

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 Bryn Mawr Bank Corporation (“Bryn Mawr”), and thereby indirectly acquire The Bryn Mawr Trust Company (“Bryn Mawr Bank”), both of Bryn Mawr, Pennsylvania, following the conversions of Bryn Mawr Bank from a state member bank to a federal savings association and Bryn Mawr from a bank holding company to an SLHC.<sup>2</sup> Immediately following the conversions, Bryn Mawr would merge with and into WSFS, and Bryn Mawr Bank would merge with and into WSFS’s subsidiary federal savings association, Wilmington Savings Fund Society, FSB (“WSFS Bank”), Wilmington, Delaware.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (86 Federal Register 22207 (April 27, 2021)).<sup>4</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 Bryn Mawr under section 10(e) of HOLA to become an SLHC upon the conversion of Bryn Mawr Bank to a federal savings association. The Office of the Comptroller of the Currency (“OCC”) has approved an application under section 5 of HOLA (12 U.S.C. § 1464) by Bryn Mawr 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, 12 U.S.C. § 1828(c), by WSFS Bank to merge with Bryn Mawr Bank, with WSFS Bank surviving.

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

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 \$15.4 billion,<sup>6</sup> is the 131st largest insured depository organization in the United States, controlling approximately \$12.8 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, New Jersey, and Pennsylvania.

Bryn Mawr, with consolidated assets of approximately \$4.9 billion, is the 273rd largest insured depository organization in the United States, controlling approximately \$3.8 billion in deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Bryn Mawr controls Bryn Mawr Bank, which operates in Delaware, New Jersey, and Pennsylvania.

On consummation of the proposal, WSFS would become the 98th largest insured depository organization in the United States, with consolidated assets of approximately \$20.3 billion. WSFS would control deposits of approximately \$16.6 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.<sup>8</sup> In Delaware, WSFS would remain the 6th largest insured depository organization, controlling deposits of \$7.0 billion, which represent approximately 1.5 percent of the total deposits of insured depository institutions in that state. In New Jersey, WSFS would become the 37th largest insured depository organization, controlling deposits of \$1.5 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. In Pennsylvania, WSFS would become the 14th largest insured depository organization, controlling deposits of

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<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, 2021.

<sup>7</sup> State and market deposit data are as of June 30, 2021.

<sup>8</sup> See Appendix I for asset and deposit data by state, for states in which WSFS Bank and Bryn Mawr Bank both have banking operations.

\$8.4 billion, which represent approximately 1.5 percent of the total deposits of insured depository institutions in that state.

#### Interstate and Deposit Cap Analyses

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 with a home 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>9</sup>

For purposes of HOLA, Bryn Mawr 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>10</sup> Because the merger of Bryn Mawr Bank with and into WSFS Bank would occur simultaneously with the merger of Bryn Mawr 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 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.

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<sup>9</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>10</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).

## 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>11</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>12</sup>

WSFS and Bryn Mawr compete directly in the Wilmington, Delaware, banking market (“Wilmington market”)<sup>13</sup> and the Philadelphia, Pennsylvania, banking market (“Philadelphia market”).<sup>14</sup> The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits of insured depository institutions in the markets (“market deposits”) that WSFS would control;<sup>15</sup> the concentration level of market deposits and the

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<sup>11</sup> 12 U.S.C. § 1467a(e)(2)(A); see also 12 CFR 238.15(a)(1).

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

<sup>13</sup> The Wilmington market is defined as New Castle County, Delaware, and Cecil County, Maryland.

