GRASER JAMES E
Form 4
August 02, 2012

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
GRASER JAMES E

(Last) (First) (Middle)

150 N. MERAMEC

(Street)

ST. LOUIS, MO 63105

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ENTERPRISE FINANCIAL SERVICES CORP [EFSC]

3. Date of Earliest Transaction (Month/Day/Year)
07/31/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	07/31/2012		M		7,840	A	$ 10	14,547	D	
Common Stock	07/31/2012		S		7,840	D	$ 12.53	6,707	D	
Common Stock								1,628	I	401(k) Plan (1)
Common Stock								87,081	I	By Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amou Underlying Securi (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo or Nur of S
Non Qualified Stock Option (Right to Buy)	$ 10	07/31/2012		M			7,840	10/01/2004 [(2)](#)	08/28/2012	Common Stock	7,8
Non Qualified Stock Option (Right to Buy)	$ 13.4							10/01/2004 [(2)](#)	05/13/2013	Common Stock	12,
Restricted Share Units	[(3)](#)							[(4)](#)	[(4)](#)	Common Stock	9,9
Stock Settled Stock Appreciation Rights	$ 25.63							12/01/2007 [(5)](#)	06/15/2017	Common Stock	2,

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GRASER JAMES E 150 N. MERAMEC ST. LOUIS, MO 63105			President	

Signatures

/s/ James E. Graser	08/02/2012
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	The reporting person holds units in the stock fund and the number of shares reported as indirectly held in the 401 (k) plan in this row is an estimate of the number of shares of the issuer's Common Stock held in the unitized stock fund and allocated to the reporting person's account.
(2)	Effective 10/01/2004 the Board fully vested the oustanding employee and Director stock options.
(3)	The RSUs were granted pursuant to the Company's 2002 Stock Incentive Plan. Each RSU represents the right to receive one share of Common Stock, subject to adjustment as provided in the Grant Agreement.
(4)	The RSUs vest at a rate of 20% annually over five years, subject to continued employment of the reporting person. Vesting occurs on December 15 of each year, commencing in the calendar year of the grant. On each vesting date, for each RSU vesting on such date, the reporting person will receive one share of Common Stock.
(5)	Each SSAR consists of the right to receive an amount, in common stock, equal to the excess of the fair market value of a share of common stock on the date of exercise over the exercise price of the SSAR. The SSARs vest at a rate of 20% annually over five years, subject to continued employement of the reporting person. Vesting occurs on December 15 of each year, commencing December 15, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Basic
$
2.31 $ 1.48 $ (0.30)

Diluted

$
2.28

$
1.46

$
(0.30)

The accompanying notes are an integral part of these Consolidated Financial Statements.

66

CONSOLIDATED STATEMENT OF CONDITION

Year Ended December 31, (Dollars in Thousands, Except Per Share Data)	2011	2010
Assets		
Cash and due from banks	$ 70,889	$ 49,932
Cash in non-owned ATMs	397,119	326,573
Interest-bearing deposits in other banks	9	254
Total cash and cash equivalents	468,017	376,759
Investment securities held-to-maturity (fair value: 2011=$0; 2010=$196)	-	219
Investment securities available-for-sale including reverse mortgages	42,569	52,232
Mortgage-backed securities, available-for-sale	816,793	700,926
Mortgage-backed securities, trading	12,432	12,432
Loans held-for-sale	10,185	14,522
Loans, net of allowance for loan losses of $53,080 at December 31, 2011 and $60,339 at December 31, 2010	2,702,589	2,561,368
Bank-owned life insurance	63,392	64,243
Stock in Federal Home Loan Bank of Pittsburgh, at cost	35,756	37,536
Assets acquired through foreclosure	11,695	9,024
Accrued interest receivable	11,743	11,765
Premises and equipment	35,964	31,870
Goodwill	28,146	26,745
Intangible assets	6,139	7,307
Other assets	43,588	46,570
Total assets	$ 4,289,008	$ 3,953,518
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$ 525,444	$ 468,098
Interest-bearing demand	389,495	312,546
Money market	805,570	743,808
Savings	368,390	255,340
Time	412,027	484,864
Jumbo certificates of deposit	346,568	297,112
Total customer deposits	2,847,494	2,561,768
Brokered deposits	287,810	249,006
Total deposits	3,135,304	2,810,774
Federal funds purchased and securities sold under agreements to repurchase	50,000	100,000
Federal Home Loan Bank advances	538,682	488,959
Trust preferred borrowings	67,011	67,011
Other borrowed funds	67,927	91,636

Accrued interest payable		1,910		3,317
Other liabilities		36,041		23,999
Total liabilities		3,896,875		3,585,696
Stockholders’ Equity:				
Serial preferred stock $.01 par value, 7,500,000 shares authorized; issued 52,625 at December 31, 2011 and December 31, 2010		1		1
Common stock $.01 par value, 20,000,000 shares authorized; issued 18,258,714 at December 31, 2011 and 18,105,788 at December 31, 2010		182		180
Capital in excess of par value		220,163		216,316
Accumulated other comprehensive income		11,202		6,524
Retained earnings		408,865		393,081
Treasury stock at cost, 9,580,569 shares at December 31, 2011 and December 31, 2010		(248,280)		(248,280)
Total stockholders’ equity		392,133		367,822
Total liabilities and stockholders’ equity	$	4,289,008	$	3,953,518

The accompanying notes are an integral part of these Consolidated Financial Statements.

67

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousands)	Preferred Stock	Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2008	$ —	$ 157	$ 87,033	$ (12,613)	$ 390,338	$ (248,280)	$ 216,635
Comprehensive income:							
Net income	—	—	—	—	663	—	663
Other comprehensive income (1)	—	—	—	10,591	—	—	10,591
Total comprehensive income	—	—	—	—	—	—	11,254
Cash dividend, $0.48 per share	—	—	—	—	(3,078)	—	(3,078)
Issuance of common stock, including proceeds from exercise of common stock options	—	9	25,109	—	—	—	25,118
Issuance of restricted stock	—	—	174	—	—	—	174
Reclassification adjustment of negative minority interest	—	—	—	—	(352)	—	(352)
Tax benefit from exercises of common stock options	—	—	80	—	—	—	80
Preferred stock cash dividends	—	—	—	—	(2,136)	—	(2,136)
Preferred stock discount	—	—	127	—	(127)	—	—

accretion							
Preferred stock and common stock warrants	1	—	54,104	—	—	—	54,105
Balance, December 31, 2009	$ 1	$ 166	$ 166,627	$ (2,022)	$ 385,308	$ (248,280)	$ 301,800
Comprehensive income:							
Net income	—	—	—	—	14,117	—	14,117
Other comprehensive income (1)	—	—	—	8,546	—	—	8,546
Total comprehensive income	—	—	—	—	—		22,663
Cash dividend, $0.48 per share	—	—	—	—	(3,575)	—	(3,575)
Issuance of common stock, including proceeds from exercise of common stock options	—	14	49,018	—	—	—	49,032
Issuance of restricted stock	—	—	192	—	—	—	192
Tax benefit from exercises of common stock options	—	—	341	—	—	—	341
Preferred stock cash dividends	—	—	—	—	(2,631)	—	(2,631)
Preferred stock discount accretion	—	—	138	—	(138)	—	—
Balance, December 31, 2010	$ 1	$ 180	$ 216,316	$ 6,524	$ 393,081	$ (248,280)	$ 367,822
Comprehensive income:							
Net income	—	—	—	—	22,677	—	22,677
Other comprehensive income (1)	—	—	—	4,678	—	—	4,678
Total comprehensive income	—	—	—	—	—	—	27,355
Cash dividend, $0.48 per share	—	—	—	—	(4,126)	—	(4,126)

	—	2	2,465	—	—	—	2,467

Issuance of common stock including proceeds from exercise of common stock options							
Issuance of restricted stock	—	—	470	—	—	—	470
Tax benefit from exercises of common stock options	—	—	776	—	—	—	776
Preferred stock cash dividends	—	—	—	—	(2,631)	—	(2,631)
Preferred stock discount accretion	—	—	136	—	(136)	—	—
Balance, December 31, 2011	$ 1	$ 182	$ 220,163	$ 11,202	$ 408,865	$ (248,280)	$ 392,133

68

(1) Other Comprehensive Income (Loss):	2011	2010	2009
Net unrealized holding gains (losses) on securities available-for-sale arising during the period, net of taxes (2011 - $4,672; 2010 - $5,727; 2009 - $6,491);	$7,702	$9,344	$11,845
Actuarial loss reclassified to periodic cost, net of income taxes (2010 - (295));	—	(54)	—
Transition obligation reclassified to periodic cost, net of income tax benefit (2010 - $23);	—	38	—
Reclassification for gains included in income, net of income tax benefit (2011 - $(1,854); 2010 - $(297); 2009 - $(768));	(3,024)	(782)	(1,254)
Total other comprehensive income	$4,678	$8,546	$10,591

The accompanying notes are an integral part of these Consolidated Financial Statements.

69

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31,	2011	2010	2009
(In Thousands)			
Operating activities:			
Net income	$22,677	$14,117	$663
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	27,996	41,883	47,811
Depreciation, accretion and amortization	11,138	6,664	6,953
Decrease (increase) in accrued interest receivable	22	959	(798)
(Increase) decrease in other assets	(3,076)	2,996	(22,035)
Origination of loans held-for-sale	(97,883)	(138,624)	(90,628)
Proceeds from sales of loans held-for-sale	104,133	134,560	86,163
Gain on mortgage banking activity, net	(1,524)	(2,257)	(1,646)
Gain on mark to market adjustment on trading securities	—	(249)	(1,368)
Securities gain from the sale of MasterCard, Inc and Visa, Inc common stock	—	—	(119)
Gain on sale of securities, net	(4,878)	(782)	(2,022)
Stock-based compensation expense	1,810	796	874
Excess tax benefits from share based payment arrangements	(776)	(341)	(80)
Decrease in accrued interest payable	(1,407)	(1,038)	(2,553)
Increase in other liabilities	13,152	2,150	5,741
Loss on wind down of 1st Reverse	—	—	1,857
Loss on sale of premises and equipment	115	—	—
Loss on sale of assets acquired through foreclosure and valuation adjustments, net	4,049	3,766	1,905
Increase in value of bank-owned life insurance	(2,035)	(732)	(917)
Deferred income tax (benefit) expense	2,978	(2,183)	(8,384)
(Increase) decrease in capitalized interest, net	(143)	287	464
Net cash provided by operating activities	76,348	61,972	21,881
Investing activities:			
Maturities and calls of investment securities	11,943	12,380	22,591
Sales of investment securities available for sale	12,128	—	—
Purchases of investment securities available for sale	(14,158)	(19,601)	(19,070)
Sales of mortgage-backed securities available for sale	323,831	154,644	111,214
Repayments of mortgage-backed securities available for sale	175,691	204,414	151,571
Purchases of mortgage-backed securities available for sale	(606,980)	(373,574)	(424,813)
Repayments on reverse mortgages	264	62	207
Disbursements for reverse mortgages	(441)	(193)	(202)
Sales of loans	—	3,775	22,270
Purchase of Christiana Bank and Trust, net cash received	—	40,332	—
Net increase in loans	(189,701)	(43,062)	(109,261)
Payment of bank-owned life insurance	2,886	—	—
Net decrease in stock of Federal Home Loan Bank of Pittsburgh	1,780	1,965	—
Sales of assets acquired through foreclosure, net	11,611	8,887	3,274
Proceeds from the sale of MasterCard, Inc and Visa Inc common stock	—	—	119
Proceeds from the sale of premises and equipment	824	—	—
Investment in premises and equipment	(10,494)	(5,732)	(6,776)

Net cash used for investing activities	(280,816)	(15,703)	(248,876)

(continued on next page)

70

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year Ended December 31,	2011	2010	2009
(In Thousands)			
Financing Activities:			
Net increase in demand and savings deposits	$285,398	$169,381	$347,401
Net (decrease) increase in time deposits	(23,381)	20,336	(7,255)
Net increase (decrease) in brokered deposits	38,804	(99,689)	34,381
Receipts from federal funds purchased and securities sold under agreement to repurchase	13,350,000	18,470,000	18,922,995
Repayments of federal funds purchased and securities sold under agreement to repurchase	(13,400,000)	(18,470,000)	(18,897,995)
Receipts from FHLB advances	14,046,295	25,128,164	30,481,564
Repayments of FHLB advances	(13,996,572)	(25,252,349)	(30,684,378)
Proceeds from issuance of unsecured bank debt	—	—	30,000
Dividends paid	(6,718)	(6,206)	(5,214)
Proceeds from issuance of preferred stock	—	—	52,625
Issuance of common stock and exercise of common stock options	1,124	48,763	25,982
Excess tax benefits from share-based payment arrangements	776	341	80
Net cash provided by financing activities	295,726	8,741	300,186
Increase in cash and cash equivalents	91,258	55,010	73,191
Cash and cash equivalents at beginning of year	376,759	321,749	248,558
Cash and cash equivalents at end of year	$468,017	$376,759	$321,749
Supplemental Disclosure of Cash Flow Information:			
Cash paid in interest during the year	$34,012	$42,655	$55,640
Cash paid for income taxes, net	3,150	10,520	2,593
Loans transferred to assets acquired through foreclosure	18,331	12,732	9,143
Net change in accumulated other comprehensive income	4,678	8,546	10,591
Fair value of assets acquired, net of cash received	—	121,735	—
Fair value of liabilities assumed	—	177,942	—
Settlement of pending sale of premises and equipment	—	6,515	—
Non-cash goodwill adjustment, net	1,401	—	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

71

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WSFS Financial Corporation ("the Company," "our Company," "WSFS", "we," "our" or "us") is a savings and loan hol company organized under the laws of the State of Delaware. Our principal wholly-owned subsidiary, Wilmington Savings Fund Society, FSB ("WSFS Bank" or the "Bank"), is a federal savings bank organized under the laws of the United States which, at December 31, 2011, serves customers from our 49 banking offices located in Delaware (39), Pennsylvania (8), Virginia (1), and Nevada (1).

In preparing the Consolidated Financial Statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The material estimates that are particularly susceptible to significant changes in the near term relate to the allowance for loan losses for impaired loans and the remainder of the loan portfolios, investment in reverse mortgages, goodwill and income taxes.

Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that, in 2012, actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Amounts subject to significant estimates are items such as the allowance for loan losses and lending related commitments, goodwill and intangible assets, post-retirement obligations, the fair value of financial instruments and other-than-temporary impairments. Among other effects, such changes could result in future impairments of investment securities, goodwill and intangible assets and establishment of allowances for loan losses and lending related commitments as well as increased post-retirement expense.

Basis of Presentation

The Consolidated Financial Statements include the accounts of the parent company and its wholly owned subsidiaries, WSFS Bank and Montchanin Capital Management, Inc ("Montchanin").

WSFS Bank has two wholly-owned subsidiaries, including WSFS Investment Group, Inc. ("WIG") and Monarch Entity Services LLC ("Monarch"). WIG markets various third-party insurance and securities products to Bank customers through the Bank's retail banking system. Monarch provides commercial domicile services which include employees, directors, subleases and registered agent services in Delaware and Nevada. During 2009, WSFS Bank also owned a majority interest in 1st Reverse Financial Services, LLC ("1st Reverse"), specializing in reverse mortgage lending; however, operations were wound-down during the 4th quarter of 2009.

Montchanin was formed to provide asset management products and services. Montchanin has one wholly owned subsidiary, Cypress Capital Management, LLC ("Cypress"). Cypress is a Wilmington-based investment advisory firm servicing high net worth individuals and institutions and has approximately $569 million in assets under management at December 31, 2011.

WSFS Capital Trust III ("the Trust") is our unconsolidated subsidiary, and was formed in 2005 to issue $67.0 million aggregate principal amount of Pooled Floating Rate Capital Securities. The proceeds from this issue were used to fund the redemption of $51.5 million of Floating Rate WSFS Capital Trust I Preferred Securities (formerly, WSFS Capital Trust I). WSFS Capital Trust I invested all of the proceeds from the sale of the Pooled Floating Rate Capital Securities in our Junior Subordinated Debentures.

Whenever necessary, reclassifications have been made to the prior years' Consolidated Financial Statements to conform to the current year's presentation. All significant intercompany transactions were eliminated in consolidation.

72

Explanation of Responses:

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, cash in non-owned ATMs, cash due from banks, federal funds sold and securities purchased under agreements to resell.

Debt and Equity Securities

Investments in equity securities that have a readily determinable fair value and investments in debt securities are classified into three categories and accounted for as follows:

- Debt securities with the positive intention to hold to maturity are classified as "held-to-maturity" and reported at amortized cost.
- Debt and equity securities purchased with the intention of selling them in the near future are classified as "trading securities" and reported at fair value, with unrealized gains and losses included in earnings.
- Debt and equity securities not classified in either of the above are classified as "available-for-sale securities" and reported at fair value, with unrealized gains and losses excluded from earnings and reported, net of tax, as a separate component of stockholders' equity.

