

FEDERAL RESERVE SYSTEM

WSFS Financial Corporation  
Wilmington, Delaware

Order Approving the Acquisition and Merger of Savings and Loan Holding Companies

WSFS Financial Corporation (“WSFS”), Wilmington, Delaware, a savings and loan holding company (“SLHC”), has requested the Board’s approval under section 10(e) of the Home Owners’ Loan Act, as amended (“HOLA”),<sup>1</sup> to acquire Beneficial Bancorp, Inc. (“Beneficial”), and thereby indirectly acquire Beneficial Bank, both of Philadelphia, Pennsylvania, following the conversions of Beneficial Bank from a Pennsylvania state savings bank to a federal savings association and Beneficial from a bank holding company to an SLHC.<sup>2</sup> Immediately following the conversions, Beneficial would merge with and into WSFS, and Beneficial Bank would merge with and into WSFS’s subsidiary federal savings association, Wilmington Savings Fund Society, FSB (“WSFS Bank”), Wilmington, Delaware.<sup>3</sup>

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<sup>1</sup> 12 U.S.C. § 1467a(e).

<sup>2</sup> The Federal Reserve Bank of Philadelphia (“Reserve Bank”), acting under delegated authority, has approved an application by Beneficial under section 10(e) of HOLA to become an SLHC upon the conversion of Beneficial Bank to a federal savings association, and the Office of the Comptroller of the Currency (“OCC”) has approved an application under section 5 of HOLA (12 U.S.C. § 1464) by Beneficial Bank to convert to a federal savings association.

<sup>3</sup> The OCC has approved an application under section 18(c) of the Federal Deposit Insurance Act (“FDI Act”) (12 U.S.C. § 1828(c)) by WSFS Bank to merge with Beneficial Bank, with WSFS Bank surviving.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (83 Federal Register 55365 (November 5, 2018)).<sup>4</sup> 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 section 10(e) of HOLA.<sup>5</sup>

WSFS, with consolidated assets of approximately \$7.2 billion,<sup>6</sup> is the 177<sup>th</sup> largest insured depository organization in the United States, controlling approximately \$5.7 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>7</sup> WSFS controls WSFS Bank, which operates in Delaware and Pennsylvania. WSFS Bank is the 33<sup>rd</sup> largest insured depository institution in Pennsylvania, with approximately \$1.2 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

Beneficial, with consolidated assets of approximately \$5.9 billion, is the 198<sup>th</sup> largest insured depository organization in the United States, controlling approximately \$4.3 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Beneficial controls Beneficial Bank, which operates in Pennsylvania and New Jersey. Beneficial Bank is the 22<sup>nd</sup> largest insured depository institution in Pennsylvania, with approximately \$2.9 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

On consummation of the proposal, WSFS would become the 118<sup>th</sup> largest insured depository organization in the United States, with consolidated assets of approximately \$13.0 billion. WSFS would control deposits of approximately \$10 billion,

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<sup>4</sup> 12 CFR 238.14(c)(2).

<sup>5</sup> 12 U.S.C. § 1467a(e)(2); see also 12 CFR 238.15.

<sup>6</sup> National asset and deposit data are as of September 30, 2018.

<sup>7</sup> State and market deposit data and all ranking data are as of June 30, 2018.

which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Pennsylvania, WSFS would become the 19<sup>th</sup> largest insured depository organization, controlling deposits of approximately \$4.1 billion, which represent approximately 1 percent of the total deposits of insured depository institutions in that state.

#### Deposit Cap and Interstate Analysis

Section 10(e)(2)(E) of HOLA generally provides that the Board may not approve an application by an SLHC to acquire an insured depository institution in a state other than the SLHC's home state if the SLHC controls, or upon consummation would control, more than 10 percent of the total amount of deposits of insured depository institutions in the United States.<sup>8</sup>

For purposes of HOLA, Beneficial Bank's home state is Pennsylvania, and WSFS's home state is Delaware. Upon consummation of the proposal, WSFS would control less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Accordingly, in light of all the facts of record, the Board determines that it is not required to deny the proposal under section 10(e)(2)(E) of HOLA.