<sup>14</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>15</sup> Local deposit and market share data are based on calculations in which the deposits of thrift institutions are included at 100 percent. WSFS Bank would remain a thrift institution following consummation of the proposed transaction and would face significant competition from commercial banks and other thrift institutions.

increase in that level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);<sup>16</sup> the number of competitors that would remain in the markets; and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Wilmington and Philadelphia markets. On consummation of the proposal, the Wilmington market would remain highly concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines, and the Philadelphia market would remain unconcentrated.<sup>17</sup>

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<sup>16</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>17</sup> WSFS operates the 6th largest depository institution in the Wilmington market, controlling approximately \$5.2 billion in deposits, which represent 1.3 percent of market deposits. Bryn Mawr operates the 18th largest depository institution in the market, controlling deposits of approximately \$175.4 million, which represent less than 0.1 percent of market deposits. On consummation of the proposed transaction, WSFS would remain the 6th largest depository institution in the Wilmington market, controlling deposits of approximately \$5.4 billion, which represent approximately 1.4 percent of market deposits. The HHI for the Wilmington market, 3595, would increase by less than 1 point, and 30 competitors would remain in the market. Because several depository institutions centrally book out-of-market deposits in the Wilmington market, these data may overstate the level of concentration in the Wilmington market and understate the competitive effects of the transaction. Even after accounting for out-of-market deposits, however, the competitive effects of the transaction remain minor.

WSFS operates the 8th largest depository institution in the Philadelphia market, controlling deposits of approximately \$5.9 billion, which represent 2.6 percent of market deposits. Bryn Mawr operates the 13th largest depository institution in the market,

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 Wilmington and Philadelphia markets. 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 Wilmington market, 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>18</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

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controlling deposits of approximately \$3.9 billion, which represent approximately 1.7 percent of market deposits. On consummation of the proposed transaction, WSFS would become the 7th largest depository organization in the market, controlling deposits of approximately \$9.8 billion, which represent approximately 4.5 percent of market deposits. The HHI for the Philadelphia market would increase by 9 points to 889, and 86 competitors would remain in the market.

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

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, Bryn Mawr, 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 a share exchange with a simultaneous merger of the subsidiary depository institutions.<sup>19</sup> The asset quality, earnings, and liquidity of WSFS, Bryn Mawr, 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>20</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>21</sup> The Board has reviewed the examination records of WSFS, Bryn Mawr, and their subsidiary depository institutions, including assessments of their

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<sup>19</sup> To effect the merger, existing holders of Bryn Mawr common stock would receive 0.90 percent of a share of WSFS common stock for each share of Bryn Mawr common stock issued and outstanding immediately prior to the merger, subject to adjustment. Holders of fractional shares of Bryn Mawr common stock would receive a cash payment in lieu of shares of WSFS common stock. WSFS has the financial resources to effect the proposed transaction.

<sup>20</sup> See 12 U.S.C. § 1467a(e)(2).

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

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, Bryn Mawr, 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.

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. At the combined organization, WSFS would apply its risk-management policies, procedures, and controls, which 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 Bryn Mawr's existing management and personnel in a manner that augments WSFS's management.<sup>22</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 Bryn Mawr in combatting moneylaundering activities—are consistent with approval.

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<sup>22</sup> Three members of Bryn Mawr's board of directors would be appointed to the boards of WSFS and WSFS Bank.



### 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>23</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 Community Reinvestment Act (“CRA”).<sup>24</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>25</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>26</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.

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<sup>23</sup> 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15(b)(3).

<sup>24</sup> 12 U.S.C. § 2901 et seq.

<sup>25</sup> 12 U.S.C. § 2901(b).

<sup>26</sup> 12 U.S.C. § 2903.

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 Bryn Mawr Bank, the fair lending and compliance records of both depository institutions, the supervisory views of the OCC and Reserve Bank, confidential supervisory information, information provided by WSFS, and the public comment on the proposal.

*Summary of Public Comment on Convenience and Needs*

A commenter objected to the proposal based on WSFS Bank’s record of home purchase lending to minority and LMI borrowers based on data reported under the Home Mortgage Disclosure Act (“HMDA”)<sup>27</sup> for 2017 through 2019. The commenter requested that (1) the proposed transaction include a forward-looking community benefits plan detailing how WSFS Bank would fulfill its obligations under the CRA and meet the needs of underserved populations throughout its footprint and (2) WSFS Bank make its community reinvestment targets public.<sup>28</sup>

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

WSFS Bank and Bryn Mawr Bank offer a variety of deposit and lending products and services to retail and business customers through their respective branch networks in Delaware, New Jersey, and Pennsylvania. WSFS asserts that the commenter overstates disparities between WSFS Bank’s record of lending to minority and LMI

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<sup>27</sup> 12 U.S.C. § 2801 et seq.