Debt and equity securities include mortgage-backed securities, municipal bonds, U.S. Government and agency securities and certain equity securities. Premiums and discounts on debt and equity securities, held-to-maturity and available-for-sale, are recognized in interest income using a level yield method over the period to expected maturity. The fair value of debt and equity securities is primarily obtained from third-party pricing services. Implicit in the valuation are estimated prepayments based on historical and current market conditions.

When we conclude an investment security is other-than-temporarily impaired ("OTTI"), a loss for the difference between the investment security's carrying value and its fair value may be recognized as a reduction to non-interest income in the consolidated statement of operations. For an investment in a debt security, if we do not intend to sell the investment security and conclude that it is not more likely than not we will be required to sell the security before recovering the carrying value, which may be maturity, the OTTI charge is separated into "credit" and "other" components. The "other" component of the OTTI is included in other comprehensive income/loss, net of the tax effect, and the "credit" component of the OTTI is included as a reduction to non-interest income in the consolidated statement of operations. We are required to use our judgment to determine impairment in certain circumstances. The specific identification method is used to determine realized gains and losses on sales of investment and mortgage-backed securities. All sales are made without recourse.

Investment in Reverse Mortgages

We account for our investment in reverse mortgages in accordance with the instructions provided by the staff of the Securities and Exchange Commission ("SEC") entitled "Accounting for Pools of Uninsured Residential Reverse Mortgage Contracts," which requires grouping the individual reverse mortgages into "pools" and recognizing income based on the estimated effective yield of the pool. In computing the effective yield, we must project the cash inflows and outflows of the pool including actuarial projections of the life expectancy of the individual contract holder and changes in the collateral value of the residence. At each reporting date, a new economic forecast is made of the cash inflows and outflows of each pool of reverse mortgages. The effective yield of each pool is recomputed and income is adjusted to reflect the revised rate of return. Because of this highly specialized accounting, the recorded value of reverse mortgage assets can result

in significant volatility associated with estimations. As a result, income recognition can vary significantly from reporting period to reporting period.

For additional detail regarding reverse mortgages, see Note 4 to the Consolidated Financial Statements.

Loans

Loans are stated net of deferred fees, deferred costs and unearned discounts. Interest income on loans is recognized using the level yield method. Loan origination fees, commitment fees and direct loan origination costs are deferred and recognized over the life of the related loans using a level yield method over the period to maturity.

A loan is impaired when, based on current information and events, it is probable we will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future discounted cash flows, the market price of the loan or the fair value of the underlying collateral if the loan is collateral dependent. In addition, all loans restructured in a troubled debt restructuring are considered to be impaired. Impaired loans include loans within our commercial, commercial mortgage, commercial construction, residential mortgages and consumer portfolios. Our policy for recognition of interest income on impaired loans is the same as for nonaccrual loans discussed below.

Past Due and Nonaccrual Loans

A loan is considered to be past due on the day after a principal or interest payment is due. Nonaccrual loans are those on which the accrual of interest has ceased. Loans are placed on nonaccrual status immediately if, in our opinion, collection is doubtful, or when principal or interest is contractually past due 90 days or more. Interest accrued but not collected at the date a loan is placed on nonaccrual status is reversed and charged against interest income. In addition, the amortization of net deferred loan fees is suspended when a loan is placed on nonaccrual status. Subsequent cash receipts are applied either to the outstanding principal or recorded as interest income, depending on our assessment of the ultimate collectability of the loan. Loans are returned to an accrual status when the borrower’s ability to make periodic principal and interest payments has returned to normal (i.e. consistent repayment record, generally six consecutive payments, has been demonstrated) and the paying capacity of the borrower or the underlying collateral is deemed sufficient to cover principal and interest in accordance with our previously established loan-to-value policies.

Allowances for Loan Losses

We maintain allowances for loan losses and charge losses to these allowances when such losses are realized. The determination of the allowance for loan losses requires significant judgment reflecting our best estimate of impairment related to specifically identified loans as well as probable loan losses in the remaining loan portfolio. Our evaluation is based upon a continuing review of these portfolios.

We have established the loan loss allowance in accordance with guidance provided by the SEC’s Staff Accounting Bulletin 102 (SAB 102). Its methodology for assessing the appropriateness of the allowance consists of several key elements which include: specific allowances for identified problem loans, formula allowances for commercial and commercial real estate loans, and allowances for pooled, homogeneous loans. Impairment of troubled debt restructurings are measured at the present value of estimated future cash flows using the loan’s effective rate at inception or the fair value of the underlying collateral if the loan is collateral dependent. Troubled debt restructures consist of concessions granted to borrowers facing financial difficulty.

For additional detail regarding the provision for loan losses, see Note 6 to the Consolidated Financial Statements.

74

Explanation of Responses:

Assets Held-for-Sale

Assets held-for-sale includes loans held-for-sale and are carried at the lower of cost or fair value in the aggregate or, in some cases, individual assets.

Assets Acquired Through Foreclosure

Assets acquired through foreclosure are recorded at the lower of the recorded investment in the loans or their fair value less estimated disposal costs. Costs subsequently incurred to improve the assets are included in the carrying value provided that the resultant carrying value does not exceed fair value less estimated disposal costs. Costs relating to holding or disposing of the assets are charged to expense in the current period. We write-down the value of the assets when declines in fair value below the carrying value are identified. Loan workout and OREO expenses include costs of holding and operating the assets, net gains or losses on sales of the assets and provisions for losses to reduce such assets to fair value less estimated disposal costs. During 2011, we recorded $5.9 million in additional charges (including write-downs and net losses on sales of assets) related to assets acquired through foreclosure (REO). These charges were $3.8 million and $1.9 million for the years ended December 31, 2010 and 2009, respectively.

Premises and Equipment

Premises and equipment is stated at cost less accumulated depreciation and amortization. Costs of major replacements, improvements and additions are capitalized. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets or, for leasehold improvements, over the effective life of the related lease if less than the estimated useful life. In general, computer equipment, furniture and equipment and building renovations are depreciated over three, five and ten years, respectively.

Goodwill and Other Intangible Assets

In accordance with FASB ASC 805, Business Combinations, and FASB ASC 350, Intangibles—Goodwill and Other, all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles are recorded at fair value. We consider our accounting policies related to goodwill and other intangible assets to be critical because the assumptions or judgment used in determining the fair value of assets and liabilities acquired in past acquisitions are subjective and complex. As a result, changes in these assumptions or judgment could have a significant impact on our financial condition or results of operations.

For additional information regarding our goodwill and other intangible assets, see Note 20 to the Consolidated Financial Statements.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

We enter into sales of securities under agreements to repurchase. Securities sold under agreements to repurchase are treated as financings, with the obligation to repurchase securities sold reflected as a liability in the Consolidated Statement of Condition. The securities underlying the agreements are assets. Generally, federal funds are purchased for periods ranging up to 90 days.

Loss Contingency for Standby Letters of Credit

We maintain a loss contingency for standby letters of credit and charge losses to this contingency when such losses are realized. The determination of the loss contingency for standby letters of credit requires significant judgment reflecting management's best estimate of probable losses related to standby letters of credit.

75

Explanation of Responses:

Income Taxes

The provision for income taxes includes federal, state and local income taxes currently payable and those deferred because of temporary differences between the financial statement basis and tax basis of assets and liabilities.

We account for income taxes in accordance with Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes (formerly Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes and FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109). ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. Benefits from tax positions are recognized in the financial statements only when it is more-likely-than-not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest and penalties.

Earnings Per Share

The following table shows the computation of basic and diluted earnings per share:

	2011	2010	2009
	(In Thousands, Except Per Share Data)		
Numerator:			
Net income (loss) allocable to common shareholders	$19,907	$11,347	$(1,927)
Denominator:			
Denominator for basic earnings per share - weighted average shares	8,606	7,655	6,429
Effect of dilutive employee stock options	111	131	-
Denominator for diluted earnings per share - adjusted weighted average shares and assumed exercise	8,717	7,786	6,429
Earnings per share:			
Basic:			
Net income (loss) income allocable to common shareholders	$2.31	$1.48	$(0.30)
Diluted:			
Net income (loss) income allocable to common shareholders	$2.28	$1.46	$(0.30)
Outstanding common stock equivalents having no dilutive effect	534	602	939

2. INVESTMENT SECURITIES

The following table details the amortized cost and the estimated fair value of the Company's investment securities available-for-sale (which includes reverse mortgages) and securities held-to-maturity:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Available-for-sale securities:				
December 31, 2011:				
Reverse mortgages	$(646)	$—	$—	$(646)
U.S. Government and government sponsored enterprises ("GSE")	38,776	262	(13)	39,025
State and political subdivisions	4,159	39	(8)	4,190
	$42,289	$301	$(21)	$42,569
December 31, 2010:				
Reverse mortgages	$(686)	$—	$—	$(686)
U.S. Government and GSE	49,691	441	(129)	50,003
State and political subdivisions	2,879	38	(2)	2,915
	$51,884	$479	$(131)	$52,232
Held-to-maturity:				
December 31, 2011				
State and political subdivisions	$—	$—	$—	$—
	$—	$—	$—	$—
December 31, 2010				
State and political subdivisions	$219	$—	$(23)	$196
	$219	$—	$(23)	$196

Securities with book values aggregating $39.0 million at December 31, 2011 were specifically pledged as collateral for certain letters of credit and municipal deposits which require collateral.

77

The scheduled maturities of investment securities held-to-maturity and securities available-for-sale at December 31, 2011 and 2010 were as follows:

	Held-to-Maturity		Available-for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
2011				
Within one year (1)	$ —	$ —	$ 7,916	$ 7,966
After one year but within five years	—	—	32,059	32,297
After five years but within ten years	—	—	2,000	2,000
After ten years	—	—	314	306
	$ —	$ —	$ 42,289	$ 42,569
2010				
Within one year (1)	$ —	$ —	$ 10,549	$ 10,617
After one year but within five years	—	—	41,006	41,286
After five years but within ten years	—	—	—	—
After ten years	219	196	329	329
	$ 219	$ 196	$ 51,884	$ 52,232

(1) Reverse mortgages do not have contractual maturities. We have included reverse mortgages in maturities within one year.

We sold $12.1 million of an investment security classified as available-for-sale during 2011 resulting in a gain on sale of $115,000. There were no sales of investment securities classified as available-for-sale during 2010 or 2009 and, as a result, there were no net gains/losses realized. The cost basis for investment security sales was based on the specific identification method. Investment securities totaling $719,000 and $720,000 were called by their issuers during 2011 and 2010, respectively.

At December 31, 2011, we owned investment securities totaling $5.5 million in which the amortized cost basis exceeded fair value. Total unrealized losses on those securities were $21,000 at December 31, 2011. This temporary impairment is the result of changes in market interest rates subsequent to the purchase of the securities. Securities with a fair value of $440,000 have been impaired for 12 months or longer. We have determined that these securities are not other than temporarily impaired. The investment portfolio is reviewed each quarter for indications of impairment. This review includes analyzing the length of time and the extent to which the fair value has been lower than the cost, the financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in the market. We evaluate our intent and ability to hold debt securities based upon our investment strategy for the particular type of security and our cash flow needs, liquidity position, capital adequacy and interest rate risk position. In addition, we do not have the intent to sell, nor is it more likely-than-not we will be required to sell, these securities before we are able to recover the amortized cost basis.

78

The table below shows our investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)					
Held-to-maturity:						
State and political subdivisions	$ —	$ —	$ —	$ —	$ —	$ —
Available-for-sale:						
U.S. Government and GSE	5,047	13	—	—	5,047	13
State and political subdivisions	—	—	440	8	440	8
Total temporarily impaired investments	$ 5,047	$ 13	$ 440	$ 8	$ 5,487	$ 21

The table below shows our investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2010.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)					
Held-to-maturity:						
State and political subdivisions	$ —	$ —	$ 102	$ 23	$ 102	$ 23
Available-for-sale:						
U.S Government and GSE	12,994	129	—	—	12,994	129
State and political subdivisions	502	2	—	—	502	2
Total temporarily impaired investments	$ 13,496	$ 131	$ 102	$ 23	$ 13,598	$ 154

79

3. MORTGAGE-BACKED SECURITIES

The following table details the amortized cost and the estimated fair value of our mortgage-backed securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Available-for-sale securities:				
December 31, 2011:				
Collateralized mortgage obligations ("CMO") (1)	$323,980	$6,933	$(2,527)	$328,386
Federal National Mortgage Association ("FNMA")	320,019	9,379	(44)	329,354
Federal Home Loan Mortgage Corporation ("FHLMC")	93,305	1,781	—	95,086
Government National Mortgage Association ("GNMA")	60,991	3,033	(57)	63,967
	$798,295	$21,126	$(2,628)	$816,793
December 31, 2010:				
CMOs (1)	$490,946	$9,687	$(599)	$500,034
FNMA	89,226	1,253	(431)	90,048
FHLMC	43,970	743	(273)	44,440
GNMA	65,849	1,229	(674)	66,404
	$689,991	$12,912	$(1,977)	$700,926
Trading securities:				
December 31, 2011:				
CMO	$12,432	$—	$—	$12,432
December 31, 2010:				
CMO	$12,432	$—	$—	$12,432

(1) Includes agency CMOs classified as available-for-sale and SASCO 2002 RM-1 Class O security classified as available-for-sale.

The portfolio of available-for-sale mortgage-backed securities includes 189 securities with an amortized cost of $798.3 million comprised of $668.0 million of GSE and $130.3 million of non-GSE securities. All securities were AAA-rated at the time of purchase; only one security with an amortized cost of $10.4 million is now rated below AAA at December 31, 2011. Downgraded securities were re-evaluated at December 31, 2011. The result of this evaluation shows no other-than-temporary impairment for 2011.The weighted average duration of the mortgage-backed securities was 3.6 years at December 31, 2011.

At December 31, 2011, mortgage-backed securities with market values aggregating $344.1 million were pledged as collateral for retail customer repurchase agreements, municipal deposits, and other obligations. From time to time, mortgage-backed securities are also pledged as collateral for FHLB borrowings. There were no FHLB pledged mortgage-backed securities at December 31, 2011

During 2011, we sold $323.8 million of mortgage-backed securities categorized as available-for-sale for net gains of $4.8 million. In 2010, proceeds from the sale of mortgage-backed securities available-for-sale were $154.7 million and resulted in net gains of $782,000. These sales were the result of ongoing portfolio management aimed at minimizing credit risk and decreasing prepayment/premium risk in this low interest rate environment. The cost bases of all mortgage-backed securities sales are based on the specific identification method.

MBS have expected maturities that differ from their contractual maturities. These differences arise because borrowers may have the right to call or prepay obligations with or without a prepayment penalty.

At December 31, 2011, we owned mortgage-backed securities totaling $101.3 million where the amortized cost basis exceeded fair value. Total unrealized losses on these securities were $2.6 million at December 31, 2011. This temporary impairment is the result of changes in market interest rates. Most of these securities have been impaired for less than twelve months. We have determined that these securities were not other-than-temporarily impaired as of December 31, 2011. Quarterly, we evaluate the current characteristics of each of our mortgage-backed securities, such as delinquency and foreclosure levels, credit enhancement, projected losses and coverage. We do not have the intent to sell, nor is it more likely-than-not we will be required to sell, these securities before we are able to recover the amortized cost basis.

The table below shows the gross unrealized losses and fair value of our MBS by investment category and length of time that individual securities have been in continuous unrealized loss position at December 31, 2011.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
			(In Thousands)			
Available-for-sale						
CMO	$78,955	$2,194	$9,933	$333	$88,888	$2,527
FNMA	6,959	44	—	—	6,959	44
GNMA	5,420	57	—	—	5,420	57
Total temporarily impaired MBS	$91,334	$2,295	$9,933	$333	$101,267	$2,628

The table below shows the gross unrealized losses and fair value of our MBS by investment category and length of time that individual securities have been in continuous unrealized loss position at December 31, 2010:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
			(In Thousands)			
Available-for-sale						
CMO	$ 58,821	$ 534	$ 1,171	$ 65	$ 59,992	$ 599
FNMA	45,129	431	—	—	45,129	431
FHLMC	14,981	273	—	—	14,981	273
GNMA	23,831	674	—	—	23,831	674
Total temporarily impaired MBS	$ 142,762	$ 1,912	$ 1,171	$ 65	$ 143,933	$ 1,977

We own $12.4 million par value of SASCO RM-1 2002 Class B securities which are classified as trading, of which, $1.4 million is accrued interest paid in kind. We expect to recover all principal and interest due to seasoning and excess collateral. Based on FASB ASC 320, Investments – Debt and Equity Securities (“ASC 320”) (Formerly SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities) when these securities were acquired they were classified as trading because it was our intent to sell them in the near term. We used the guidance under ASC 320 to provide a reasonable estimate of fair value in 2011. We estimated the value of these securities based on the pricing of BBB+ securities that have an active market though a technique which estimates the fair value of this asset using the income approach as of December 31, 2011.

