it supported community development organizations, promoted economic development, and provided affordable housing. Examiners also noted that bank management and employees provided financial advice and assistance to various community development organizations, as well as to LMI individuals and small businesses. Examiners further noted that WashingtonFirst Bank offered various cost-effective services to customers, including free checking, online banking, bill pay, telephone banking, unlimited check writing on consumer checking accounts, overdraft-protection lines of credit, and checking accounts for nonprofit organizations and small businesses.

WashingtonFirst Bank's Activities Since the WashingtonFirst Bank Evaluation

Sandy Spring represents that since the WashingtonFirst Bank Evaluation, WashingtonFirst Bank has continued to serve its communities through its home mortgage lending, community service activities, outreach efforts, and investments. Sandy Spring represents that WashingtonFirst Bank has continued to originate home mortgage loans to LMI borrowers and in LMI census tracts. Sandy Spring represents that WashingtonFirst Bank has demonstrated its commitment to flexible and innovative lending through its participation in various affordable housing programs. Further, Sandy Spring represents that numerous WashingtonFirst Bank officers and employees have continued to serve the bank's communities through volunteering and leadership roles at several nonprofit organizations, including supporting organizations that provide services targeted to LMI individuals or communities, serving on boards and committees of nonprofit organizations that offer affordable housing opportunities to LMI residents, and providing financial literacy training for youth, veterans, small business owners, and older persons.

Additional Supervisory Views

The Board has considered the results of the most recent consumer compliance examinations of Sandy Spring Bank conducted by the Reserve Bank, which included a review of the bank's compliance management program and the bank's

compliance with consumer protection laws and regulations. As part of the consumer compliance examinations, the Reserve Bank evaluated Sandy Spring Bank's fair lending management program, including the bank's fair lending-related practices, policies, procedures, and internal controls.

The Board has considered the results of a recent consumer compliance review of WashingtonFirst Bank conducted by the Reserve Bank.⁴⁰ The Board also has considered the results of a compliance examination of WashingtonFirst Bank by the FDIC, which included a review of the bank's compliance management system and compliance with consumer protection laws, including fair lending laws and regulations, and of a fair lending examination of WashingtonFirst Bank, which included a review of lending products and distributions, and underwriting and pricing practices.

The Board has taken the results of these examinations into account in evaluating this proposal, including in considering whether Sandy Spring has the experience and resources to ensure that the combined organization would effectively implement policies and programs that would allow the combined organization to serve effectively the credit needs of all the communities within the firm's AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Sandy Spring represents that, following the proposed transaction, the combined organization would continue to offer a range of deposit and credit products and services that benefit the communities in which Sandy Spring Bank and WashingtonFirst Bank each presently conduct business, including credit products and services that help fulfill the needs of LMI demographics. Sandy Spring represents that customers of WashingtonFirst Bank would have access to enhanced products and services that are more expansive than those currently available to

⁴⁰ WashingtonFirst Bank was subject to the FDIC's jurisdiction until January 2017, when it became a state member bank. Prior to the Board's approval of WashingtonFirst Bank's application to become a state member bank, the Reserve Bank conducted a review of WashingtonFirst Bank's policies, procedures, practices, and systems.

WashingtonFirst Bank customers, including several additional types of checking accounts, health savings accounts, additional IRA products, trust and fiduciary services, and a full range of personal and business insurance products. In addition, Sandy Spring asserts that customers of both institutions would benefit from a more expansive branch and ATM network. In addition, Sandy Spring represents that the proposed transaction would increase Sandy Spring Bank's lending capacity and lending limits, which would allow Sandy Spring Bank to make more and larger loans. Sandy Spring also asserts that the proposed transaction would facilitate further investments in the bank's technology, marketing, and personnel, which would enable Sandy Spring Bank to provide new services in a cost-effective way, reach more members of its communities, improve its risk-management, and develop and deliver more products and services.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory views of the Reserve Bank and FDIC, confidential supervisory information, information provided by Sandy Spring Bank, the public comments on the proposal, and the potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended sections 3 and 4 of the BHC Act and the Bank Merger Act to require the Board to consider a proposal's risk "to the stability of the United States banking or financial system."⁴¹

To assess the likely effect of a proposed transaction on the stability of the

⁴¹ Dodd-Frank Act §§ 604(d), (e) and (f), Pub. L. No. 111-203, 124 Stat. 1376, 1601–1602 (2010), codified at 12 U.S.C. §§ 1828(c)(5), 1842(c)(7), and 1843(j)(2)(A).