In addition, section 10(e)(3) of HOLA prohibits the Board from approving a proposal that would result in the formation of a multiple SLHC that controls savings associations in more than one state.<sup>9</sup> Because the merger of Beneficial Bank with and into WSFS Bank would occur simultaneously with the merger of Beneficial with and into WSFS, WSFS would not control more than one savings association as a result of the proposed transaction and, therefore, the proposal would not result in the formation of a

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<sup>8</sup> 12 U.S.C. § 1467a(e)(2)(E). A federal savings association's home state is the state in which its home office is located. 12 U.S.C. § 1467a(e)(7)(B)(iii). An SLHC's home state is the state in which the total deposits of all insured depository institution subsidiaries of such company were the greatest on the date on which the company became an SLHC. 12 U.S.C. § 1467a(e)(7)(B)(iv).

<sup>9</sup> 12 U.S.C. § 1467a(e)(3). A multiple SLHC is an SLHC that directly or indirectly controls two or more savings associations. 12 U.S.C. § 1467a(a)(1)(E).

multiple SLHC. Accordingly, in light of all the facts of record, the Board determines that it is not required to deny the proposal under section 10(e)(3) of HOLA.

### Competitive Considerations

Section 10(e)(2) of HOLA prohibits the Board from approving a proposal that would result in a monopoly or that would be in furtherance of any combination or conspiracy to monopolize, or to attempt to monopolize, the savings and loan business in any part of the United States.<sup>10</sup> HOLA also prohibits the Board from approving a proposal if the proposal would substantially lessen competition, tend to create a monopoly, or in any other manner restrain trade in any section of the country, 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 community to be served.<sup>11</sup>

WSFS and Beneficial compete directly in the Philadelphia banking market (“Philadelphia market”).<sup>12</sup> The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the relative share of total deposits of insured depository institutions in the market (“market deposits”) that WSFS would control;<sup>13</sup> the concentration level of market deposits and the increase in that

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<sup>10</sup> 12 U.S.C. § 1467a(e)(2)(A); see also 12 CFR 238.15(a)(1).

<sup>11</sup> 12 U.S.C. § 1467a(e)(2)(B); see also 12 CFR 238.15(a)(2).

<sup>12</sup> The Philadelphia market is defined as Camden, Cumberland, Gloucester, and Salem counties, New Jersey; Beverly, Bordentown, and Burlington cities, Fieldsboro, Palmyra, and Riverton boroughs, and Bordentown, Burlington, Chesterfield, Cinnaminson, Delanco, Delran, Eastampton, Edgewater Park, Evesham, Florence, Hainesport, Lumberton, Mansfield, Maple Shade, Medford, Moorestown, Mount Holly, Mount Laurel, Riverside, Springfield, and Willingboro townships in Burlington County, New Jersey; Trenton city and Hamilton township in Mercer County, New Jersey; and Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pennsylvania.

<sup>13</sup> Local deposit and market share data 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

level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);<sup>14</sup> the number of competitors that would remain in the market; 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 Philadelphia market. On consummation of the proposal, the Philadelphia market would remain unconcentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines.<sup>15</sup>

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,

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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).

<sup>14</sup> 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](http://www.justice.gov/opa/pr/2010/August/10-at-938.html).

<sup>15</sup> WSFS operates the 19th largest depository institution in the Philadelphia market, controlling approximately \$1.2 billion in deposits, which represent 0.7 percent of market deposits. Beneficial operates the 8th largest depository institution in the same market, controlling deposits of approximately \$4.2 billion, which represent approximately 2.6 percent of market deposits. On consummation of the proposed transaction, WSFS would become the 6th largest depository organization in the market, controlling deposits of approximately \$5.4 billion, which represent approximately 3.3 percent of market deposits. The HHI for the Philadelphia market would increase by 4 points to 935, and 91 competitors would remain in the market.

including the Philadelphia market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all 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 Philadelphia 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 HOLA, the Board considers the financial and managerial resources and the future prospects of the institutions involved.<sup>16</sup> In its evaluation of financial factors, the Board reviews public and supervisory 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 of the proposal and to complete effectively the proposed integration of operations. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in light of their financial and managerial resources and the proposed business plan.