81

During 2010, we negotiated to purchase 100% of SASCO 2002-RM1 Class O certificates for $2.5 million. The transaction closed on July 15, 2011. As of December, 31 2011, the market value of the SASCO 2002-RM1 O securities was determined in accordance with FASB ASC 820-10 (ASC 820), to be $3.9 million. These securities have been included in CMOs since their purchase. For more information regarding these securities, see Note 4 to the Consolidated Financial Statements.

4. REVERSE MORTGAGES AND RELATED ASSETS

We hold an investment in reverse mortgages of $(646,000) at December 31, 2011 representing a participation in 14 reverse mortgages with a third party. These loans were originated in the early 1990s.

These reverse mortgage loans are contracts that require the lender to make monthly advances throughout each borrower's life or until each borrower relocates, prepays or the home is sold, at which time the loan becomes due and payable. Reverse mortgages are nonrecourse obligations, which means that the loan repayments are generally limited to the net sale proceeds of the borrower's residence.

We account for our investment in reverse mortgages by estimating the value of the future cash flows on the reverse mortgages at a rate deemed appropriate for these mortgages, based on the market rate for similar collateral. Actual cash flows from these mortgage loans can result in volatility in the recorded value of reverse mortgage assets. As a result, income varies significantly from reporting period to reporting period. For the year ended December 31, 2011, we recorded a negative $137,000 in interest income on reverse mortgages as compared to a negative $287,000 in 2010 and a negative $464,000 in 2009. The results for all three years was primarily due to the decrease in the values of the properties securing these mortgages, based on annual re-evaluation and consistent with the decrease in home values over the past three years.

The projected cash flows depend on assumptions about life expectancy of the mortgagees and the future changes in collateral values. Projecting the changes in collateral values is one of the factors impacting the volatility of reverse mortgage values. The current assumptions include a short-term annual depreciation rate of zero in the first year, and a long-term annual appreciation rate of 0.5% in future years. If the long-term appreciation rate was increased or decreased by 1%, the impact on income would not be material.

We hold $12.4 million fair value in BBB+ rated mortgage-backed securities classified as trading. We also have Class "O" Certificates issued in connection with securities consisting of a portfolio of reverse mortgages we previously owned. WSFS negotiated to purchase 100% of the SASCO 2002-RM1 Class O certificates for $2.5 million. The transaction closed on July 15, 2011. As of December, 31 2011, the market value of the SASCO 2002-RM1 O securities was determined in accordance with FASB ASC 820-10 (ASC 820), to be $3.9 million with these changes in market value included in interest income and other comprehensive income. A model from the Bank's reverse mortgage consultant uses the income approach as described in ASC 820-10-35-32. The model is a present value cash flow model, consistent with ASC 820-10-55-5 which describes the components of a present value measurement. The model incorporates the projected cash flows of the notes and then discounts these cash flows using a rate that is commensurate with the risk adjusted rate. The inputs to the model reflect our expectations of what other market participants would use in pricing this asset in a current transaction and therefore is consistent with ASC 820 that sets out an exit price methodology for determining fair value.

In order to value this security as of December 31, 2011 the Bank continued to use their proprietary model and actual cash flow information as of the December 25, 2011 distribution date to provide estimated future cash flows. This process is consistent with what was performed in determining the price. There are three main drivers of cash flows: 1) Prepayments 2) House Price Appreciation (HPA) forecasts and 3) Interest Rates.

82

Explanation of Responses:

1. Prepayments – "1 year look back" comparing the actual cash flows vs. the forecasted cash flows based on the assumptions used. Using 50% of the Base Case forecasted cash flows vs. actual cash flows confirms the reasonableness of the prepayment assumption.

2. House Price Appreciation – Consistent with other reverse mortgage analysis the following forecasts were obtained from various market sources. Based on a median of these results a 2% decline for year one and then a 2% recovery for year 2 on out was used.

3. Interest Rates – Lastly the forward rates as of December 31, 2011 on 1 month LIBOR are consistent with the assumptions used for future interest rates (1 month LIBOR ramping up to 3% over 10 years).

5. LOANS

The following table details our loan portfolio by category:

December 31,	2011	2010
(In Thousands)		
Commercial and industrial loans	$ 1,460,812	$ 1,239,103
Real estate mortgage loans:		
Residential (1-4 family)	274,105	308,857
Commercial	626,739	625,379
Real estate construction loans	106,268	140,832
Consumer loans	290,979	309,722
	2,758,903	2,623,893
Less:		
Deferred fees, net	3,234	2,186
Allowance for loan losses	53,080	60,339
Net loans	$ 2,702,589	$ 2,561,368

Nonaccruing loans aggregated $71.1 million, $76.8 million and $65.9 million at December 31, 2011, 2010 and 2009, respectively. If interest on all such loans had been recorded in accordance with contractual terms, net interest income would have increased by $3.1 million in 2011, $2.3 million in 2010, and $2.6 million in 2009.

The total amount of loans serviced for others were $308.1 million, $358.8 million and $394.6 million at December 31, 2011, 2010 and 2009, respectively all of which were residential first mortgage loans. We received fees from the servicing of loans of $445,000, $508,000 and $570,000 during 2011, 2010 and 2009, respectively.

We record mortgage-servicing rights on our mortgage loan-servicing portfolio. Mortgage servicing rights represent the present value of the future net servicing fees from servicing mortgage loans we acquire or originate. The value of these servicing rights was $216,000 and $286,000 at December 31, 2011 and 2010, respectively. Mortgage loans serviced for others are not included in loans in the accompanying Consolidated Statement of Condition. Changes in the valuation of these servicing rights resulted in net expense of $70,000 and $63,000 during 2011 and 2010, respectively. Revenues from originating, marketing and servicing mortgage loans as well as valuation adjustments related to capitalized mortgage servicing rights are included in mortgage banking activities, net in the Consolidated Statement of Operations.

Accrued interest receivable on loans outstanding was $8.8 million and $8.4 million at December 31, 2011 and 2010, respectively.

83

Included in net loans as of December 31, 2010 were $106.2 million of loans acquired from CB&T. These loans were originally recorded at fair value with no carryover of any allowance for loan losses that CB&T had recorded on these loans.

A summary of changes in the allowance for loan losses follows:

Year Ended December 31, (In Thousands)	2011	2010	2009
Beginning balance	$60,339	$53,446	$31,189
Provision for loan losses	27,996	41,883	47,811
Loans charged-off (1)	(37,833)	(37,566)	(26,566)
Recoveries (2)	2,578	2,576	1,012
Ending balance	$53,080	$60,339	$53,446

(1) 2011, 2010 and 2009 includes $869,000, $1.0 million and $1.2 million of overdraft charge-offs, respectively.
(2) 2011, 2010 and 2009 includes $348,000, $375,000 and $380,000 of overdraft recoveries, respectively.

During 2011, net charge-offs totaled $35.3 million, or 1.32%, of average loans annualized, compared to $35.0 million, or 1.39%, of average loans in 2010. We charge loans off when they are deemed to be uncollectable.

6. ALLOWANCE FOR LOAN AND LEASE LOSSES AND CREDIT QUALITY INFORMATION

Allowance for Loan Losses

We maintain allowances for loan losses and charge losses to these allowances when such losses are realized. The determination of the allowance for loan losses requires significant judgment reflecting our best estimate of impairment related to specifically identified loans as well as probable loan losses in the remaining loan portfolio. Our evaluation is based upon a continuing review of these portfolios.

The formula allowances for commercial loans are calculated by applying estimated loss factors to outstanding loans based on the internal risk grade of loans. For low risk commercial and commercial real estate loans the portfolio is pooled, based on internal risk grade, and, as a starting point, estimates are generally based on a five-year net charge-off history. Higher risk and criticized loans have loss factors that are derived from an analysis of both the probability of default and the estimate of loss should default occur. Loss adjustment factors are then applied to the historical data based on criteria discussed below. As a result, changes in risk grades of both performing and nonperforming loans affect the amount of the formula allowance.

Pooled loans are usually smaller, not-individually-graded and homogeneous in nature, such as consumer installment loans and residential mortgages. Loan loss allowances for pooled loans are first based on a five-year net charge-off history. The average loss percentage per homogeneous pool is based on the product of the average annual historical loss rate and the homogeneous pool balances. These separate risk pools are then assigned a reserve for losses based upon this historical loss information and loss adjustment factors.

Adjustments to historical losses are based upon our evaluation of various current conditions including those listed below:

- General economic and business conditions affecting our key lending areas
- Credit quality trends
- Recent loss experience in particular segments of the portfolio
- Collateral values and loan-to-value ratios
- Loan volumes and concentrations, including changes in mix

- Seasoning of the loan portfolio
- Specific industry conditions within portfolio segments

84

- Bank regulatory examination results
- Other factors, including changes in quality of the loan origination, servicing and risk management processes

Our loan officers and risk managers meet at least quarterly to discuss and review the conditions and risks associated with certain individual loans. We also have an internal loan review function that oversees and examines management's internal ratings. We have an internal loan rating system with twelve categories of loan ratings, which is used to evaluate our commercial loans. The definitions of each of these categories are discussed later in this note.

In addition, we regularly contract with third-party loan review experts to review portions of the portfolio. Further, various regulatory agencies, as an integral part of their examination process, periodically review our allowance for such losses. We also give consideration to the results of these regulatory agency examinations.

During 2011, changes to our allowance for loan loss methodology included a reduction in our business cycle periods from ten years to five years. As a result of this change, we also revised our adjustment factors to include the impact of this shorter credit cycle. Further, we completed a risk calibration project with a goal of recalibrating our loan rating classifications to current Office of the Compotroller of the Currency and Federal Reserve Board standards (discussed further under credit quality indicators in this Note). The combined impact of these changes did not have a material impact on the allowance for loan loss during 2011.

A loan is considered to be impaired when, based on current information and events, it is probable that we will be unable to collect principal or interest that is due in accordance with contractual terms of the loan. Impaired loans include nonaccrual loans and troubled debt restructured loans. Loan impairment is measured in accordance with FASB ASC 310, Receivables. The adjustments are made in the form of a related reserve and/or charge-offs. Additional information regarding the related reserves can be found in the following tables.

The following tables provide an analysis of the allowance for loan losses and loan balances as of and for the year ended December 31, 2011 and December 31, 2010:

2011	Commercial	Commercial mortgages	Construction	Residential	Consumer	Total
Allowance for credit losses			(In thousands)			
Beginning balance	$ 26,480	$ 10,564	$ 10,019	$ 4,028	$ 9,248	$ 60,339
Charge-offs	(9,419)	(7,446)	(11,602)	(3,165)	(6,201)	(37,833)
Recoveries	897	334	582	211	554	2,578
Provision	6,344	4,104	5,075	5,470	7,003	27,996
Ending balance	$ 24,302	$ 7,556	$ 4,074	$ 6,544	$ 10,604	$ 53,080
Period-end allowance allocated to:						
Loans individually evaluated for impairment	$ 2,630	$ 295	$ 723	$ 964	$ 101	$ 4,713
Loans collectively evaluated for impairment	21,672	7,261	3,351	5,580	10,503	48,367
Ending balance	$ 24,302	$ 7,556	$ 4,074	$ 6,544	$ 10,604	$ 53,080

Period-end loan balances evaluated for:						
Loans individually evaluated for impairment	$ 23,193	$ 15,814	$ 22,124	$ 16,227	$ 2,621	$ 79,979(1)
Loans collectively evaluated for impairment	1,436,991	606,486	83,801	259,276	289,136	2,675,690
Ending balance	$ 1,460,184	$ 622,300	$ 105,925	$ 275,503	$ 291,757	$ 2,755,669

85

2010 Allowance for credit losses	Commercial	Commercial mortgages	Construction	Residential	Consumer	Total
			(In thousands)			
Beginning balance	$ 24,836	$ 6,160	$ 10,922	$ 4,071	$ 7,457	$ 53,446
Charge-offs	(9,458)	(3,902)	(14,972)	(2,241)	(6,993)	(37,566)
Recoveries	375	126	1,495	26	554	2,576
Provision	10,727	8,180	12,574	2,172	8,230	41,883
Ending balance	$ 26,480	$ 10,564	$ 10,019	$ 4,028	$ 9,248	$ 60,339
Period-end allowance allocated to:						
Loans individually evaluated for impairment	$ 4,845	$ 2,591	$ 3,485	$ 968	$ 130	$ 12,019
Loans collectively evaluated for impairment	21,635	7,973	6,534	3,060	9,118	48,320
Ending balance	$ 26,480	$ 10,564	$ 10,019	$ 4,028	$ 9,248	$ 60,339
Period-end loan balances evaluated for:						
Loans individually evaluated for impairment	$ 21,527	$ 9,490	$ 30,260	$ 17,441	$ 5,106	$ 83,824(1)
Loans collectively evaluated for impairment	1,216,519	612,508	110,399	293,054	305,403	2,537,883
Ending balance	$ 1,238,046	$ 621,998	$ 140,659	$ 310,495	$ 310,509	$ 2,621,707

(1) The difference between this amount and nonaccruing loans at December 31, 2011 and December 31, 2010, represents accruing troubled debt restructured loans of $8.9 million and $7.1 million, respectively.

Non-Accrual and Past Due Loans

Nonaccruing loans are those on which the accrual of interest has ceased. We discontinue accrual of interest on originated loans after payments become more than 90 days past due, or earlier if we do not expect the full collection of principal or interest in accordance with the terms of the loan agreement is probable. Interest accrued but not collected at the date a loan is placed on nonaccrual status is reversed and charged against interest income. In addition, the amortization of net deferred loan fees is suspended when a loan is placed on nonaccrual status. Subsequent cash receipts are applied either to the outstanding principal balance or recorded as interest income, depending on our assessment of the ultimate collectability of principal and interest. Loans greater than 90 days past due and still accruing are defined as loans contractually past due 90 days or more as to principal or interest payments but which remain in accrual status because they are considered well secured and in the process of collection.

86

The following tables show our nonaccrual and past due loans at the dates indicated:

2011 (In Thousands)	30–59 Days Past Due and Still Accruing	60–89 Days Past Due and Still Accruing	Greater Than 90 Days Past Due and Still Accruing	Total Past Due And Still Accruing	Accruing Current Balances	Nonaccrual Loans	Total Loans
Commercial	$ 1,087	$ 63	$ 78	$ 1,228	$ 1,435,876	$ 23,080	$ 1,460,184
Commercial mortgages	479	243	-	722	605,764	15,814	622,300
Construction	3,727	-	-	3,727	80,074	22,124	105,925
Residential	5,501	1,238	887	7,626	258,820	9,057	275,503
Consumer	2,783	709	-	3,492	287,247	1,018	291,757
Total	$ 13,577	$ 2,253	$ 965	$ 16,795	$ 2,667,781	$ 71,093	$ 2,755,669
% of Total Loans	0.49 %	0.08 %	0.04 %	0.61 %	96.81 %	2.58 %	100.00 %

2010 (In Thousands)	30–59 Days Past Due and Still Accruing	60–89 Days Past Due and Still Accruing	Greater Than 90 Days Past Due and Still Accruing	Total Past Due And Still Accruing	Accruing Current Balances	Nonaccrual Loans	Total Loans
Commercial	$ 2,839	$ 384	$ -	$ 3,223	$ 1,213,246	$ 21,577	$ 1,238,046
Commercial mortgages	764	-	-	764	611,744	9,490	621,998
Construction	1,685	-	-	1,685	108,714	30,260	140,659
Residential	6,403	2,024	465	8,892	289,864	11,739	310,495
Consumer	1,355	163	-	1,518	305,290	3,701	310,509
Total	$ 13,046	$ 2,571	$ 465	$ 16,082	$ 2,528,858	$ 76,767	$ 2,621,707
% of Total Loans	0.49 %	0.10 %	0.02 %	0.61 %	96.46 %	2.93 %	100 %

Impaired Loans

Loans for which it is probable we will not collect all principal and interest due according to contractual terms, which is assessed based on the credit characteristics of the loan and/or payment status, are measured for impairment in accordance with the provisions of FASB ASC 310, Receivables. The amount of impairment is required to be measured using one of three methods: (1) the present value of expected future cash flows discounted at the loan's effective interest rate; (2) the loan's observable market price; or (3) the fair value of collateral, if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, a related allowance is

allocated for the impairment.

