



**Conditional Approval #1211
March 2019**

February 13, 2019

Michael Nonaka, Esq.
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850 Tenth Street, NW
Washington, DC 20001

Re: Applications to merge Beneficial Bank, Philadelphia, Pennsylvania with and into Wilmington Savings Fund Society, FSB, Wilmington, Delaware and to make a Capital Distribution (Applications)
OCC Control Nos.: 2018-NE-Combination-305597 and 2018-NE Capital&Div-306129
Charter No: 707938

Dear Mr. Nonaka:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application to merge Beneficial Bank, Philadelphia, Pennsylvania with and into Wilmington Savings Fund Society, FSB, Wilmington, Delaware, Wilmington, Delaware (WSFS Bank or Applicant) under the title and charter of the latter (Merger).

In addition, the OCC conditionally approves the capital distribution application for a \$232 million decrease in the paid-in-surplus account.

These approvals are granted after a thorough evaluation of the Applications, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the Applications and by the Applicant’s representatives during the application process. These approvals are also subject to the condition set out herein.

Background

On October 5, 2018, Beneficial Bank, filed an application to convert from a Pennsylvania state chartered stock savings bank, to a federal stock savings bank, with the title Beneficial Bank (Beneficial).¹ Immediately after the conversion, Beneficial, a federal stock savings association,

¹ Beneficial Bank will convert for a moment in time prior to the merger. The conversion was approved by the OCC on February 13, 2019.

will merge with and into WSFS Bank. On the same day, WSFS Bank filed to merge with the newly converted bank.

On November 16, 2018, WSFS Bank filed an application to make a capital distribution and return approximately \$232 million of capital to WSFS Financial Corporation, WSFS Bank's parent holding company, by reducing its permanent capital in its surplus account. This capital distribution will be paid in cash from existing available funds held by WSFS Bank.

Beneficial Bank is a wholly-owned subsidiary of Beneficial Bancorp, Inc., a financial holding company. Beneficial Bancorp, Inc., will register with the Federal Reserve Bank as a savings loan holding company for a moment in time prior to the Merger. After registering as a savings and loan holding company, Beneficial Bancorp, Inc. will immediately merge with WSFS Financial Corporation. The conversion of Beneficial into a federal savings association and its parent into a federal savings and loan holding company will allow WSFS Financial Corporation to remain as a unitary thrift holding company and it will not be deemed a bank holding company.

These transactions will be consummated simultaneously as follows:

1. Beneficial Bancorp Inc., will register as a savings and loan holding company, for a moment in time;
2. Beneficial will convert to a federal stock savings association, for a moment in time;
3. WSFS Bank will upstream \$232 million to its parent holding company;
4. Beneficial Bancorp Inc. will merge with and into WSFS Financial Corporation, and;
5. The newly converted federal savings association will merge with and into WSFS Bank.

Legal Authority

I. Merger

The merger of federal savings associations is permitted pursuant to the Home Owners' Loan Act, at 12 USC 1464(d)(3)(A), which permits OCC to prescribe regulations for the merger of savings associations, and 12 USC 1467a(s), which permits the merger of federally chartered savings associations with insured depository institutions, subject to 12 USC 1828(c), the Bank Merger Act (BMA). In addition, OCC regulations pertaining to federal savings associations provide legal authority for the proposed merger transaction.² The OCC reviewed the proposed merger transaction under the criteria of the BMA, law and applicable OCC regulations and policies. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability

² See 12 CFR 5.33.

of the United States banking or financial system. Furthermore, OCC reviewed records of compliance with the CRA, 12 USC 2903(a)(2). We considered these factors and found them consistent with approval.

The resulting bank is authorized to retain and operate all branches of Beneficial. The resulting bank will also retain as operating subsidiaries the following Beneficial subsidiaries: 1) Neumann Corporation; 2) Neumann Finance Company; 3) Beneficial Equipment Finance Corporation; 4) PA Real Property GP, LLC; 5) PA Real Property Holding, LP; 6) NJ Real Property Holding, LLC; 7) DE Real Property Holding, Inc.; and 8) Beneficial Advisors, LLC. The activities of these subsidiaries are permissible for federal savings associations under 12 CFR 12 CFR 5.38 and consistent with published OCC guidance.

Beneficial also has two subsidiaries that WSFS Bank will not acquire through the Merger. These two subsidiaries, Beneficial Insurance Services, LLC and Graphic Arts Insurance Agency, Inc., will be dissolved prior to the merger.

II. Capital Distribution Prior to the Merger

A federal savings bank may make a capital distribution upon prior approval of the OCC, pursuant to 12 CFR 5.55. Pursuant to 12 CFR 5.55, the OCC reviews a capital distribution application under the procedures in 12 CFR 5.55(g) and the factors set forth in 12 CFR 5.55(h). The OCC may deny a capital distribution application, in whole or in part, if the proposed distribution would: (a) cause the institution to become undercapitalized, significantly undercapitalized, or critically undercapitalized as set forth in 12 CFR 6.4, following the capital distribution,³ (b) raise safety or soundness concerns, or (c) violate a prohibition contained in any statute, regulation, agreement between the bank and the OCC or OTS, or a condition imposed on the federal savings association in an application or notice approved by the OCC or the OTS.⁴ The OCC has reviewed the capital distribution application pursuant to the terms of 12 CFR 5.55 and concludes that approval is consistent with the regulations and related laws and policies of the OCC. The OCC grants this approval based on a thorough review of all information available, including the representations and commitments made in the application and by the Bank's representatives. Also, following the completion of the transaction, the Bank must advise the OCC of the effective date of the decrease.

³ If this factor is met, the OCC may still approve the capital distribution request if it determines that the capital distribution is permitted under 12 USC 1831o(d)(1)(B).

⁴ The OCC may determine whether to permit the capital distribution notwithstanding this prohibition or condition.

III. Liquidation Account

WSFS Bank has indicated that it will fully assume the liquidation account that was established as a result of Beneficial Bank's conversion from a mutual to a stock form of ownership.

Section 1818 Condition

These approvals are subject to the following condition:

- WSFS Bank's Board and Management shall take all steps necessary to ensure that the commitments set forth in a letter dated, February 13, 2019, by Mr. Rodger Levenson, President and Chief Executive Officer, WSFS Bank, to Emmit C. Odom, Jr, Assistant Deputy Comptroller, are fully adopted, timely implemented, and adhered to thereafter.

This condition of approval is a condition "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, this condition is enforceable under 12 USC 1818.

Conclusion

As a reminder, you should advise the Northeastern District Office in writing 10 days in advance of the desired effective date for the merger, so we may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's 15-day injunction period and any other required regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we receive:

- Documentation that all other required regulatory approvals, non-objections, and or waivers have been obtained.
- An executed copy of the final merger agreement.
- Documentation that all other conditions that the OCC imposed have been met.

If the conversion, Merger, and capital reduction are not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The

OCC may modify, suspend or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding these applications should reference the OCC control numbers. If you have questions, contact Senior Licensing Analyst, Sandya Reddy at (212) 790-4049 or by email Sandya.Reddy@occ.treas.gov.

Sincerely,

/s/

Marva V. Cummings
Director for District Licensing