<sup>28</sup> The Board has consistently found that neither the CRA nor the federal financial supervisory agencies’ CRA regulations require depository institutions to make pledges, plans, or enter into commitments or agreements with any organizations. See, e.g., First Illinois Bancorp, Inc., FRB Order No. 2020-03 at 11 n.25 (August 26, 2020); First Busey Corporation, FRB Order No. 2019-01 at 11 n.30 (January 10, 2019); Sterling Bancorp, FRB Order No. 2017-21 at 10 n.24 (August 30, 2017); 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 (2002). In its evaluation of a proposal, 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”).

borrowers and market averages and also contends that WSFS Bank originates a greater proportion of applications by minority and LMI borrowers than its peers. WSFS also asserts that WSFS Bank's CRA program and community reinvestment efforts have been highly successful, rendering a forward-looking community benefits plan and publication of the bank's community reinvestment targets unnecessary.

*Records of Performance under the CRA*

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA performance evaluation, as well as other information and supervisory views provided by the relevant federal financial supervisor or supervisors, which in this case are the OCC for WSFS Bank and the Reserve Bank for Bryn Mawr Bank.<sup>29</sup> The Board also 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 ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large insured depository institutions, such as WSFS Bank and Bryn Mawr Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities 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

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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.

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 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;<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> The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs, and the Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's 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, ethnic, or gender 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

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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.

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.

#### *CRA Performance of WSFS Bank*

WSFS Bank was assigned an overall "Outstanding" rating by the OCC at its most recent CRA performance evaluation, as of October 26, 2020 (the "WSFS Bank Evaluation").<sup>35</sup> WSFS Bank received an "Outstanding" rating for the Lending and Investment Tests and a "Low Satisfactory" rating for the Service Test.

With respect to the Lending Test, examiners found that WSFS Bank exhibited an overall excellent level of lending activity in the primary AAs. Examiners also found the overall geographic and borrower distribution of lending activity to be good in the primary AAs. Examiners noted that WSFS Bank was a leader in making community development loans, demonstrating excellent responsiveness to AA credit needs in the Philadelphia MMSA AA. Examiners also noted that WSFS Bank made a relatively high level of community development loans, demonstrating good responsiveness to AA credit needs in the Salisbury and Dover AAs. Examiners found

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<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 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, 2017, through December 31, 2019, except with respect to community development loans. For community development loans and the Investment and Service Tests, the evaluation period was August 8, 2017, to December 31, 2019. Examiners conducted full-scope reviews of designated geographic areas within two AAs (collectively, the "primary AAs"): (i) the Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland Multistate Metropolitan Statistical Area (MMSA) (the "Philadelphia MMSA AA"), and (ii) the Salisbury, Delaware MSA (the "Salisbury AA"). In addition, examiners conducted a limited-scope review of the Dover, Delaware MSA (the "Dover AA").

that WSFS Bank made use of innovative and/or flexible lending practices in order to serve AA credit needs in the primary AAs.

With respect to the Investment Test, examiners found that WSFS Bank had an excellent level of qualified community development investments and grants in the primary AAs. Examiners noted that these investments were not routinely provided by private investors, and WSFS Bank was often in a leadership position with respect to the investments. In the Philadelphia MMSA AA, examiners found that WSFS Bank exhibited excellent responsiveness to credit and community economic development needs and occasionally used innovative and/or complex investments to support community development initiatives. Examiners noted that in the Salisbury and Dover AAs, WSFS Bank exhibited good responsiveness to credit and community economic development needs, although the bank rarely used innovative and/or complex investments to support community development initiatives.