87

The following tables provide an analysis of our impaired loans for December 31, 2011 and December 31, 2010:

2011 (In Thousands)	Ending Loan Balances	Loans with No Related Reserve (1)	Loan with Related Reserve	Related Reserve	Contractual Principal Balance	Average Loan Balances
Commercial	$23,193	$19,353	$3,840	$2,630	$26,815	$22,396
Commercial mortgages	15,814	13,602	2,212	295	21,278	16,237
Construction	22,124	14,166	7,958	723	34,862	27,323
Residential	16,227	9,649	6,578	964	19,312	17,480
Consumer	2,621	1,336	1,285	101	2,788	3,916
Total	$79,979	$58,106	$21,873	$4,713	$105,055	$87,352

2010 (In Thousands)	Ending Loan Balances	Loans with No Related Reserve (1)	Loan with Related Reserve	Related Reserve	Contractual Principal Balance	Average Loan Balances
Commercial	$21,527	$14,555	$6,972	$4,845	$29,309	$16,139
Commercial mortgages	9,490	3,263	6,227	2,591	12,001	4,530
Construction	30,260	12,166	18,094	3,485	53,265	36,102
Residential	17,441	11,226	6,215	968	22,112	16,667
Consumer	5,106	3,969	1,137	130	6,558	4,184
Total	$83,824	$45,179	$38,645	$12,019	$123,245	$77,622

(1) Reflects loan balances at their collateral value.

The average impaired loan balance as of December 31, 2009 was $61.6 million. Interest income of $395,000, $287,000 and $354,000 was recognized on impaired loans during 2011, 2010 and 2009, respectively.

Credit Quality Indicators

Below is a description of each of our risk ratings for all commercial loans:

Pass. These assets presently show no current or potential problems and are considered fully collectible.

Special Mention. These assets do not currently expose the Bank to a sufficient degree of risk to warrant an adverse classification but do possess credit deficiencies or potential weaknesses deserving our close attention. Special mention assets have a potential weakness or pose an unwarranted financial risk which, if not corrected, could weaken the asset and increase risk in the future.

Substandard. Assets which are inadequately protected by the current net worth and paying capacity of the obligor or collateral, if any. Assets so classified have a well-defined weakness or weaknesses based upon objective evidence that jeopardizes the timely liquidation of the asset, or realization of the collateral at the asset’s net book value. Substandard assets can be classified as accrual or nonaccrual and are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. The possibility of untimely liquidation requires a substandard classification even if there is little likelihood of total loss.

88

Explanation of Responses:

Doubtful. The rating designated to assets with all the weaknesses of substandard assets and added weaknesses that make collection in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values.

Loss. These assets are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that an asset has absolutely no recovery or salvage value, but rather, that it is not practical or desirable to defer writing off a basically worthless asset even though partial recovery may occur in the future.

In late 2011, we undertook a project to reduce the number of Pass grades in our loan rating system with a goal of recalibrating our loan rating classifications to current Office of the Comptroller of Currency and Federal Reserve Board standards and to better classify our Pass and Criticized loan categories. This resulted in the elimination of our last Pass grade or our “pass/watch” grade. The result of this grade elimination resulted in $67 million of previous “pass/watch” loans being reclassified to Criticized or Classified, with none going to nonaccrual status. The impact of this project contributed an incremental $2.1 million to the provision and allowance for loan losses in 2011.

Residential and Consumer Loans

The residential and consumer loan portfolios are monitored on an ongoing basis using delinquency information and loan type as credit quality indicators. These credit quality indicators are assessed in the aggregate in these relatively homogeneous portfolios. Loans that are greater than 90 days past due are generally considered nonperforming and placed in nonaccrual status.

89

The following tables provide an analysis of problem loans:

Commercial credit exposure credit risk profile by internally assigned risk rating (In thousands):

	Commercial		Commercial mortgages		Construction		Total Commercial 2011		Total Commercial 2010	
	2011	2010	2011	2010	2011	2010	Amount	Percent	Amount	Perce
Risk Rating:										
Special mention	$85,848	$39,544	$50,044	$13,195	$9,747	$21,970	$145,639		$74,709	
Substandard:										
Accrual	107,896	54,230	13,664	21,121	19,039	32,560	140,599		107,911	
Nonaccrual	23,193	21,577	15,814	9,490	22,124	30,260	61,131		61,327	
Total Special Mention and Substandard	216,937	115,351	79,522	43,806	50,910	84,790	347,369	16 %	243,947	12
Pass	1,242,519	1,122,695	543,277	578,192	55,244	55,869	1,841,039	84	1,756,756	88
Total	$1,459,456	$1,238,046	$622,799	$621,998	$106,154	$140,659	$2,188,409	100	$2,000,703	10

Consumer credit exposure credit risk profile based on payment activity (in thousands):

	Residential		Consumer		Total Residential and Consumer 2011		Total Residential and Consumer 2010	
	2011	2010	2011	2010	Amount	Percent	Amount	Percent
Nonperforming(1)	$16,227	$17,441	$2,621	$5,106	$18,848	3 %	$22,547	4 %
Performing	259,276	293,054	289,136	305,403	548,412	97	598,457	96
Total	$275,503	$310,495	$291,757	$310,509	$567,260	100	$621,004	100

(1) Includes $8.9 million of troubled debt restructured mortgages and home equity installment loans that are performing in accordance with the loans modified terms and are accruing interest.

90

Troubled Debt Restructurings (TDR)

Effective July 1, 2011, we adopted the provisions of Accounting Standards Update No. 2011-02, A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring. As such, we reassessed all loan modifications occurring since January 1, 2011 for identification as TDRs, resulting in no newly identified TDRs.

The book balance of TDRs at December 31, 2011 and December 31, 2010 was $27.7 million and $12.0 million, respectively. The balances at December 31, 2011 include approximately $18.8 million of TDRs in nonaccrual status and $8.9 million of TDRs in accrual status compared to $4.9 million of TDRs in nonaccrual status and $7.1 million of TDRs in accrual status at December 31, 2010. Approximately $1.3 million in related reserves have been established for these loans for both December 31, 2011 and 2010, respectively.

During the twelve months ending December 31, 2011, the terms of 32 loans were modified in troubled debt restructurings, of which 23 were related to commercial loans that were already placed on nonaccrual. Nonaccruing restructured loans remain in nonaccrual status until there has been a period of sustained repayment performance for a reasonable period, usually six months. The remaining nine loans represented residential and consumer loans. Our concessions on restructured loans consisted mainly of forbearance agreements, reduction in interest rates or extensions of maturities. Principal balances are generally not forgiven by us when a loan is modified as a TDR.

The following table presents loans identified as TDRs during the twelve months ended December 31, 2011:

(In Thousands)		Twelve Months Ended December 31, 2011
Commercial	$	2,914
Commercial mortgages		11,536
Construction		13,909
Residential		2,824
Consumer		146
	$	31,329

The TDRs described above increased the allowance for loan losses by $1.4 million through allocation of a related reserve, and resulted in charge offs of $8.9 million during the twelve months ending December 31, 2011, most of which had been previously identified and reserved for in prior periods.

The following table summarizes TDRs which have defaulted (defined as past due 90 days) during the twelve months ended December 31, 2011 that were restructured within the last twelve months prior to December 31, 2011:

(In Thousands)		Twelve Months Ended December 31, 2011
Residential	$	974
	$	974

91

Explanation of Responses:

7. PREMISES AND EQUIPMENT

Land, office buildings, leasehold improvements and furniture and equipment, at cost, are summarized by major classifications:

December 31,	2011	2010
(In Thousands)		
Land	$ 1,562	$ 2,390
Buildings	6,708	6,894
Leasehold improvements	32,804	27,428
Furniture and equipment	38,253	34,559
	79,327	71,271
Less:		
Accumulated depreciation	43,363	39,401
	$ 35,964	$ 31,870

Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets or, for leasehold improvements, over the effective lives of the related lease if less than the estimated useful lives. In general, computer equipment, furniture and equipment and building renovations are depreciated over three, five and ten years, respectively.

We occupy certain premises including some with renewal options, and operate certain equipment under noncancelable leases with terms ranging primarily from one to 25 years. These leases are accounted for as operating leases. Accordingly, lease costs are expensed as incurred in accordance with FASB ASC 840-20 Operating Leases. Rent expense was $7.9 million in 2011, $5.7 million in 2010 and $5.9 million in 2009. Future minimum cash payments under these leases at December 31, 2011 are as follows:

(In Thousands)	
2012	$ 7,551
2013	7,490
2014	7,162
2015	7,070
2016	6,885
Thereafter	155,452
Total future minimum lease payments	$ 191,610

92

8. DEPOSITS

The following is a summary of deposits by category, including a summary of the remaining time to maturity for time deposits:

December 31,	2011	2010
(In Thousands)		
Money market and demand:		
Noninterest-bearing demand	$ 525,444	$ 468,098
Interest-bearing demand	389,495	312,546
Money market	805,570	743,808
Total money market and demand	1,720,509	1,524,452
Savings	368,390	255,340
Customer certificates of deposit by maturity:		
Less than one year	261,000	335,768
One year to two years	86,097	74,555
Two years to three years	3,219	4,415
Three years to four years	60,267	1,576
Over four years	1,444	68,550
Total customer time certificates	412,027	484,864
Jumbo certificates of deposits, by maturity:		
Less than one year	254,583	228,785
One year to two years	52,753	37,010
Two years to three years	2,935	2,398
Three years to four years	36,196	167
Over four years	101	28,752
Total jumbo certificates of deposit	346,568	297,112
Total customer deposits	2,847,494	2,561,768
Brokered deposits less than one year	287,810	249,006
Total deposits	$3,135,304	$2,810,774

Interest expense by category follows:

Year Ended December 31,	2011	2010	2009
(In Thousands)			
Interest-bearing demand	$405	$435	$648
Money market	2,897	4,301	4,857
Savings	1,465	494	521
Time deposits	13,548	16,070	21,634
Total customer interest expense	18,315	21,300	27,660
Brokered deposits	816	1,797	2,729
Total interest expense on deposits	$19,131	$23,097	$30,389

93

9. BORROWED FUNDS

The following is a summary of borrowed funds by type:

	Balance at End of Period	Weighted Average Interest Rate		Maximum Outstanding at Month End During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period	
At December 31, 2011				(Dollars in Thousands)			
FHLB advances	$538,682	1.49	%	$676,093	$561,117	1.75	%
Trust preferred borrowings	67,011	2.30		67,011	67,011	2.02	
Federal funds purchased and securities sold under agreements to repurchase	50,000	1.68		100,000	78,685	1.50	
Other borrowed funds	67,927	1.26		74,859	71,431	1.30	
At December 31, 2010							
FHLB advances	$488,959	2.28	%	$640,179	$544,317	2.67	%
Trust preferred borrowings	67,011	2.07		67,011	67,011	2.05	
Federal funds purchased and securities sold under agreements to repurchase	100,000	1.50		110,000	98,767	1.51	
Other borrowed funds	91,636	1.01		107,867	86,989	1.13	

Federal Home Loan Bank Advances

Advances from the FHLB of Pittsburgh with rates ranging from 0.14% to 4.45% at December 31, 2011 are due as follows:

	Amount	Weighted Average Rate	
	(Dollars in Thousands)		
2012	$ 320,539	0.97	%
2013	82,248	2.20	
2014	135,895	2.26	
	$ 538,682	1.49	

Pursuant to collateral agreements with the FHLB, advances are secured by qualifying first mortgage loans, qualifying fixed-income securities, FHLB stock and an interest-bearing demand deposit account with the FHLB.

As a member of the FHLB of Pittsburgh, we are required to purchase and hold shares of capital stock in the FHLB of Pittsburgh in an amount at least equal to 0.35% of our of member asset value plus 4.60% of advances outstanding. We were in compliance with this requirement with a stock investment in FHLB of Pittsburgh of $35.8 million at December 31, 2011. This stock is carried on the accompanying Consolidated Statement of Condition at cost, which approximates liquidation value.

At December 31, 2011 we had $35.8 million of FHLB stock compared to $37.5 million at December 31, 2010. In December 2008, the FHLB of Pittsburgh announced the suspension of both dividend payments

94

and the repurchase of capital stock. In 2010, a limited repurchase of capital stock was reinstated and during 2011 net capital stock repurchases totaled $1.8 million. We received no dividends from the FHLB of Pittsburgh during 2011, 2010 or 2009. However, in February of 2012, the FHLB of Pittsburgh declared a 0.10% dividend payment as well as additional repurchases of capital stock. For additional information regarding FHLB Stock, see Note 15 to the Consolidated Financial Statements.

At December 31, 2011, 29 advances were outstanding totaling $538.7 million, with a weighted average rate of 1.49%.

Trust Preferred Borrowings

In 2005, we issued $67.0 million of aggregate principal amount of Pooled Floating Rate Securities at a variable interest rate of 177 basis points over the three-month LIBOR rate. The proceeds from this issuance were used to fund the redemption of $51.5 million of Floating Rate Capital Trust I Preferred Securities.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

During 2011 and 2010, we purchased federal funds as a short-term funding source. At December 31, 2011, we had purchased $25.0 million in federal funds at a rate of 0.38%. At December 31, 2010, we had purchased $75.0 million in federal funds at a rate of 0.38%.

During 2011, we continued to have securities sold under agreements to repurchase as a funding source. At December 31, 2011, securities sold under agreements to repurchase had a fixed rate of 2.98%. The underlying securities are mortgage-backed securities with a book value of $29.9 million at December 31, 2011. Securities sold under agreements to repurchase with the corresponding carrying and market values of the underlying securities are due as follows:

(Dollars in Thousands)	Borrowing Amount	Rate	Carrying Value	Collateral Fair Value	Accrued Interest
2011					
Over 90 days	$ 25,000	2.98 %	$ 29,942	$ 30,961	$ 97
2010					
Over 90 days	$ 25,000	4.87 %	$ 27,584	$ 28,419	$ 95

Other Borrowed Funds

Included in other borrowed funds are collateralized borrowings of $37.9 million and $61.6 million at December 31, 2011 and 2010 respectively, consisting of outstanding retail repurchase agreements, contractual arrangements under which portions of certain securities are sold overnight to retail customers under agreements to repurchase. Such borrowings were collateralized by mortgage-backed securities. The average rates on these borrowings were 0.09% and 0.17% at December 31, 2011 and 2010, respectively. In addition, during 2009 we issued $30.0 million of unsecured debt under the FDIC Temporary Liquidity Guarantee Program. The rate on this debt was 2.74% at December 31, 2010.

10. STOCKHOLDERS' EQUITY

Under guidelines issued by banking regulators, savings institutions such as the Bank must maintain "tangible" capital equal to 1.5% of adjusted total assets, "core" capital equal to 4.0% of adjusted total assets, "Tier 1" capital equal to 4.0% of risk weighted assets and "total" or "risk-based" capital (a combination of core and "supplementary" capital) equal to 8.0% of risk weighted assets. Failure to meet minimum capital requirements can initiate certain mandatory actions and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our bank's financial statements. At December 31, 2011 and 2010, WSFS was in compliance with regulatory capital requirements and was deemed a "well-capitalized" institution.

95

The following table presents our capital position as of December 31, 2011 and 2010:

	Consolidated Bank Capital		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Percent	Amount	Percent	Amount	Percent
(In Thousands)						
As of December 31, 2011:						
Total Capital (to risk-weighted assets)	$ 434,301	13.43%	$ 258,688	8.00%	$ 323,361	10.00%
Core Capital (to adjusted tangible assets)	393,725	9.29	169,518	4.00	211,898	5.00
Tangible Capital (to tangible assets)	393,725	9.29	63,569	1.50	N/A	N/A
Tier 1 Capital (to risk-weighted assets)	393,725	12.18	129,344	4.00	194,016	6.00
As of December 31, 2010:						
Total Capital (to risk-weighted assets)	$ 409,034	13.62%	$ 240,338	8.00%	$ 300,423	10.00%
Core Capital (to adjusted tangible assets)	371,348	9.49	156,555	4.00	195,693	5.00
Tangible Capital (to tangible assets)	371,348	9.49	58,708	1.50	N/A	N/A
Tier 1 Capital (to risk-weighted assets)	371,348	12.36	120,169	4.00	180,254	6.00

During 2010 we completed an underwritten public offering of 1,370,000 shares of common stock. The offering was priced at $36.50 per share, a slight premium to the prior day's closing price, and raised $47.1 million, net of $2.9 million of costs. During 2009 we completed a private placement of common stock to Peninsula Investment Partners, L.P. for a total purchase price of $25.0 million. During 2011 all shares were distributed on a pro-rata basis to the fund holders of Peninsula with the warrants being transferred to Peninsula's managing partner. Information concerning these transactions are included in Note 22 to the Consolidated Financial Statements.

Our capital structure includes one class of $0.01 par common stock outstanding, each share having equal voting rights and one class of $.01 par preferred stock.

During 2009, we issued and sold senior preferred stock to the U.S. Department of Treasury under its Capital Purchase Program ("CPP") totaling $52.6 million. Information concerning this transaction is included in Note 22 to the Consolidated Financial Statements.

In conjunction with the private placement of common stock and the issuance of senior preferred stock to the U.S. Department of Treasury under CPP, we issued warrants to purchase additional shares of common stock. For additional information on these warrants see Note 22 to the Consolidated Financial Statements.