WSFS, Beneficial, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a merger of holding companies that is structured as

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<sup>16</sup> 12 U.S.C. § 1467a(e)(2).

a cash and share exchange with a simultaneous merger of the subsidiary depository institutions.<sup>17</sup> The asset quality, earnings, and liquidity of WSFS, Beneficial, and their subsidiary depository institutions are consistent with approval, and WSFS appears to have adequate resources to absorb the costs of the proposal and to complete the integration of the institutions' operations. In addition, the 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.<sup>18</sup> The Board has conducted an evaluation of the competence, experience, and integrity of the officers, directors, and principal shareholders of WSFS and WSFS Bank; their record of compliance with laws and regulations; and the record of WSFS and WSFS Bank of fulfilling any commitments to, and any conditions imposed by, the Board in connection with prior applications.<sup>19</sup> The Board has reviewed the examination records of WSFS, Beneficial, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by WSFS; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

WSFS, Beneficial, and their subsidiary depository institutions are each considered to be well managed. The directors and senior executive officers of WSFS have knowledge of and experience in the banking sector, and WSFS's risk-management program appears consistent with approval of this expansionary proposal.

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<sup>17</sup> To effect the merger, all outstanding shares of Beneficial common stock would be converted into the right to receive cash from WSFS and shares of WSFS common stock. WSFS has the financial resources to effect the proposed transaction.

<sup>18</sup> See 12 U.S.C. § 1467a(e)(2).

<sup>19</sup> See 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15(b)(2).

The Board also has considered WSFS's plans for implementing the proposal. WSFS has conducted comprehensive due diligence and is devoting significant financial and other resources to address the post-acquisition integration process for this proposal. WSFS would apply its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, WSFS's management has the experience and resources to operate the combined organization in a safe and sound manner, and WSFS would integrate Beneficial's existing management and personnel in a manner that augments WSFS's management.<sup>20</sup>

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

#### Convenience and Needs Considerations

In acting on a proposal under section 10(e) of HOLA, the Board considers the effects of the transaction on the convenience and needs of the communities to be served.<sup>21</sup> In this evaluation, 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 these communities, and places particular emphasis on the records of the relevant depository institutions under the

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<sup>20</sup> Three members of Beneficial's board of directors would be appointed to the boards of WSFS and WSFS Bank, and an advisory board would be established with membership that includes current directors of Beneficial's board. Further, Beneficial's Chief Lending Officer would become WSFS's Executive Vice President and Head of Pennsylvania and New Jersey Commercial Lending.

<sup>21</sup> 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15(b)(3).

Community Reinvestment Act (“CRA”).<sup>22</sup> 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 the institutions’ safe and sound operation,<sup>23</sup> 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 expansionary proposals.<sup>24</sup>

In addition, the Board considers the institutions’ 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 the assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments received on the proposal. The Board also may consider the acquiring institution’s business model and 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 WSFS Bank and Beneficial Bank, the fair lending and compliance records of both depository institutions, the supervisory views of the OCC and Federal Deposit Insurance Corporation (“FDIC”), confidential supervisory information, information provided by WSFS, and the public comment on the proposal.

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<sup>22</sup> 12 U.S.C. § 2901 *et seq.*

<sup>23</sup> 12 U.S.C. § 2901(b).

<sup>24</sup> 12 U.S.C. § 2903.

*Summary of Public Comment on Convenience and Needs*

A commenter objected to the proposal alleging, based on data reported under the Home Mortgage Disclosure Act (“HMDA”)<sup>25</sup> for 2017, that WSFS Bank denied home purchase mortgage loans to African American and Latino applicants at significantly higher rates than to white applicants in the Wilmington, Delaware-Maryland-New Jersey Metropolitan Division (“MD”) and the Salisbury, Maryland-Delaware Metropolitan Statistical Area (“MSA”). The commenter also raised concerns regarding branch closures anticipated in connection with the proposed mergers.