With respect to the Service Test, examiners noted that WSFS Bank's service-delivery systems were reasonably accessible to geographies and individuals of different income levels in the Philadelphia MMSA AA and readily accessible to such geographies and individuals in the Salisbury and Dover AAs. Examiners also noted that, to the extent changes were made, WSFS Bank's opening and closing of branches did not adversely affect the availability of the bank's delivery systems, particularly in LMI geographies and/or to LMI individuals, in any of its AAs. Examiners found that WSFS Bank's services did not vary in a way that inconvenienced the Salisbury or Dover AAs, particularly LMI geographies and individuals. However, examiners found that services in the Philadelphia MMSA AA varied in a way that inconvenienced portions of the AA, particularly LMI geographies and/or individuals.<sup>36</sup> Examiners noted that WSFS Bank

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<sup>36</sup> Specifically, the proportion of WSFS Bank branches without Saturday hours was higher in LMI geographies within the Philadelphia MMSA AA than within the MMSA AA as a whole. However, examiners noted that this finding was impacted by branches that did not have Saturday hours because they operated as commercial loan origination offices or were located in a commercial district.

was a leader in providing community development services in the Philadelphia MMSA AA and provided a high level of such services in the Salisbury and Dover AAs.

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

WSFS represents that WSFS Bank has provided substantial additional assistance to the communities it serves since the WSFS Bank Evaluation. WSFS notes that WSFS Bank originated a significant volume of Paycheck Protection Program loans, made substantial grants to and investments in local community development finance institutions and community lending programs, and made several other CRA-qualifying grants and donations.

*CRA Performance of Bryn Mawr Bank*

Bryn Mawr Bank was assigned an overall “Satisfactory” rating by the Reserve Bank at its most recent CRA performance evaluation, as of December 2, 2019 (the “Bryn Mawr Bank Evaluation”).<sup>37</sup> Bryn Mawr Bank received a “High Satisfactory” rating for the Lending, Investment, and Service Tests.

With respect to the Lending Test, examiners found that Bryn Mawr Bank’s lending levels reflected a good level of responsiveness to the credit needs of the bank’s AAs. Examiners also found that a high percentage of loans were made in the bank’s AAs, with the distribution of borrowers reflecting adequate penetration among retail customers of different income levels and businesses of different sizes. Examiners noted that Bryn Mawr Bank used flexible and innovative lending programs to address specific credit needs of LMI borrowers and small businesses in its AAs and made a relatively high level of community development loans.

With respect to the Investment Test, examiners determined that Bryn Mawr Bank had a significant level of qualified community development investments and grants

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<sup>37</sup> The Bryn Mawr Bank Evaluation was conducted using Large Bank CRA Examination Procedures. The evaluation period was February 23, 2016, through December 2, 2019. Examiners conducted a full-scope evaluation of the bank’s two AAs—the Philadelphia AA, which consists of six counties in the Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland MMSA, and the Harrisburg AA, which consists of Dauphin County in the Harrisburg-Carlisle, Pennsylvania, MSA.

and noted that the bank exhibited good responsiveness to credit and community development investment needs. Examiners observed that Bryn Mawr Bank made significant use of innovative and/or complex investments to support community development initiatives when opportunities were available.

With respect to the Service Test, examiners found that Bryn Mawr Bank's delivery systems were accessible to geographies and individuals of different income levels in the bank's AAs and that the bank provided a relatively high level of community development services. Examiners further found that Bryn Mawr Bank's opening and closing of branches did not adversely affect the accessibility of the bank's delivery systems and that the bank's services did not vary in a way that inconvenienced certain portions of the AAs, particularly LMI geographies or individuals.

*Bryn Mawr Bank's Efforts Since the Bryn Mawr Bank Evaluation*

WSFS represents that Bryn Mawr Bank has taken steps to improve its CRA programs since the Bryn Mawr Bank Evaluation. In particular, WSFS represents that Bryn Mawr Bank has expanded its CRA programs to new nonprofit and community development financial institution partners, contributed to financial education and community lending programs in its AAs, and originated a significant volume of Paycheck Protection Program loans.