When infused into the Bank, the Trust Preferred Securities issued in 2005 qualify as Tier 1 capital. We are prohibited from paying any dividend or making any other capital distribution if, after making the distribution, we would be

undercapitalized within the meaning of the Prompt Corrective Action regulations. Since 1996, the Board of Directors has approved several stock repurchase programs to reacquire common shares. We did not acquire any shares in 2011 or 2010.

96

The Holding Company

In 2005, WSFS Capital Trust III, our unconsolidated subsidiary, issued $67.0 million of aggregate principle of Pooled Floating Rate Securities at a variable interest rate of 177 basis points over the three-month LIBOR rate. The proceeds were used to refinance the WSFS Capital Trust I November 1998 issuance of $51.5 million of Trust Preferred Securities which had a variable rate of 250 basis points over the three-month LIBOR rate. At December 31, 2011, the coupon rate of the Capital Trust III securities was 2.30% with a scheduled maturity of June 1, 2035. The effective rate will vary, due to fluctuations in interest rates. The proceeds from the issue were invested in Junior Subordinated Debentures we issued. These securities are treated as borrowings with interest included in interest expense on the Consolidated Statement of Operations. The remaining proceeds were used primarily to extinguish higher rate debt and for general corporate purposes.

Pursuant to federal laws and regulations, our ability to engage in transactions with affiliated corporations is limited, and we generally may not lend funds to nor guarantee our indebtedness.

11. ASSOCIATE (EMPLOYEE) BENEFIT PLANS

Associate 401(k) Savings Plan

Certain subsidiaries of ours maintain a qualified plan in which Associates may participate. Participants in the plan may elect to direct a portion of their wages into investment accounts that include professionally managed mutual and money market funds and our common stock. Generally, the principal and earnings thereon are tax deferred until withdrawn. We match a portion of the Associates' contributions and, based on our performance, periodically make discretionary contributions into the plan for the benefit of our Associates. As a result, our total cash contributions to the plan on behalf of our Associates resulted in a cash expenditure of $1.6 million, $1.5 million and $1.5 million for 2011, 2010 and 2009, respectively.

All contributions are invested in accordance with the Associates' selection of investments. If Associates do not designate how discretionary contributions are to be invested, 100% will be invested in a balanced fund. Associates may make transfers to various other investment vehicles within the plan without any significant restrictions. The plan purchased 47,000, 81,000, and 50,000 shares of our common stock during 2011, 2010 and 2009, respectively.

Postretirement Benefits

We share certain costs of providing health and life insurance benefits to retired Associates (and their eligible dependents). Substantially all Associates may become eligible for these benefits if they reach normal retirement age while working for us.

We account for our obligations under the provisions of FASB ASC 715, Compensation – Retirement Benefits ("ASC 715"). ASC 715 requires that the costs of these benefits be recognized over an Associate's active working career. Amortization of unrecognized net gains or losses resulting from experience different from that assumed and from changes in assumptions is included as a component of net periodic benefit cost over the remaining service period of active employees to the extent that such gains and losses exceed 10% of the accumulated postretirement benefit obligation, as of the beginning of the year.

ASC 715 requires that we recognize the funded status of our defined benefit postretirement plan in our statement of financial position, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represented the net unrecognized actuarial losses and unrecognized transition obligation remaining from the initial adoption of ASC 715, all of which were previously

netted against the plan's funded status in our statement of financial position pursuant to the provisions of ASC 715. These amounts will be subsequently recognized as net periodic pension costs pursuant to our historical accounting policy for amortizing such amounts. Further, actuarial gains

97

and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income at adoption of ASC 715.

In accordance with ASC 715, during 2012 the Company expects to recognize $67,000 in expense relating to the amortization of the net actuarial loss and $61,000 in expense relating to the amortization of the net transition obligation.

The following disclosures relating to postretirement benefits were measured at December 31:

(Dollars in Thousands)	2011	2010	2009
Change in benefit obligation:			
Benefit obligation at beginning of year	$ 3,088	$ 2,568	$ 2,502
Service cost	207	171	161
Interest cost	166	151	141
Actuarial loss/(gain)	623	360	(69)
Benefits paid	(161)	(162)	(167)
Benefit obligation at end of year	$ 3,923	$ 3,088	$ 2,568
Change in plan assets:			
Fair value of plan assets at beginning of year	$ —	$ —	$ —
Employer contributions	161	162	167
Benefits paid	(161)	(162)	(167)
Fair value of plan assets at end of year	$ —	$ —	$ —
Funded status:			
Funded status	$ (3,923)	$ (3,088)	$ (2,568)
Recognized net loss	1,444	914	626
Net amount recognized	$ (2,479)	$ (2,174)	$ (1,942)
Components of net periodic benefit cost:			
Service cost	207	171	161
Interest cost	166	151	141
Amortization of transition obligation	61	61	61
Net loss recognition	32	12	18
Net periodic benefit cost	$ 466	$ 395	$ 381
Assumptions used to determine net periodic benefit cost:			
Discount rate	5.50 %	6.00 %	5.75 %
Health care cost trend rate	5.00 %	5.00 %	5.00 %
Sensitivity analysis of health care cost trends:			
Effect of +1% on service cost plus interest cost	$ (17)	$ (13)	$ (11)
Effect of –1% on service cost plus interest cost	13	10	9
Effect of +1% on APBO	(129)	(96)	(74)
Effect of –1% on APBO	100	76	60

Assumptions used to value the Accumulated Postretirement Benefit Obligation (APBO):			
Discount rate	4.50 %	5.50 %	6.00 %
Health care cost trend rate	5.00 %	5.00 %	5.00 %
Ultimate trend rate	5.00 %	5.00 %	5.00 %
Year of ultimate trend rate	2011	2010	2009

98

Estimated future benefit payments:

The following table shows the expected future payments for the next ten years:
(In Thousands)

During 2012	$	119
During 2013		120
During 2014		122
During 2015		122
During 2016		122
During 2017 through 2021		676
	$	1,281

We assume that the average annual rate of increase for medical benefits will remain flat and stabilize at an average increase of 5% per annum. The costs incurred for retirees' health care are limited since certain current and all future retirees are restricted to an annual medical premium cap indexed (since 1995) by the lesser of 4% or the actual increase in medical premiums paid by us. For 2011, this annual premium cap amounted to $2,700 per retiree. We estimate that we will contribute approximately $119,000 to the plan during fiscal 2012.

We have five additional plans which are no longer being provided to Associates. They are a Supplemental Pension Plan with a corresponding liability of $430,000, an Early Retirement Window Plan with a corresponding liability of $290,000, a Director's Plan with a corresponding liability of $98,000, a Supplemental Executive Retirement Plan with a corresponding liability of $873,000 acquired from Christiana Bank & Trust, and a Post Retirement Medical Plan with a corresponding liability of $105,000 also acquired from Christiana Bank & Trust.

12. TAXES ON INCOME

We and our subsidiaries file a consolidated federal income tax return and separate state income tax returns. Our income tax provision (benefit) consists of the following:

Year Ended December 31,	2011	2010	2009
(In Thousands)			
Current income taxes:			
Federal taxes	$6,648	$8,192	$7,699
State and local taxes	1,849	(555)	(1,408)
Deferred income taxes:			
Federal taxes	2,978	(2,183)	(8,384)
State and local taxes	-	-	-
Total	$11,475	$5,454	$(2,093)

Current federal income taxes include taxes on income that cannot be offset by net operating loss carryforwards.

99

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following is a summary of the significant components of our deferred tax assets and liabilities as of December 31, 2011 and 2010:

(In Thousands)	2011	2010
Deferred tax liabilities:		
Unrealized gains on available-for-sale securities	$(7,105)	$(4,287)
Accelerated depreciation	(912)	(707)
Other	(395)	(207)
Prepaid expenses	(1,428)	(1,361)
Deferred loan costs	(1,680)	(1,675)
Intangibles	(795)	—
Total deferred tax liabilities	(12,315)	(8,237)
Deferred tax assets:		
Allowance for loan losses	18,578	21,119
Reserves and other	5,862	5,460
Deferred gains	505	398
Total deferred tax assets	24,945	26,977
Net deferred tax asset	$12,630	$18,740

Included in the table above is the effect of certain temporary differences for which no deferred tax expense or benefit was recognized. In 2011, such items consisted primarily of $7.1 million of unrealized gains on certain investments in debt and equity securities accounted for under ASC 320 partially offset by $550,000 related to postretirement benefit obligations accounted for under ASC 715. In 2010, they consisted primarily of $4.3 million of unrealized gains on certain investments in debt and equity securities, partially offset by $388,000 related to postretirement benefit obligations.

Based on our history of prior earnings and our expectations of the future, it is anticipated that operating income and the reversal pattern of our temporary differences will, more likely than not, be sufficient to realize a net deferred tax asset of $12.6 million at December 31, 2011. No federal or state net operating losses existed at December 31, 2011.

A reconciliation showing the differences between our effective tax rate and the U.S. Federal statutory tax rate is as follows:

Year Ended December 31,	2011	2010	2009
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
State tax net of federal tax benefit	3.4	(1.8)	64.0
Interest income 50% excludable	(2.1)	(3.7)	50.6
Bank-owned life insurance income	(2.0)	(1.3)	22.4
Incentive stock option and other nondeductible compensation	0.9	0.8	(18.0)
Settlement of prior year charitable donation	(1.2)	—	—
Federal tax credits	(0.5)	(1.1)	(8.0)
Other	0.1	—	0.4
Effective tax rate	33.6 %	27.9 %	146.4 %

100

Explanation of Responses:

We account for income taxes in accordance with FASB Accounting Standards Codification ("ASC") 740, Income Taxes (formerly Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes and FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109). ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. Benefits from tax positions are recognized in the financial statements only when it is more-likely-than-not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest and penalties.

Related to the move of our corporate headquarters, during 2007, we donated (to the local Historical Society, for the purpose of community viewing) an N.C. Wyeth mural which was previously displayed in our former headquarters. Pursuant to an appraisal by a nationally recognized art appraisal firm, the estimated fair value of the mural was $6.0 million, which was recorded as a charitable contribution expense. We recognized a related offsetting gain on the transfer of the asset during 2007. The expense and offsetting gain was shown net in our Consolidated Financial Statements. As the gain on the transfer of the asset is permanently excludible from taxation, the charitable contribution transaction results in a permanent deduction for income tax purposes. The amount of the deduction represented an income tax uncertainty because it was subject to evaluation by the Internal Revenue Service ("IRS"). The IRS did not audit our 2007 income tax return and the statute of limitations on this tax year expired in 2011. Accordingly, we recorded a $416,000 tax benefit in 2011 related to the resolution of this uncertainty.

We record interest and penalties on potential income tax deficiencies as income tax expense. Federal tax years 2008 through 2011 remain subject to examination as of December 31, 2011, while tax years 2008 through 2011 remain subject to examination by state taxing jurisdictions. No federal or state income tax return examinations are currently in process. We do not expect to record or realize any material unrecognized tax benefits during 2012.

The total amount of unrecognized tax benefits related to ASC 740 as of December 31, 2011 was $88,000, all of which would affect our effective tax rate if recognized. The total amount of accrued interest and penalties included in such unrecognized tax benefits were $15,000 and $6,000, respectively, all of which was recorded as expense in 2011. A reconciliation of the total amounts of unrecognized tax benefits during 2011 is as follows:

(In Thousands)	
Unrecognized tax benefits at December 31, 2010	$ 967
Additions as a result of tax positions taken during prior years	96
Additions as a result of tax positions taken during current year	—
Reductions relating to settlements with taxing authorities	—
Reductions as a result of a lapse of statutes of limitations	(975)
Unrecognized tax benefits at December 31, 2011	$ 88

13. STOCK-BASED COMPENSATION

Stock-based compensation is accounted for in accordance with FASB ASC 718, Stock Compensation. After shareholder approval in 2005, the 1997 Stock Option Plan ("1997 Plan") was replaced by the 2005 Incentive Plan ("2005

Plan”). No future awards may be granted under the 1997 Plan, however, we still have

101

options outstanding under the plan for officers, directors and Associates of the Company and its subsidiaries. The 2005 Plan will terminate on the tenth anniversary of its effective date, after which no awards may be granted. We have stock options outstanding under both plans (collectively, "Stock Incentive Plans"). The number of shares reserved for issuance under the 2005 Plan is 1,197,000. At December 31, 2011, there were 325,177 shares available for future grants under the 2005 Plan.

The Stock Incentive Plans provide for the granting of incentive stock options as defined in Section 422 of the Internal Revenue Code as well as non-incentive stock options (collectively, "Stock Options"). Additionally, the 2005 Plan provides for the granting of stock appreciation rights, performance awards, restricted stock and restricted stock unit awards, deferred stock units, dividend equivalents, other stock-based awards and cash awards. All Stock Options are to be granted at not less than the market price of our common stock on the date of the grant. All Stock Options granted during 2011 vest in 25% per annum increments, start to become exercisable one year from the grant date and expire five years from the grant date. Generally, all awards become exercisable immediately in the event of a change in control, as defined within the Stock Incentive Plans.

In 2007, the Executive Committee of our Board of Directors adopted an administrative policy related to the future award of stock options under the 2005 Plan whereby any change to the policy only would be made following the approval by our stockholders. At the 2010 Annual Meeting of Shareholders, a proposal was approved to increase the maximum life of stock options and stock appreciation rights from five years to seven years.

Stock Options

A summary of the status of our Stock Incentive Plans as of December 31, 2011, 2010 and 2009, respectively, and changes during those years is presented below:

	2011		2010		2009	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock Options:						
Outstanding at beginning of year	566,323	$ 42.84	733,468	$ 42.95	675,887	$ 44.98
Granted	57,723	44.15	27,889	30.94	83,921	23.33
Exercised	(85,379)	18.94	(67,376)	14.29	(16,460)	16.48
Forfeited	(12,666)	40.85	(22,899)	40.53	(1,468)	57.48
Expired	(109,115)	59.85	(104,759)	59.29	(8,412)	59.85
Outstanding at end of year	416,886	43.52	566,323	42.84	733,468	42.95
Exercisable at end of year	304,628	$ 46.27	442,837	$ 45.04	541,910	$ 43.52
Weighted-average fair value of awards granted	$ 14.06		$ 9.51		$ 5.42	

In addition, at January 1, 2011 there were nonvested options with a $805,000 intrinsic value. During the year ended December 31, 2011, the vested options had a $255,000 intrinsic value. Also during 2011, there were options exercised with an intrinsic value of $1.7 million. In addition, there were vested options expired with an intrinsic value of $129,000. The exercisable options remaining at December 31, 2011, had an intrinsic value of $470,000 and a remaining contractual term of 1.6 years. At December 31, 2011 the options outstanding had an intrinsic value of $969,000 and a remaining contractual term of 2.1 years.

102

The following table provides information about our unvested stock options outstanding for December 31, 2011, 2010 and 2009, respectively:

	2011			2010			2009		
	Shares	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value
Stock Options:									
Unvested at beginning of period	123,486	$ 34.94	$ 8.27	191,558	$ 41.31	$ 8.92	202,442	$ 57.00	$ 12.10
Granted	57,723	44.15	14.06	27,889	30.94	9.51	83,921	23.33	5.42
Vested	(56,285)	40.77	9.13	(73,062)	48.38	10.26	(93,337)	58.91	12.63
Forfeited	(12,666)	40.85	9.44	(22,899)	40.53	8.84	(1,468)	57.48	12.06
Unvested at end of period	112,258	$ 36.08	$ 10.69	123,486	$ 34.94	$ 8.27	191,558	$ 41.31	$ 8.92

The total amount of compensation cost related to nonvested stock options as of December 31, 2011 was $623,000. The weighted-average period over which it is expected to be recognized is 2.5 years. We issue new shares upon the exercise of options.

During 2011, we granted 57,723 options with a five-year life and a four-year vesting period. The Black-Scholes option-pricing model was used to determine the grant date fair value of options. Significant assumptions used in the model included a weighted-average risk-free rate of return (zero coupon treasury yield) between 0.5% and 1.6% in 2011; an expected option life of three and three-quarter years; and an expected stock price volatility between 44.3% and 44.7% in 2011. For the purposes of this option-pricing model, a dividend yield between 1.0% and 1.4% was assumed.