*Businesses of the Involved Institutions and Response to the Public Comment*

WSFS Bank offers a variety of deposit and lending products and services to retail and business customers through its branches in Delaware and Pennsylvania. Through its branches in Pennsylvania and New Jersey, Beneficial Bank also offers a variety of deposit and lending products and services to retail and business customers.

WSFS asserts that the disparate denial rates cited by the commenter do not take into account legitimate underwriting factors, such as credit history and existing debt levels. WSFS represents that the loan denials underlying the data were based on determinations that the applications did not satisfy WSFS Bank’s underwriting criteria.

WSFS represents it would close a total of 25 WSFS Bank and Beneficial Bank branches in connection with the proposed transaction, primarily because of the proximity of those branches to other branches of the combined bank.<sup>26</sup> WSFS represents that it would comply with the requirements of section 42 of the FDI Act<sup>27</sup> and interagency guidance applicable to branch closures.<sup>28</sup>

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<sup>25</sup> 12 U.S.C. § 2801 et seq.

<sup>26</sup> In addition, in connection with the proposal, Beneficial Bank has entered into an agreement to sell five of its branches that would not be within the combined bank’s planned footprint.

<sup>27</sup> 12 U.S.C. § 1831r-1.

<sup>28</sup> See Joint Policy Statement on Branch Closings by Insured Depository Institutions, <https://www.federalreserve.gov/boarddocs/press/BoardActs/1999/19990707/r-1036.pdf>.

### *Records of Performance under the CRA*

In evaluating the CRA performance of involved institutions, the Board generally considers each institution's most recent CRA performance evaluation, as well as other information and supervisory views from the relevant federal financial supervisor or supervisors, which in this case are the OCC for WSFS Bank and the FDIC for Beneficial Bank.<sup>29</sup> In addition, the Board considers information provided by the applicant and by public commenters.

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.<sup>30</sup> 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 financial supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test to evaluate the performance of large insured depository institutions, such as WSFS Bank and Beneficial Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's 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 data reported under HMDA, 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 CRA assessment areas ("AAs"); (2) the geographic

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<sup>29</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register. 48506, 48548 (July 25, 2016).

<sup>30</sup> 12 U.S.C. § 2906.

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;<sup>31</sup> (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.<sup>32</sup> Large institutions also are subject to an investment test, which evaluates the number and amounts of qualified investments that benefit their AAs, and a service test, which evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community development services.<sup>33</sup>

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 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.<sup>34</sup> Consequently, the Board evaluates HMDA data disparities in the context of other information regarding the lending record of the institution.

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<sup>31</sup> 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).

<sup>32</sup> See 12 CFR 228.22(b).

<sup>33</sup> See 12 CFR 228.21 et seq.

<sup>34</sup> Other information relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending

### *CRA Performance of WSFS Bank*

WSFS Bank was assigned an overall “Satisfactory” rating by the OCC at its most recent CRA performance evaluation, as of August 7, 2017 (the “WSFS Bank Evaluation”).<sup>35</sup> WSFS Bank received a “High Satisfactory” rating for the Lending Test, an “Outstanding” rating for the Investment Test, and a “Low Satisfactory” rating for the Service Test.

Examiners found that WSFS Bank exhibited an overall excellent level of lending activity in two of its three full-scope AAs, and an adequate level of lending activity in the remaining full-scope AA. Examiners found that the overall geographic distribution of lending activity across the full-scope AAs ranged from adequate to outstanding with respect to home purchase, home improvement, home refinance, and small business loans. In two of its three full-scope AAs, examiners found that the percentage of WSFS Bank’s home mortgage loans in LMI geographies in 2014-2016 was equal to or exceeded the percentage of aggregate peer lending in the same geographies. In the remaining full-scope AA, examiners considered the geographic distribution of home mortgage lending in LMI geographies to be adequate-to-good. In addition, examiners considered the percentage of WSFS Bank’s small business loans in LMI geographies to be at least adequate in all three of its full-scope AAs. Examiners also noted that WSFS Bank maintained an overall excellent level of community development lending across all three of its full-scope AAs.