*Branch Closures*

WSFS represents that it would close or consolidate a total of 34 WSFS Bank and Bryn Mawr Bank branches in connection with the proposed transaction, primarily because of the proximity of those branches to other branches of the combined bank. WSFS also represents that, subject to further review, the combined bank may close up to six additional branches through 2023. The federal banking supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA



examination process.<sup>38</sup> Examiners noted in the WSFS Bank Evaluation and the Bryn Mawr Bank Evaluation that WSFS Bank's and Bryn Mawr Bank's opening and closing of branches had not adversely affected the accessibility of the respective bank's delivery systems. The Board also has considered the fact that federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed. WSFS represents that it would continue to comply with the requirements of section 42 of the Federal Deposit Insurance Act<sup>39</sup> and interagency guidance applicable to branch closures.<sup>40</sup>

*Additional Supervisory Views*

In its review of the proposal, the Board considered supervisory information from the OCC and the Reserve Bank regarding the CRA, consumer compliance, and fair lending records of WSFS Bank and Bryn Mawr Bank, respectively. The Board also considered the results of 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 and, in doing so, considered the convenience and needs of the communities served by WSFS Bank and Bryn Mawr 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 Bryn Mawr Bank, into account in evaluating the proposal, including in considering whether WSFS has the experience and resources to ensure that

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<sup>38</sup> See, e.g., 12 CFR 228.24(d)(2). In addition, the Board notes that the OCC, as the primary federal supervisor of WSFS Bank, would continue to evaluate the bank's branch closures in the course of conducting CRA performance evaluations of the bank.

<sup>39</sup> 12 U.S.C. § 1831r-1.

<sup>40</sup> See Joint Policy Statement on Branch Closings by Insured Depository Institutions, <https://www.federalreserve.gov/boarddocs/press/BoardActs/1999/19990707/r-1036.pdf>.

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, following consummation of the proposal, customers of both WSFS Bank and Bryn Mawr 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 Bryn Mawr Bank's special mortgage products geared to LMI borrowers and to the bank's capital markets operations. WSFS notes that Bryn Mawr Bank's customers would likewise benefit from access to WSFS Bank's family office, corporate trustee, and Cash Connect services.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of WSFS Bank and Bryn Mawr Bank under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information from the OCC and the Reserve Bank, 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 on the insurance risk to the Deposit Insurance Fund.<sup>41</sup> As discussed above, the financial and managerial resources and the future prospects of the combined organization are consistent with

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<sup>41</sup> 12 U.S.C. § 1467a(e)(2).

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 Bryn Mawr; the future prospects of the combined organization; the significant financial and other resources being devoted to support the combined organization; the managerial resources of WSFS, Bryn Mawr, and their subsidiary depository institutions; and the likely effect of the transaction on the combined organization, the Board believes that the proposal would not appear likely to have a material impact on the insurance risk to 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>42</sup> In reaching its conclusion, the 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 the conditions imposed in this order, including receipt of all required regulatory approvals, and on any 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

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<sup>42</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 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.

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>43</sup> effective December 17, 2021.

*(Signed) Ann E. Misback*

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Ann E. Misback  
Secretary of the Board

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<sup>43</sup> Voting for this action: Chair Powell, Vice Chair Clarida, and Governors Bowman, Brainard, Quarles, and Waller.

## Appendix I

<i>Deposit Data in States where WSFS Bank and Bryn Mawr Bank Both Operate</i>									
State	WSFS Bank			Bryn Mawr Bank			Merged Entity		
	Rank of Insured Depository Institution <sup>44</sup> by Deposits	Deposits Controlled (in millions)	Percent of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percent of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percent of Total Deposits
Delaware	6	6,797.3	1.4	22	175.4	0.0	6	6,972.8	1.5
New Jersey	38	1,468.6	0.3	95	76.0	0.0	37	1,544.6	0.3
Pennsylvania	21	4,580.8	0.8	23	3,804.9	0.7	14	8,385.7	1.5

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<sup>44</sup> In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.