The following table summarizes all stock options outstanding and exercisable for Option Plans as of December 31, 2011, segmented by range of exercise prices:

	Outstanding			Exercisable	
	Number	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Number	Weighted Average Exercise Price
Stock Options:					
$20.71-$27.60	58,376	$ 23.34	2.2 years	26,200	$ 23.32
$27.61-$34.50	75,921	32.56	1.8 years	54,520	33.12
$34.51-$41.40	2,600	38.69	4.0 years	400	37.20
$41.41-$48.30	121,829	44.68	2.8 years	65,897	44.36
$48.31-$55.20	102,943	53.20	1.0 years	102,405	53.23

$55.21-$62.10	49,717		58.83	2.9 years	49,717		58.83
$62.11-$69.00	5,500		66.34	1.3 years	5,489		66.34
Total	416,886	$	43.52	2.1 years	304,628	$	46.27

103

Restricted Stock

During 2011, we issued 41,434 restricted stock units and awards. These awards generally vest over a four to five year period. For stock awards made to certain executive officers, there are additional vesting limitations. Under these additional limitations, 25% of the awards will become transferrable at the time of repayment of at least 25% of the aggregate financial assistance we received under the Emergency Economic Stabilization Act of 2008 (“EESA”), an additional 25% of the shares granted (for an aggregate total of 50% of the shares will become transferrable) at the time of repayment of at least 50% of the aggregate financial assistance we received under EESA, an additional 25% of the shares granted (for an aggregate total of 75% of the shares will become transferrable) at the time of repayment of at least 75% of the aggregate financial assistance we received under EESA. The remainder of the shares will become transferrable following the time of repayment of 100% of the aggregate financial assistance we received under EESA. If the date specified has not occurred by the tenth anniversary of the grant date, the grantee will forfeit all of the restricted shares.

Compensation costs related to these issuances are recognized over the lives of the restricted stock and restricted stock units. We amortize the expense related to the restricted stock grants into salaries, benefits and other compensation expense on an accrual basis over the requisite service period for the entire award. When we award restricted stock to individuals from whom we may not receive services in the future, such as those who are eligible for retirement, we recognize the expense of restricted stock grants when we make the award, instead of amortizing the expense over the vesting period of the award.

Performance Stock Awards

Beginning in 2009, the Long-Term Performance-Based Restricted Stock Unit program (“Long-Term Program”) will award up to an aggregate of 77,800 shares of our stock to the remaining fourteen participants, only after the achievement of targeted levels of return on assets (“ROA”) in any year through 2011. In 2010, the Personnel and Compensation Committee recommended, and the Board approved, the extension to 2013 and the adjustment of the ROA performance levels. Under the terms of the revised plan, if an annual ROA performance level of 1.00% is achieved, up to 39,000 shares will be awarded. If an annual ROA performance level of 1.125% is achieved, up to 53,300 shares will be awarded. If an annual ROA performance level of 1.25% or greater is achieved, up to 77,800 shares will be awarded. The awarded stock will vest in 25% increments over four years. In addition, if a performance level is achieved and there are insufficient shares available for grant, we have the option of granting the available shares with the remainder being paid in cash. We did not recognize any compensation expense related to this program in 2011, 2010 or 2009. Compensation expense for the Long-Term Program was based on the closing stock price as of May 28, 2008 and will begin to be recognized once the achievement of target performance is considered probable.

The Board approved a plan in which Marvin N. Schoenhals, Chairman of the Board, was granted 22,250 shares of restricted stock effective January 3, 2011 with a five-year performance vesting schedule starting at the end of the second year. These awards are based on acquiring new business relationships in which Mr. Schoenhals has played a meaningful role in helping us establish the new business. These shares are subject to vesting in whole or in part if pre-tax contributions achieved over a two year period result in at least a 50% return on investment of the cost of the restricted stock. We did not recognize any compensation expense related to this award in 2011.

The impact of stock-based compensation for the year ended December 31, 2011 was $1.6 million pre-tax ($1.2 million after tax) or $0.14 per share, to salaries, benefits and other compensation. This compares to $965,000 pre-tax ($745,000 after tax) or $0.10 per share in 2010 and $1.4 million pre-tax ($1.1 million after tax) or $0.18 per share in 2009.

104

14. COMMITMENTS AND CONTINGENCIES

Lending Operations

At December 31, 2011, we had commitments to extend credit of $686.6 million. Commercial loan commitments represented $295.9 million, while commercial mortgage and construction commitments were $118.8 million and $49.5 million, respectively. Outstanding letters of credit were $55.7 million. Consumer lines of credit totaled $160.1 million of which $147.7 million was secured by real estate and outstanding commitments to make or acquire mortgage loans aggregated $6.5 million; all were at fixed rates ranging from 2.88% to 4.63%. Mortgage commitments generally have closing dates within a six-month period.

Data Processing Operations

We have entered into contracts to manage our network operations, data processing and other related services. The projected amounts of future minimum payments contractually due (in thousands) are as follows:

Year	Amount
2012	$ 2,769
2013	2,297
2014	1,933
2015	625
2016	24

The expenses for data processing and operations for the year ending December 31, 2011 was $5.3 million.

Legal Proceedings

In the ordinary course of business, we are subject to legal actions that involve claims for monetary relief. Based upon information presently available to us and our counsel, it is our opinion that any legal and financial responsibility arising from such claims will not have a material adverse effect on our results of operations. For additional information regarding legal proceedings, see Note 23 to the Consolidated Financial Statement.

Financial Instruments With Off-Balance Sheet Risk

We are a party to financial instruments with off-balance sheet risk in the normal course of business primarily to meet the financing needs of our customers. To varying degrees, these financial instruments involve elements of credit risk that are not recognized in the Consolidated Statement of Condition.

Exposure to loss for commitments to extend credit and standby letters of credit written is represented by the contractual amount of those instruments. We generally require collateral to support such financial instruments in excess of the contractual amount of those instruments and use the same credit policies in making commitments as we do for on-balance sheet instruments.

The following represents a summary of off-balance sheet financial instruments at year-end:

December 31, (In Thousands)	2011	2010
Financial instruments with contract amounts which represent potential credit risk:		
Construction loan commitments	$49,510	$52,565
Commercial mortgage loan commitments	118,812	72,131
Commercial loan commitments	295,929	251,344
Commercial standby letters of credit	55,697	60,913
Residential mortgage loan commitments	6,501	18,399
Consumer loan commitments	160,160	148,186

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. We evaluate each customer's creditworthiness and obtain collateral based on our credit evaluation of the counterparty.

Given the current interest rate environment and current customer preference for long-term fixed rate mortgages, coupled with our desire to not hold these assets in our portfolio, we generally sell newly originated fixed rate conventional, 15 to 30 year loans in the secondary market to government sponsored enterprises such as FHLMC or to wholesale lenders. We sometimes retain the servicing rights on residential mortgage loans sold which results in monthly service fee income. We will, however, sell select loans with servicing released on a nonrecourse basis. Not reflected in the table above are commitments to sell residential mortgages of $23.4 million and $24.6 million at December 31, 2011 and 2010, respectively.

Indemnifications

Secondary Market Loan Sales. We generally do not sell loans with recourse except to the extent arising from standard loan sale contract provisions covering violations of representations and warranties and, under certain circumstances first payment default by the borrower. These are customary repurchase provisions in the secondary market for conforming mortgage loan sales. These indemnifications may include our repurchase of the loans. Repurchases and losses are rare, and no provision is made for losses at the time of sale.

We typically sell fixed-rate, conforming first mortgage loans in the secondary market as part of our ongoing asset/liability management program. Loans held-for-sale are carried at the lower of cost or market of the aggregate, or in some cases, individual loans. Gains and losses on sales of loans are recognized at the time of the sale.

Swap Guarantees. We entered into agreements with three unaffiliated financial institutions whereby those financial institutions entered into interest rate derivative contracts (interest rate swap transactions) with customers referred to them by us. By the terms of the agreements, those financial institutions have recourse to us for any exposure created under each swap transaction in the event the customer defaults on the swap agreement and the agreement is in a paying position to the third-party financial institution. This is a customary arrangement that allows financial institutions like us to provide access to interest rate swap transactions for our customers without creating the swap ourselves.

106

Explanation of Responses:

At December 31, 2011, there were seventy-nine variable-rate to fixed-rate swap transactions between the third-party financial institutions and our customers with an initial notional amount aggregating approximately $318.1 million, and with maturities ranging from seven months to fourteen years. The aggregate fair value of these swaps to the customers was a liability of $32.8 million as of December 31, 2011, and of the seventy-nine swaps, all were in a paying position to a third party.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. In certain cases, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions regarding the amount and timing of estimated future cash flows discounted to reflect current market rates and varying degrees of risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of year-end or that will be realized in the future.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Short-Term Investments: For cash and short-term investments, including due from banks, federal funds sold, securities purchased under agreements to resell and interest-bearing deposits with other banks, the carrying amount is a reasonable estimate of fair value.

Investments and Mortgage-Backed Securities: Since quoted market prices are not available, fair value is estimated using quoted prices for similar securities, which we obtain from a third party vendor. We utilize one of the largest providers of securities pricing to the industry and management periodically assesses the inputs used by this vendor to price the various types of securities owned by us to validate the vendor's methodology. The fair value of our investment in reverse mortgages is based on the net present value of estimated cash flows which have been updated to reflect recent external appraisals of the underlying collateral. For additional discussion of our mortgage-backed securities-trading, see note 1 to the Consolidated Financial Statements.

Loans: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type: commercial, commercial mortgages, construction, residential mortgages and consumer. For loans that reprice frequently, the book value approximates fair value. The fair values of other types of loans are estimated by discounting expected cash flows using the current rates at which similar loans would be made to borrowers with comparable credit ratings and for similar remaining maturities which is not an exit price under ASU 820, Fair Value Measurements and Disclosures. The fair value of nonperforming loans is based on recent external appraisals of the underlying collateral. Estimated cash flows, discounted using a rate commensurate with current rates and the risk associated with the estimated cash flows, are utilized if appraisals are not available.

Bank-Owned Life Insurance: The estimated fair value approximates the book value for this investment.

Stock in the Federal Home Loan Bank of Pittsburgh: The fair value of FHLB stock is assumed to be equal to its cost. We carry FHLB stock at cost, or par value, and evaluate FHLB stock for impairment based on the ultimate recoverability of par value rather than by recognizing temporary declines in value. As part of the impairment assessment of FHLB stock, management considers, among other things, (i) the significance and length of time of any declines in net assets of the FHLB compared to its capital stock, (ii) commitments by the FHLB to make payments required by law or regulations and the level of such payments in relation to its operating performance, (iii) the impact of legislative and regulatory changes on financial institutions and, accordingly, the customer base of the FHLB and (iv) the liquidity position of the FHLB. The FHLB has access to the U.S. Government-Sponsored Enterprise Credit Facility, a secured lending facility that serves as a liquidity backstop, substantially reducing the likelihood that the

FHLB would need to sell securities to raise liquidity and, thereby, cause the realization of large economic losses. On August 8, 2011, Standard & Poors ("S&P") downgraded the FHLB from AAA to AA+, similar to their downgrade of the U.S. sovereign rating. The reduction in the FHLB credit rating was due to the belief, by S&P, that the FHLB system is certain to

107

receive U.S. government support, if necessary, resulting from the important role the FHLB system plays as primary liquidity providers to U.S. mortgage and housing-market participants. Despite the downgrade, the FHLB continues to have a very high degree of government support and was in compliance with all regulatory capital requirements as of December 31, 2011. As a result, we have determined there was no other-than-temporary impairment related to our FHLB stock investment as of December 31, 2011.

Demand Deposits, Savings Deposits and Time Deposits: The fair value of demand deposits and savings deposits is determined by projecting future cash flows using an estimated economic life based on account characteristics. The resulting cash flow is discounted using rates available on alternative funding sources. The fair value of time deposits is estimated using the rate and maturity characteristics of the deposits to estimate their cash flow. The cash flow is discounted as rates for similar term wholesale funding.

Borrowed Funds: Rates currently available to us for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

Off-Balance Sheet Instruments: The fair value of off-balance sheet instruments, including commitments to extend credit and standby letters of credit, is estimated using the fees currently charged to enter into similar agreements with comparable remaining terms and reflects the present creditworthiness of the counterparties.

The book value and estimated fair value of our financial instruments are as follows:

At December 31,	2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
(In Thousands)				
Financial assets:				
Cash and cash equivalents	$468,017	$468,017	$376,759	$376,759
Investment securities	42,569	42,569	52,451	52,428
Mortgage-backed securities	829,225	829,225	713,358	713,358
Loans, held-for-sale	10,185	10,185	14,522	14,522
Loans, net	2,702,589	2,721,804	2,561,368	2,572,147
Stock in Federal Home Loan Bank of Pittsburgh	35,756	35,756	37,536	37,536
Accrued interest receivable	11,743	11,743	11,765	11,765
Financial liabilities:				
Deposits	3,135,304	3,087,464	2,810,774	2,826,515
Borrowed funds	723,620	731,522	747,606	751,970
Standby letters of credit	322	322	210	210
Accrued interest payable	1,910	1,910	3,317	3,317

The estimated fair value of our off-balance sheet financial instruments is as follows:

December 31,	2011	2010
(In Thousands)		
Off-balance sheet instruments:		
Commitments to extend credit	$4,445	$3,729

108

Explanation of Responses:

16. FAIR VALUE OF FINANCIAL ASSETS

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. The table below presents the balances of assets measured at fair value as of December 31, 2011 (there are no material liabilities measured at fair value):

Description	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets Measured at Fair Value on a Recurring Basis:		(in Thousands)		
Available-for-sale securities:				
Collateralized mortgage obligations	$ —	$ 324,450	$ 3,936	$ 328,386
FNMA	—	329,354	—	329,354
FHLMC	—	95,086	—	95,086
GNMA	—	63,967	—	63,967
U.S. Government and agencies	—	39,025	—	39,025
State and political subdivisions	—	4,190	—	4,190
Reverse mortgages	—	—	(646)	(646)
Trading securities	—	—	12,432	12,432
Total assets measured at fair value on a recurring basis	$ —	$ 856,072	$ 15,722	$ 871,794

Assets Measured at Fair Value on a Nonrecurring Basis:								
Other real estate owned	$	—	$	11,695	$	—	$	11,695
Impaired Loans		—		74,562		—		74,562
Total assets measured at fair value on a nonrecurring basis	$	—	$	86,257	$	—	$	86,257

109

The table below presents the balances of assets measured at fair value as of December 31, 2010 (there were no material liabilities measured at fair value):

Description	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets Measured at Fair Value on a Recurring Basis	(In Thousands)			
Available-for-sale securities:				
Collateralized mortgage obligations	$—	$500,034	$ —	$500,034
FNMA	—	90,048	—	90,048
FHLMC	—	44,440	—	44,440
GNMA	—	66,404	—	66,404
U.S. Government and agencies	—	50,003	—	50,003
State and political subdivisions	—	2,915	—	2,915
Reverse mortgages	—	—	(686)	(686)
Trading securities	—	—	12,432	12,432
Total assets measured at fair value on a recurring basis	$—	$753,844	$ 11,746	$765,590
Assets Measured at Fair Value on a Nonrecurring Basis				
Other real estate owned	$—	$9,024	$ —	$9,024
Impaired Loans	—	71,805	—	71,805
Total assets measured at fair value on a nonrecurring basis	$—	$80,829	$ —	$80,829

Fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models or obtained from third parties that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include unobservable parameters. Our valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While we believe our valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Available-for-sale securities. As of December 31, 2011, securities classified as available for sale are reported at fair value using both Level 2 and Level 3 inputs. Included in the Level 2 total are approximately $39.0 million in Federal Agency debentures, $686.7 million in Federal Agency MBS, $126.1 million of Private Label MBS, and $4.2 million in municipal bonds. Agency and MBS securities are predominately AAA-rated.

110

We believe that this Level 2 designation is appropriate for these securities under ASC 820-10 as, with almost all fixed income securities, none are exchange traded, and all are priced by correlation to observed market data. For these securities we obtain fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors. Included in the Level 3 total is a small equity traunche of a reverse mortgage security purchased on July 15, 2011. This security is Level 3 because there is no active market for this security and no observable inputs that reflect quoted prices for identical assets in active markets (Level 1) or inputs other than quoted prices that are observable for the asset through corroboration with observable market data (Level 2). In order to establish the fair value for a Level 3 asset a "mark-to-model" has been developed using the income approach described in ASC 820-10-35-32 and is similar to the methodology used to value our trading securities described below.

Trading securities. The amount included in the trading securities category represents the fair value of a BBB-rated traunche of a reverse mortgage security. There has never been an active market for these securities. As such, we classify these trading securities as Level 3 under ASC 820-10. As prescribed by ASC 820-10 management used various observable and unobservable inputs to develop a range of likely fair value prices where this security would be exchanged in an orderly transaction between market participants at the measurement date. The unobservable inputs reflect management’s assumptions about the assumptions that market participants would use in pricing this asset. Included in these inputs were the median of a selection of other BBB-rated securities as well as quoted market prices from higher rated traunches of this asset class. As a result, the value assigned to this security is determined primarily through a discounted cash flow analysis. All of these assumptions require a significant degree of management judgment.

Reverse Mortgages. The amount of our investment in reverse mortgages represents the estimated value of future cash flows of the reverse mortgages at a rate deemed appropriate for these mortgages, based on the market rate for similar collateral. The projected cash flows depend on assumptions about life expectancy of the mortgagor and the future changes in collateral values. Due to the significant amount of management judgment and the unobservable input calculations, these reverse mortgages have been classified as Level 3.