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examinations, examiners analyze such additional information before reaching a determination regarding an institution’s compliance with fair lending laws.

<sup>35</sup> The WSFS Bank Evaluation was conducted using Large Bank CRA Examination Procedures. The Lending Test evaluation period was January 1, 2014, through December 31, 2016, except with respect to community development loans. For community development loans and the Investment and Service Tests, the evaluation period was September 3, 2014, through August 7, 2017. Examiners conducted full-scope reviews of designated geographic areas within three AAs (“full-scope AAs”): (i) the Wilmington, Delaware-Maryland-New Jersey MD, (ii) the Dover, Delaware MSA, and (iii) the Philadelphia, Pennsylvania MD. In addition, examiners conducted limited-scope reviews of the Chester County-Bucks County-Montgomery County, Pennsylvania MSA and the Salisbury, Maryland-Delaware MSA (“limited-scope AAs”).

Examiners considered WSFS Bank's performance under the Investment Test to be outstanding across all three of its full-scope AAs and excellent or outstanding across its limited-scope AAs. Examiners found that WSFS Bank had an excellent level of qualified investments that were responsive to the credit and community needs of its AAs.

Examiners noted that WSFS Bank maintained an adequate branch distribution system that was reasonably accessible to individuals living in LMI geographies. Examiners found that branch openings and closings generally had not adversely affected the accessibility of WSFS Bank's delivery systems. Examiners considered hours and services offered in its full-scope AAs to be adequate-to-good and noted that WSFS Bank complemented its traditional service delivery methods with online banking, which included bill pay, mobile banking, automated teller machines, bank-by-mail, and 24-hour telephone banking. Finally, examiners noted that WSFS Bank maintained an adequate level of community development services across all three full-scope AAs.

#### *WSFS Bank's Efforts Since the WSFS Bank Evaluation*

WSFS represents that since the WSFS Bank Evaluation, WSFS Bank has originated or renewed community development loans to support: affordable housing development, the revitalization of LMI communities with redevelopment designations, Community Development Financial Institutions that provide community development loans in WSFS Bank's AAs, and organizations that deliver community services for LMI individuals and communities. WSFS also represents that WSFS Bank has made investments in Low Income Housing Tax Credit Equity funds and mortgage-backed securities collateralized by mortgages to LMI individuals in its AAs. Further, WSFS represents that the bank has continued its participation in community development grant programs, including a program that supports counseling for first-time homebuyers and homeowners facing foreclosure and an educational initiative that aims to improve the educational performance of low-income students. WSFS represents that the bank's

employees continue to participate in various initiatives and organizations that provide services to benefit LMI individuals and communities.

*CRA Performance of Beneficial Bank*

Beneficial Bank was assigned an overall “Outstanding” rating by the FDIC at its most recent CRA performance evaluation, as of July 31, 2017 (the “Beneficial Bank Evaluation”).<sup>36</sup> Beneficial Bank received a “High Satisfactory” rating for the Lending Test and “Outstanding” ratings for the Investment and Service Tests.

Examiners found that Beneficial Bank’s lending levels reflected a good level of responsiveness to the credit needs of the bank’s AA. Examiners also found that the geographic distribution of loans reflected adequate penetration throughout the AA, while the distribution of borrowers reflected good penetration among retail customers of different income levels and businesses of different sizes. Examiners noted that Beneficial Bank used flexible lending practices to serve the credit needs of its AA and made a relatively high level of community development loans.

Examiners determined that Beneficial Bank had an excellent level of community development investments and grants and noted that the bank exhibited excellent responsiveness to credit and community economic needs. Examiners observed that Beneficial Bank occasionally used innovative and/or complex investments to support community development initiatives.