United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁴² These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.⁴³

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴⁴

⁴² Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

⁴³ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

⁴⁴ See Peoples United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target that is less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. Both the acquirer and the target are predominantly engaged in a variety of consumer and commercial banking activities.⁴⁵ The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Acquisition of a Nonbanking Company

As noted, Sandy Spring has filed a notice under sections 4(c)(8) and 4(j) of the BHC Act to acquire 1st Portfolio, which engages in financial and investment advisory activities that the Board has determined by regulation are so closely related to banking as to be a proper incident thereto for purposes of section 4(c)(8) of the BHC Act.⁴⁶ In connection with a notice under section 4(c)(8) of the BHC Act, section 4(j)(2) of the BHC Act requires the Board to “consider whether performance of the activity by a bank

⁴⁵ Sandy Spring and WashingtonFirst primarily offer a range of retail and commercial banking products and services. Sandy Spring has, and as a result of the proposed transaction would continue to have, a small market share in these products and services on a nationwide basis, and numerous competitors would remain for these products and services.

⁴⁶ 12 CFR 225.28(b)(6).

holding company or a subsidiary of such company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system.”⁴⁷

The Board has considered that the proposed transaction would permit Sandy Spring to expand its delivery of wealth advisory and retirement planning services and enable Sandy Spring to provide services in a more cost-effective and efficient manner. The Board concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y, Board precedent, and this order is not likely to result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system. On the basis of the entire record, including conditions noted in this order, and for the reasons discussed above, the Board believes that the balance of benefits and potential adverse effects related to competition, financial and managerial resources, convenience and needs, financial stability, and other factors weigh in favor of approval of the proposal. Accordingly, the Board determines that the balance of the public benefits under the standard of section 4(j)(2) of the BHC Act is consistent with approval.

Establishment of Branches

Sandy Spring Bank has applied under section 9 of the FRA to establish branches at the current locations of WashingtonFirst Bank.⁴⁸ The Board has assessed the

⁴⁷ 12 U.S.C. § 1843(j)(2)(A).

⁴⁸ See 12 U.S.C. § 321. Under section 9 of the FRA, state member banks may establish and operate branches on the same terms and conditions as are applicable to the establishment of branches by national banks. Under section 44 of the FDI Act, a state member bank resulting from an interstate merger transaction may retain and operate, as a main office or a branch, any office that any bank involved in the merger was operating as a main office or branch immediately before the merger transaction. See 12 U.S.C. §§ 36(d) and 1831u(d).

factors it is required to consider when reviewing an application under that section, including Sandy Spring Bank's financial condition, management, capital, actions in meeting the convenience and needs of the communities to be served, CRA performance, and investment in bank premises.⁴⁹ For the reasons discussed in this order, the Board finds those factors to be consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.⁵⁰ In reaching its conclusion, the

⁴⁹ 12 U.S.C. § 322; 12 CFR 208.6. Upon consummation of the proposed transaction, Sandy Spring Bank's investments in bank premises would remain within legal requirements under 12 CFR 208.21.

⁵⁰ A commenter requested that the Board hold public hearings on the proposal. The Bank Merger Act and section 9 of the FRA do not require a public meeting or a formal public hearing on an application. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any application unless the appropriate supervisory authorities for the bank to be acquired make a timely written recommendation of denial of the application. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. The Board's regulations provide for a hearing on a notice filed under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 CFR 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. Notice of the proposal was published in the Federal Register on July 11, 2017, and in the relevant newspaper of general circulation (The Washington Post) on June 26, July 3, and July 10, 2017. The comment period ended on August 1, 2017. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public hearing. In addition, the request does not demonstrate why the written comment does not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, the FRA, and other applicable statutes. The Board's approval is specifically conditioned on compliance by Sandy Spring and Sandy Spring Bank with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Reserve Bank, acting under delegated authority.

By order of the Board of Governors,⁵¹ effective November 22, 2017.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

⁵¹ Voting for this action: Chair Yellen, Vice Chairman for Supervision Quarles, and Governors Powell and Brainard

Appendix

Branches to Be Established by Sandy Spring Bank

1. 4501 North Fairfax Drive, Arlington, Virginia 22203
2. 115 North Washington Street, Alexandria, Virginia 22314
3. 7023 Little River Turnpike, Suite 101, Annandale, Virginia 22003
4. 12735 Shoppes Lane, Fairfax, Virginia 22033
5. 9851 Georgetown Pike, Great Falls, Virginia 22066
6. 13081 Worldgate Drive, Herndon, Virginia 20170
7. 1356 Chain Bridge Road, McLean, Virginia 22101
8. 11636 Plaza America Drive, Reston, Virginia 20190
9. 2095 Chain Bridge Road, Vienna, Virginia 22182
10. 10777 Main Street, Fairfax, Virginia 22030
11. 46901 Cedar Lakes Plaza, Sterling, Virginia 20164
12. 9150 Manassas Drive, Manassas Park, Virginia 20111
13. 1025 Connecticut Avenue, N.W., 1st Floor, District of Columbia 20036
14. 1146 19th Street, N.W., District of Columbia 20036
15. 7708 Woodmont Avenue, Bethesda, Maryland 20814
16. 9812 Falls Road, Suite 125, Potomac, Maryland 20854
17. 14941 Shady Grove Road, Rockville, Maryland 20850
18. 6329 Greenbelt Road, College Park, Maryland 20740
19. 6089 Oxon Hill Road, Oxon Hill, Maryland 20745