The changes in Level 3 assets measured at fair value are summarized as follows:

	Trading Securities	Reverse Mortgages	Available-for-sale Securities	Total
		(In Thousands)		
Balance at December 31, 2009	$ 12,183	$ (530)	$ —	$ 11,653
Total net income (loss) for the year included in net income	249	(287)	—	(38)
Purchases, sales, issuances, and sentiments, net	—	131	—	131
Mark-to-market adjustment	—	—	—	—
Balance at December 31, 2010	$ 12,432	$ (686)	$ —	$ 11,746
Total net income (loss) for the year included in net income	—	(137)	265	128
Contractual monthly advances of principal	—	177	2,755	2,932
Mark-to-market adjustment	—	—	916	916
Balance at December 31, 2011	$ 12,432	$ (646)	$ 3,936	$ 15,722

Other real estate owned. Other real estate owned consists of loan collateral which has been repossessed through foreclosure or other measures. Initially, foreclosed assets are recorded as held for sale at the lower of the loan balance or fair value of the collateral less estimated selling costs. Subsequent to foreclosure, valuations are updated periodically and the assets may be marked down further, reflecting

111

a new cost basis. The fair value of our real estate owned was estimated using Level 2 inputs based on appraisals obtained from third parties.

Impaired loans. Impaired loans, which are measured for impairment using a discounted cash flow model or the fair value of the collateral for collateral dependent loans, had a gross amount of $80.0 million and $83.8 million at December 31, 2011 and December 31, 2010, respectively. The valuation allowance on impaired loans was $4.7 million as of December 31, 2011 and $12.0 million as of December 31, 2010. During the twelve months ended December 31, 2011, we recorded a net decrease of $4.5 million in our allowance for loan loss as a result of adjusting the carrying value and estimated fair value on these collateral dependent impaired loans.

17. RELATED PARTY TRANSACTIONS

We routinely enter into transactions with our directors and officers. Such transactions are made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and do not, in the opinion of management, involve more than the normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties was $1.8 million and $1.9 million at December 31, 2011 and 2010, respectively. During 2011, new loans and credit line advances to such related parties amounted to $406,000 and repayments amounted to $476,000.

We have also engaged (or in some cases donated to) the following organizations which are affiliated with one or more of our directors in the ordinary course of business:

- a company which provides peer group meetings and forums held for executives of local banks amounting to $5,000 in 2011, $25,000 in 2010 and none in 2009.

- an investment bank providing financial services amounting to $8,000 in 2011, $29,000 in 2010, and none in 2009.

- donated funds to a local charity that provides support to local Delaware communities. Total contributions made to this charity amounted to $18,000 in 2011 and $33,000 in 2010 and 2009.

- donated funds to support a local university. Total contributions made to this university amounted to $6,000 in 2011, $25,000 in 2010, and none in 2009.

- donated funds to support the local chamber of commerce. Total contributions made amounted to $46,000 in 2011, $15,000 in 2010 and $22,000 in 2009.

112

18. PARENT COMPANY FINANCIAL INFORMATION

Condensed Statement of Financial Condition

December 31, (In Thousands)	2011	2010
Assets:		
Cash	$13,046	$19,521
Mortgage-backed securities, available-for-sale	3,936	-
Investment in subsidiaries	439,989	412,679
Investment in Capital Trust III	2,011	2,011
Other assets	886	787
Total assets	$459,868	$434,998
Liabilities:		
Borrowings	$67,011	$67,011
Interest payable	133	119
Other liabilities	591	46
Total liabilities	67,735	67,176
Stockholders’ equity:		
Preferred stock	1	1
Common stock	182	180
Capital in excess of par value	220,163	216,316
Accumulated other comprehensive income	11,202	6,524
Retained earnings	408,865	393,081
Treasury stock	(248,280)	(248,280)
Total stockholders’ equity	392,133	367,822
Total liabilities and stockholders’ equity	$459,868	$434,998

113

Condensed Statement of Operations

Year Ended December 31, (In Thousands)	2011	2010	2009
Income:			
Interest income	$1,021	$2,207	$1,716
Noninterest income	153	120	64
	1,174	2,327	1,780
Expenses:			
Interest expense	1,375	1,390	1,797
Other operating expenses	419	656	79
	1,794	2,046	1,876
(Loss) income before equity in undistributed income of subsidiaries	(620)	281	(96)
Equity in undistributed income of subsidiaries	23,297	13,836	759
Net income	22,677	14,117	663
Dividends on preferred stock and accretion of discount	(2,770)	(2,770)	(2,590)
Net income (loss) allocable to common stockholders	$19,907	$11,347	$(1,927)

Condensed Statement of Cash Flows

Year Ended December 31, (In Thousands)	2011	2010	2009
Operating activities:			
Net income	$22,677	$14,117	$663
Adjustments to reconcile net income to net cash used for operating activities:			
Equity in undistributed income of subsidiaries	(23,298)	(13,836)	(759)
Increase in capitalized interest	(280)	—	—
Increase in other assets	(98)	(383)	829
Increase (decrease) in other liabilities	33	24	(123)
Net cash (used for) provided by operating activities	(966)	(78)	610
Investing activities:			
Increase in investment in subsidiaries	—	(54,500)	(47,363)
Purchase of mortgage backed securities	(2,500)	—	—
Net cash used for investing activities	(2,500)	(54,500)	(47,363)
Financing activities:			
Issuance of common stock	3,709	49,565	26,851
Issuance of preferred stock	—	—	52,625
Cash dividends paid	(6,718)	(6,207)	(5,210)
Treasury stock, net of reissuance	—	—	—
Net cash (used for) provided by financing activities	(3,009)	43,358	74,266
(Decrease) increase in cash	(6,475)	(11,220)	27,513
Cash at beginning of period	19,521	30,741	3,228
Cash at end of period	$13,046	$19,521	$30,741

114

19. SEGMENT INFORMATION

Under the definition of FASB ASC 280, Segment Reporting ("ASC 280") (Formerly SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information) we discuss our business in three segments. There is one segment for each of WSFS Bank, Cash Connect, (the ATM division of WSFS Bank), and Trust and Wealth Management. Trust and Wealth Management was reorganized during 2011 and is comprised of Montchanin, Christiana Trust, Private Banking and WSFS Investment Group, Inc. in a single reportable segment because each has similar economic characteristics, products, customers and distribution methods. As required by ASC 280, all prior years' information has been updated to reflect this presentation. Additionally, during 2009 we announced and completed a wind-down of the 1st Reverse operations.

The WSFS Bank segment provides financial products to commercial and retail customers through its 49 offices located in Delaware (39), Pennsylvania (8) and Virginia (1) and Nevada (1). Retail and Commercial Banking, Commercial Real Estate Lending and other banking business units are operating departments of WSFS. These departments share the same regulator, the same market, many of the same customers and provide similar products and services through the general infrastructure of the Bank. Because of these and other reasons, these departments are not considered discrete segments and are appropriately aggregated within the WSFS Bank segment in accordance with ASC 280.

Cash Connect provides turnkey ATM services through strategic partnerships with several of the largest networks, manufacturers and service providers in the ATM industry. The balance sheet category "Cash in non-owned ATMs" includes cash from which fee income is earned through bailment arrangements with customers of Cash Connect.

During 2008, we acquired a majority interest in 1st Reverse Financial Services, LLC (1st Reverse), which specialized in originating and subsequently selling reverse mortgage loans nationwide. These reverse mortgages were government approved and insured. In 2009, we completed a wind-down of these operations. Included in the year ended December 31, 2009, is a $1.9 million pre-tax charge which consisted of the write-off of all related goodwill and intangibles, the uncollectable receivables and our remaining investment in this subsidiary. This charge, combined with the operating losses for 2009, represents the $3.1 million net loss in this column.

As mentioned above, the Trust and Wealth Management segment was reorganized in 2011 and is now comprised of Christiana Trust, Montchanin, Private Banking and WSFS Investment Group, Inc. Christiana Trust was acquired as part of the acquisition of CB&T in December 2010 and WSFS' Trust and Wealth Management business was consolidated into Christiana Trust. Trust and Wealth Management provides investment, fiduciary, agency and commercial domicile services from locations in Delaware and Nevada. These services are provided to individuals and families as well as corporations and institutions. Montchanin has one consolidated wholly owned subsidiary, Cypress Capital Management, LLC (Cypress). Cypress is a Wilmington-based investment advisory firm serving high net-worth individuals and institutions. WSFS Investment Group, Inc. markets various third-party insurance products and securities and Private Banking which strives to meet the needs of high net worth individuals and successful business owners.

An operating segment is a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the enterprise's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. We evaluate performance based on pretax ordinary income relative to resources used, and allocate resources based on these results. The accounting policies applicable to our segments are those that apply to our preparation of the accompanying Consolidated Financial Statements. Segment information for the years ended December 31, 2011, 2010, and 2009 follows:

115

Explanation of Responses:

For the Year Ended December 31, 2011: (In Thousands)	WSFS Bank	Cash Connect	Trust & Wealth Management	Total
External customer revenues:				
Interest income	$ 149,314	$ —	$ 9,328	$ 158,642
Noninterest income	35,623	15,619	12,346	63,588
Total external customer revenues	184,937	15,619	21,674	222,230
Intersegment revenues:				
Interest income	4,074	—	9,682	13,756
Noninterest income	7,583	759	—	8,342
Total intersegment revenues	11,657	759	9,682	22,098
Total revenue	196,594	16,378	31,356	244,328
External customer expenses:				
Interest expense	31,345	—	1,260	32,605
Noninterest expenses	107,652	7,882	11,943	127,477
Provision for loan loss	26,641	—	1,355	27,996
Total external customer expenses	165,638	7,882	14,558	188,078
Intersegment expenses:				
Interest expense	9,682	895	3,179	13,756
Noninterest expenses	759	1,570	6,013	8,342
Total intersegment expenses	10,441	2,465	9,192	22,098
Total expenses	176,079	10,347	23,750	210,176
Income before taxes and extraordinary items	$ 20,515	$ 6,031	$ 7,606	$ 34,152
Income tax provision				11,475
Consolidated net income				$ 22,677
Cash and cash equivalents	$ 48,107	$ 416,949	$ 2,961	$ 468,017
Other segment assets	3,618,744	2,155	200,092	3,820,991
Total segment assets at December 31, 2011	$ 3,666,851	$ 419,104	$ 203,053	$ 4,289,008
Capital expenditures	$ 8,877	$ 1,291	$ 326	$ 10,494

116

For the Year Ended December 31, 2010:	WSFS Bank	Cash Connect	Trust & Wealth Management	Total
(In Thousands)				
External customer revenues:				
Interest income	$ 154,790	$ —	$ 7,613	$ 162,403
Noninterest income	31,849	13,231	5,035	50,115
Total external customer revenues	186,639	13,231	12,648	212,518
Intersegment revenues:				
Interest income	3,988	—	5,138	9,126
Noninterest income	6,652	755	—	7,407
Total intersegment revenues	10,640	755	5,138	16,533
Total revenue	197,279	13,986	17,786	229,051
External customer expenses:				
Interest expense	40,629	—	1,103	41,732
Noninterest expenses	95,580	5,956	7,796	109,332
Provision for loan loss	40,084	—	1,799	41,883
Total external customer expenses	176,293	5,956	10,698	192,947
Intersegment expenses:				
Interest expense	5,138	930	3,058	9,126
Noninterest expenses	755	1,534	5,118	7,407
Total intersegment expenses	5,893	2,464	8,176	16,533
Total expenses	182,186	8,420	18,874	209,480
Income (loss) before taxes	$ 15,093	$ 5,566	$ (1,088)	$ 19,571
Income tax provision				5,454
Consolidated net income				$ 14,117
Cash and cash equivalents	$ 46,803	$ 326,573	$ 3,383	$ 376,759
Other segment assets	3,350,338	13,196	213,225	3,576,759
Total segment assets at December 31, 2010	$ 3,397,141	$ 339,769	$ 216,608	$ 3,953,518
Capital expenditures	$ 5,775	$ 174	$ 2	$ 5,951

117

For the Year Ended December 31, 2009: (In Thousands)	WSFS Bank	Cash Connect	1st Reverse	Trust & Wealth Management	Total
External customer revenues:					
Interest income	$ 150,151	$ —	$ 32	$ 7,547	$ 157,730
Noninterest income	33,192	11,992	2,023	3,034	50,241
Total external customer revenues	183,343	11,992	2,055	10,581	207,971
Intersegment revenues:					
Interest income	4,050	—	—	5,248	9,298
Noninterest income	6,914	408	—	—	7,322
Total intersegment revenues	10,964	408	—	5,248	16,620
Total revenue	194,307	12,400	2,055	15,829	224,591
External customer expenses:					
Interest expense	51,145	—	—	1,941	53,086
Noninterest expenses	93,463	5,387	4,917	4,737	108,504
Provision for loan loss	46,389	—	—	1,422	47,811
Total external customer expenses	190,997	5,387	4,917	8,100	209,401
Intersegment expenses:					
Interest expense	5,248	627	—	3,423	9,298
Noninterest expenses	408	905	261	5,748	7,322
Total intersegment expenses	5,656	1,532	261	9,171	16,620
Total expenses	196,653	6,919	5,178	17,271	226,021
(Loss) income before taxes	$ (2,346)	$ 5,481	$ (3,123)	$ (1,442)	$ (1,430)
Income tax provision (benefit)					(2,093)
Consolidated net income					$ 663
Cash and cash equivalents	$ 53,222	$ 264,903	$ —	$ 3,624	$ 321,749
Other segment assets	3,252,919	14,861	—	158,978	3,426,758
Total segment assets at December 31, 2009	$ 3,306,141	$ 279,764	$ —	$ 162,602	$ 3,748,507
Capital expenditures	$ 6,287	$ 474	$ —	$ 15	$ 6,776

118

20. GOODWILL AND INTANGIBLE ASSETS

On December 3, 2010, we completed the acquisition of CB&T for a cash purchase price of $34.5 million. The acquisition of CB&T was accounted for using the acquisition method of accounting and, accordingly, assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The excess cash paid over the fair value of net assets acquired was recorded as goodwill in the amount of $17.3 million, which, for tax purposes is being amortized over 15 years, as we have made an election for income tax purposes to treat the acquisition as a taxable purchase of assets. We also recorded $3.1 million of other intangible assets and $1.9 million in core deposit intangibles (“CDI”). The intangible assets are being amortized over periods ranging from 2 to 7.5 years using straight-line methods and the CDI is being amortized over a period of 10 years using a declining balance method. Both of these items are also being amortized over 15 years for tax purposes. The goodwill and intangibles have been allocated between the WSFS Bank and Trust and Wealth Management segments.

The following table details the effect on goodwill from the changes in estimates of the fair values of the assets acquired and liabilities assumed from the amounts originally reported on the Form 10-K for the year ended December 31, 2010 (in thousands):

Goodwill resulting from CB&T acquisition reported on Form 10-K for the year ended December 31, 2010	$15,876
Effect of adjustments to:	
Loans	801
Premises and equipment	250
Other liabilities, net	350
Adjusted goodwill resulting from acquisition of CB&T as of December 31, 2011	$17,277

In accordance with FASB ASC 805, Business Combinations, and FASB ASC 350, Intangibles—Goodwill and Other, all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles are recorded at fair value. We consider our accounting policies related to goodwill and other intangible assets to be critical because the assumptions or judgment used in determining the fair value of assets and liabilities acquired in past acquisitions are subjective and complex. As a result, changes in these assumptions or judgment could have a significant impact on our financial condition or results of operations.

The fair value of acquired assets and liabilities, including the resulting goodwill, was based either on quoted market prices or provided by other third-party sources, when available. When third-party information was not available we made good-faith estimates primarily through the use of internal cash flow modeling techniques. The assumptions used in the cash flow modeling are subjective and susceptible to significant changes.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually and charged to results of operations in periods in which the recorded value is more than the estimated fair value. Intangible assets that have finite useful lives will continue to be amortized over their useful lives and are periodically evaluated for impairment. As of December 31, 2011, goodwill totaled $28.1 million compared to $26.7 million as of December 31, 2010. The majority of this goodwill, or $23.0 million, is in the WSFS Bank reporting unit and is the result of a branch acquisition in 2008 and the acquisition of CB&T during 2010. The remaining $5.1 million in is the Trust and Wealth Management reporting unit and is mainly the result of the acquisition of CB&T.

Goodwill is tested for impairment using a two-step process that begins with an estimation of fair value. The first step compares the estimated fair value of our reporting units with their carrying amounts, including goodwill. If the estimated fair value exceeds its carrying amount, goodwill is not considered

119

Explanation of Responses:

impaired. However, if the carrying amount exceeds its estimated fair value, a second step is performed comparing the implied fair value to the carrying amount of goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value.