Examiners found that Beneficial Bank’s delivery systems were accessible to essentially all portions of the bank’s AA and that the bank was a leader in providing community development services. Examiners further found that Beneficial Bank’s opening and closing of branches did not adversely affect the accessibility of the bank’s

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<sup>36</sup> The Beneficial Bank Evaluation was conducted using Large Bank CRA Examination Procedures. The evaluation period was May 5, 2014, through July 31, 2017. Examiners conducted a full-scope evaluation of the bank’s sole AA, which consists of eight contiguous counties within the Philadelphia-Reading-Camden, Pennsylvania-New Jersey-Delaware-Maryland Combined Statistical Area.

delivery systems and that services offered by Beneficial Bank did not vary in a way that inconvenienced certain portions of the AA, particularly LMI geographies or individuals.

*Views of the OCC and the FDIC*

In its review of the proposal, the Board considered supervisory information from the OCC and the FDIC regarding the CRA, consumer compliance, and fair lending records of WSFS Bank and Beneficial Bank, respectively. The Board also considered the results of recent consumer compliance examinations of each bank, which included reviews of the banks' compliance with fair lending laws. In addition, the Board consulted with the OCC, which approved the application under section 18(c) of the FDI Act related to the proposal, and in doing so, considered the convenience and needs of the communities served by WSFS Bank and Beneficial Bank, including with respect to the anticipated branch closures, as well as the institutions' records of performance under the CRA.

The Board has taken this information, as well as the CRA performance records of WSFS Bank and Beneficial Bank, into account in evaluating the proposal, including in considering whether WSFS has the experience and resources to ensure that WSFS Bank would help meet the credit needs of the communities within its AAs following the proposed transaction.

*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. WSFS represents that customers of both WSFS Bank and Beneficial Bank would benefit from access to a larger branch network, thereby enhancing customers' access to branch banking services. WSFS further represents that the proposal would increase the access of WSFS Bank's customers to equipment leasing services currently provided by Beneficial Bank, while Beneficial Bank's customers would benefit from access to WSFS Bank's wealth management and Cash Connect services through the combined bank.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of WSFS Bank and Beneficial Bank under the CRA; the institutions' records of compliance

with fair lending and other consumer protection laws; supervisory information from the OCC and the FDIC; confidential supervisory information; information provided by WSFS; the public comment on the proposal; and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

#### Effect of the Transaction on the Savings Association, and Insurance Risk to the Deposit Insurance Fund

In acting on a proposal under section 10(e) of HOLA, the Board considers the likely effect of the transaction on the savings association and the insurance risk to the Deposit Insurance Fund.<sup>37</sup> As discussed above, the financial and managerial resources and the future prospects of the combined organization are consistent with approval. The Board has considered the likely effect of the transaction on the resultant depository institution and believes that it is consistent with approval. In view of the current resources and capital of WSFS and Beneficial; the future prospects of the combined organization; the significant financial and other resources being devoted to support the proposed combined organization; the managerial resources of WSFS, Beneficial, and their subsidiary depository institutions; and the likely effect of the transaction on the proposed combined organization, the Board believes that the proposal would not appear likely to materially affect the insurance risk of the Deposit Insurance Fund.

#### Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved.<sup>38</sup> In reaching its conclusion, the

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<sup>37</sup> 12 U.S.C. § 1467a(e)(2).

<sup>38</sup> A commenter requested that the Board hold public hearings or meetings on the proposal. Under its rules, the Board 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. 12 CFR 238.14(e), 262.3(e). The Board has considered the commenter's request in light of all the facts of record. 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

Board has considered all the facts of record in light of the factors that it is required to consider under HOLA and other applicable statutes. The Board's approval is specifically conditioned on compliance by WSFS with all of 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 proposal. 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 later than three months after the effective date of this order 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,<sup>39</sup> effective February 27, 2019.

*Ann E. Misback (signed)*

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Ann E. Misback  
Secretary of the Board

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on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision that would be clarified by a public hearing. In addition, the request does not demonstrate why written comments do 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.

<sup>39</sup> Voting for this action: Chairman Powell, Vice Chairman Clarida, Vice Chairman for Supervision Quarles, and Governors Brainard and Bowman.