Fair value may be determined using market prices, comparison to similar assets, market multiples, discounted cash flow analyses and other variables. Estimated cash flows extend five years into the future and, by their nature, are difficult to estimate over such an extended period of time. Factors that may significantly affect estimates include, but are not limited to, balance sheet growth assumptions, credit losses in our investment and loan portfolios, competitive pressures in our market area, changes in customer base and customer product preferences, changes in revenue growth trends, cost structure, changes in discount rates, conditions in the banking sector and general economic variables.

As of December 31, 2011, we completed the Step One test of the analysis to determine potential goodwill impairment of the WSFS Bank and Trust and Wealth Management reporting units. The valuation incorporated a market-based analysis and indicated the fair values of our WSFS Bank and Trust and Wealth Management reporting units were above their carrying amounts. Therefore, in accordance with FASB ASC 350-20-35-6, the Step Two analysis was not required.

FASB ASC 350, also requires that an acquired intangible asset be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so.

The following table summarizes other intangible assets:

		Gross Intangible Assets		Accumulated Amortization		Net Intangible Assets
		(In Thousands)				
December 31, 2011						
Core deposits	$	4,370	$	(1,393)	$	2,977
Other		4,865		(1,703)		3,162
Total other intangible assets	$	9,235	$	(3,096)	$	6,139
December 31, 2010						
Core deposits	$	4,370	$	(714)	$	3,656
Other		4,834		(1,183)		3,651
Total other intangible assets	$	9,204	$	(1,897)	$	7,307

Core deposits are amortized over their expected lives using the present value of the benefit of the core deposits and straight-line methods of amortization. We recognized amortization expense on our intangible assets of $1.2 million, $569,000, and $561,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

120

The following presents the estimated amortization expense of intangibles:

(In Thousands)	Amortization of Intangibles
2012	$ 1,092
2013	916
2014	758
2015	711
2016	465
Thereafter	2,197
Total	$ 6,139

At December 31, 2011, goodwill and other intangible assets were not considered impaired. Changing economic conditions that may adversely affect our performance and stock price could result in impairment, which could adversely affect earnings in the future.

21. NONINTEREST EXPENSES

During the year ended December 31, 2011, we recorded $780,000 in non-routine charges related to the acquisition and integration of Christiana Bank & Trust (discussed further in Note 20 of the Consolidated Financial Statements). These expenses mainly reflected salaries, benefits and other compensation, data processing and operations expenses and professional fees.

During the year ended December 31, 2010, we recorded $6.2 million of charges we consider to be non-routine as well as a recovery of $4.5 million, as follows:

- On February 19, 2010, we reported in a regulatory filing that an executive of an armored car company that served as a vendor for several of Cash Connect's customers, engaged in embezzlement. In the first quarter of 2010, we recorded a $4.5 million loss related to funds not immediately recoverable by Cash Connect. During the third quarter of 2010, we received a full recovery of the previously-recorded $4.5 million charge. The loss and subsequent recovery were reflected in noninterest expenses in the quarters they were recorded.

- $1.7 million in costs related to the acquisition and integration of Christiana Bank & Trust mainly reflected in professional fees, salaries, benefits and other compensation and data processing and operation expense.

During the year ended December 31, 2009, we incurred $6.0 million of charges we consider to be non-routine. These charges are included in Noninterest expenses in the Consolidated Statement of Operations and include the following:

- A $1.9 million charge resulting from management's decision to conduct an orderly wind-down of 1st Reverse. The charge represents the write-off of all related goodwill and intangibles, uncollectible receivables and our remaining investment in that subsidiary as well as miscellaneous payables arising during the course of winding-down this subsidiary (reflected in other operating expenses).

- A $1.7 million insurance premium charged by the FDIC representing our share of the special assessment levied on the banking industry at June 30, 2009 (reflected in FDIC expenses).

o A $1.5 million charge related to fraudulent wire transfer activity affecting the accounts of two customers ($1.3 million reflected in other operating expense and $0.2 million reflected in professional fees).

o A $953,000 expense related to due diligence on an acquisition prospect, discussions of which have terminated (reflected in professional fees).

22. STOCK AND COMMON STOCK WARRANTS

In August 2010, we completed an underwritten public offering of 1,370,000 shares of common stock. The offering was priced at $36.50 per share, a slight premium to the prior day's closing price, and raised $47.1 million net of $2.9 million of costs.

On September 24, 2009 we completed a private placement of stock to Peninsula Investment Partners, L.P. (Peninsula), pursuant to which we issued and sold 862,069 shares of common stock for a total purchase price of $25.0 million, and a 10-year warrant to purchase 129,310 shares of common stock at an exercise price of $29.00 per share. The warrant is immediately exercisable. During 2011 all shares were distributed on a pro-rata basis to the fund holders of Peninsula with the warrants being transferred to Peninsula's managing partner.

Total proceeds of $25.0 million were allocated, based on the relative fair value of common stock and common stock warrants, to common stock for $23.5 million and common stock warrants for $1.5 million on September 24, 2009.

On January 23, 2009, we entered into a purchase agreement with the U.S. Treasury pursuant to which we issued and sold 52,625 shares of our fixed-rate cumulative perpetual preferred stock for a total purchase price of $52.6 million, and a 10-year warrant to purchase 175,105 shares of common stock at an exercise price of $45.08 per share. We will pay the Treasury Department a five percent dividend annually for each of the first five years of the investment and a nine percent dividend thereafter until the shares are redeemed. The cumulative dividend for the preferred stock is accrued for and payable on February 15, May 15, August 15 and November 15 of each year. We declared and paid preferred stock dividends of $2.6 million during both 2011 and 2010.

Total proceeds of $52.6 million were allocated, based on the relative fair value of preferred stock and common stock warrants, to preferred stock for $51.9 million and common stock warrants for $693,000 respectively, on January 23, 2009. The preferred stock discount will be accreted, on an effective yield method, to preferred stock over five years. We have accreted a total of $139,000 for both years ended December, 31, 2011 and 2010, relating to the discount on preferred stock.

The preferred stock is nonvoting, except for class voting rights on certain matters that could adversely affect the shares. They may be redeemed by us for the liquidation preference ($1,000 per share), plus accrued but unpaid dividends, with the Treasury's approval. The warrant is exercisable immediately and subject to certain anti-dilution and other adjustments.

23. LEGAL PROCEEDINGS

We were served with a complaint filed in U.S. Bankruptcy Court by a bankruptcy trustee relating to a former WSFS Bank customer. The complaint challenges the Bank's actions in exercising its rights concerning an outstanding loan and also seeks to avoid and recover the pre-bankruptcy repayment of that loan. Management of the Bank believes it acted appropriately and is vigorously defending itself against the complaint. No litigation reserve has been recorded as it is not yet possible to establish the probability of, or reasonably estimate, a potential loss. Our insurance carrier has determined our future litigation defense costs are covered by an insurance policy we have for such matters.

122

On November 18, 2011, a purported class action was filed in the Delaware Superior Court for New Castle County. The Complaint challenges WSFS Bank's practices relating to its assessment and collection of overdraft fees on checking accounts. Damages are sought for the statute of limitations period applicable to the claims made in the suit, and include restitution of overdraft fees paid to WSFS Bank, actual damages allegedly sustained by customers, punitive damages, and attorney's fees. This case is nearly identical to numerous other lawsuits that have been brought by a small handful of class action litigators. We have discovered more than 120 other overdraft suits that have recently been brought against U.S. banks. No litigation reserve has been recorded as it is not yet possible to establish the probability of, or reasonably estimate, a potential loss.

We strongly believe that our overdraft practices are fair to our customers and comply fully with all applicable laws and regulations. We believe this suit is without merit and intend to vigorously defend the pending action.

There are no other significat pending legal proceedings involving us other than those arising out of routine operations. Management does not anticipate that the ultimate liability, if any, arising out of such other proceedings will have a material effect on the Consolidated Financial Statements.

24. SUBSEQUENT EVENTS

On March 14, 2012, the U.S. Treasury announced plans to offer and sell its interest in our Fixed Rate Cumulative Perpetual Preferred Stock it purchased as part of the Treasury's Troubled Asset Relief Capital Purchase Program. As this Preferred Stock is issued and outstanding, we believe the sale of these securities will not have a material impact on our Consolidated Statement of Condition. In addition, we will incur certain direct costs in connection with this offering (including legal and accounting costs) and certain incidental costs, such as potential compensation costs. We believe these costs will not have a material impact on our Consolidated Statement of Operations.

The Treasury also owns a warrant to purchase shares of our common stock. The warrant is not part of this sale.

QUARTERLY FINANCIAL SUMMARY (Unaudited)

Three months ended	12/31/2011	9/30/2011	6/30/2011	3/31/2011	12/31/2010	9/30/2010	6/30/2010	3/31/2010
(In Thousands, Except Per Share Data)								
Interest income	$ 39,585	$ 40,091	$ 39,814	$ 39,152	$ 39,812	$ 40,579	$ 41,454	$ 40,558
Interest expense	7,169	7,911	8,627	8,898	9,359	10,402	10,756	11,215
Net interest income	32,416	32,180	31,187	30,254	30,453	30,177	30,698	29,343
Provision for loan losses	6,948	6,558	8,582	5,908	9,903	9,976	10,594	11,410
Net interest income after provision for loan losses	25,468	25,622	22,605	24,346	20,550	20,201	20,104	17,933
Noninterest income	16,996	16,924	16,029	13,639	12,113	14,425	12,436	11,141
Noninterest expenses	33,026	32,412	30,652	31,387	29,868	22,092	27,739	29,633
Income (loss) before taxes	9,438	10,134	7,982	6,598	2,795	12,534	4,801	(559)
Income tax provision (benefit)	3,276	3,348	2,459	2,392	715	4,312	1,500	(1,073)
Net Income	6,162	6,786	5,523	4,206	2,080	8,222	3,301	514
	693	692	693	692	694	692	692	692

Dividends on preferred stock and accretion of discount								
Net Income (loss) allocable to common stockholders	$ 5,469	6,094	4,830	3,514	1,386	7,530	2,609	(178)
Earnings per share:								
Basic	0.63	0.71	0.56	0.41	0.16	0.95	0.37	(0.03)
Diluted	0.63	0.70	0.55	0.40	0.16	0.94	0.36	(0.03)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no matters required to be disclosed under this item.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

With the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

123

Management's Report on Internal Control Over Financial Reporting

To Our Stockholders:

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Corporation's internal control over financial reporting is designed to provide reasonable assurance to the Corporation's management and board of directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Based on this assessment, management has concluded that, as of December 31, 2011, the Corporation's internal control over financial reporting is effective based on those criteria.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements as of and for the year ended December 31, 2011 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, as stated in their reports, which are included herein.

/s/ Mark A. Turner	/s/ Stephen A. Fowle
Mark A. Turner	Stephen A. Fowle
President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

March 15, 2012

124

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
WSFS Financial Corporation:

We have audited WSFS Financial Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). WSFS Financial Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, WSFS Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of condition of WSFS Financial Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated March 15, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 15, 2012

125

During the quarter ended December 31, 2011, there was no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There are no matters required to be disclosed under this item.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Information under “Directors and Officers of WSFS Financial Corporation and Wilmington Savings Fund Society, FSB” and “Corporate Governance - Committees of the Board of Directors” in the Registrant’s definitive proxy statement for the registrant’s Annual Meeting of Stockholders to be held on April 29, 2012 (the “Proxy Statement”) is incorporated into this item by reference.

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, Controller or persons performing similar functions. A copy of the Code of Ethics is posted on our website at www.wsfsbank.com.

ITEM 11. EXECUTIVE COMPENSATION

The information under the heading “Compensation” and “Compensation of the Board of Directors” in the Proxy Statement is incorporated into this item by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

(a) Security Ownership of Certain Beneficial Owners

Information required by this item is incorporated herein by reference to the section captioned “Other Information - Large Stockholders” of the Proxy Statement

(b) Security Ownership of Management

Information required by this item is incorporated herein by reference to the section captioned “Directors and Officers of WSFS Financial Corporation and Wilmington Savings Fund Society, FSB – Ownership of WSFS Financial Corporation Common Stock” of the Proxy Statement

(c) We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of the registrant

(d) Securities Authorized for Issuance Under Equity Compensation Plans

126

Explanation of Responses:

Shown below is information as of December 31, 2011 with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

Equity Compensation Plan Information

	(a)	(b)	(c)
	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-Average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column) (a)
Equity compensation plans approved by stockholders (1)	423,558	$ 42.84	325,177
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
TOTAL	423,558	$ 42.84	325,177

(1) Plans approved by stockholders include the 1997 Stock Option Plan, as amended and the 2005 Incentive Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information under "Directors and Officers of WSFS Financial Corporation and Wilmington Savings Fund Society, FSB – Transactions with our Insiders" in the Proxy Statement is incorporated into this item by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under "Committees of the Board of Directors – Audit Committee" in the Proxy Statement is incorporated into this item by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Listed below are all financial statements and exhibits filed as part of this report, and are incorporated by reference.

1. The consolidated statements of Condition of WSFS Financial Corporation and subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2011, together with the related notes and the report of KPMG LLP, independent registered public accounting firm.

2. Schedules omitted as they are not applicable.

127

Explanation of Responses:

The following exhibits are incorporated by reference herein or annexed to this Annual Report:

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation of WSFS Financial Corporation.
3.2	Amended and Restated Bylaws of WSFS Financial Corporation, incorporated herein by reference to Exhibit 3.2 of the Registrant’s Current Report on Form 8-K filed on October 27, 2008.
3.3	Certificate of Designations for the Fixed Rate Cumulative Perpetual Preferred Stock, Series A, incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.
4.1	Form of Certificate for the Series A Preferred Stock, incorporated herein by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.
4.2	Warrant for Purchase of Shares of Common Stock, incorporated herein by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.
4.3	Warrant for Purchase of Shares of Common Stock, incorporated herein by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed on July 27, 2009.
10.1	WSFS Financial Corporation, 1994 Short Term Management Incentive Plan Summary Plan Description is incorporated herein by reference to Exhibit 10.7 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 1994.
10.2	Amended and Restated Wilmington Savings Fund Society, Federal Savings Bank 1997 Stock Option Plan is incorporated herein by reference to the Registrant’s Registration Statement on Form S-8 (File No. 333-26099) filed with the Commission on April 29, 1997.
10.3	2000 Stock Option and Temporary Severance Agreement among Wilmington Savings Fund Society, Federal Savings Bank, WSFS Financial Corporation and Marvin N. Schoenhals on February 24, 2000 is incorporated herein by reference to Exhibit 10.4 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2000.
10.4	WSFS Financial Corporation Severance Policy for Executive Vice Presidents dated February 28, 2008.

10.5 WSFS Financial Corporation’s 2005 Incentive Plan is incorporated herein by reference to appendix A of the Registrant’s Definitive Proxy Statement on Schedule 14-A for the 2005 Annual Meeting of Stockholders.

10.6 Amendment to WSFS Financial Corporation 2005 Incentive Plan for IRC 409A and FAS 123R dated December 31, 2008.

10.7 Amendment to the WSFS Financial Corporation Severance Policy for Executive Vice Presidents dated December 31, 2008.

10.8 Letter Agreement, dated January 23, 2009, between WSFS Financial Corporation and the United States Department of Treasury, with respect to the issuance and sale of the Series A Preferred Stock and the Warrant, incorporated herein by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.

10.9 Form of Waiver, executed by Messrs. Marvin N. Schoenhals, Mark A. Turner, Stephen A. Fowle, Richard M. Wright, Rodger Levenson and Mrs. Barbara J. Fischer, incorporated herein by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.

10.10 Form of Letter Agreement, executed by Messrs. Marvin N. Schoenhals, Mark A. Turner, Stephen A. Fowle, Richard M. Wright, Rodger Levenson and Mr. Barbara J. Fischer, incorporated herein by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed on January 23, 2009.

10.11 Securities Purchase Agreement, dated July 27, 2009, between WSFS Financial Corporation and Peninsula Investment Partners, L.P., incorporated herein by reference to Exhibit 10.1 of the Registrants Current Report on Form 8-K on July 27, 2009.

21 Subsidiaries of Registrant.

23 Consent of KPMG LLP

31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.1 Certification of CEO and CFO pursuant to Section 5221

101.INS XBRL Instance Document *

101.SCH XBRL Schema Document *

101.CAL XBRL Calculation Linkbase Document *

101.LAB	XBRL Labels Linkbase Document *
101.PRE	XBRL Presentation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *

* Submitted as Exhibits 101 to this Form 10-K are documents formatted in XBRL (Extensible Business Reporting Language). Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability.

Exhibits 10.1 through 10.10 represent management contracts or compensatory plan arrangements.

129

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WSFS FINANCIAL CORPORATION

Date: March 15, 2012

BY: /s/ Mark A. Turner
Mark A. Turner
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 15, 2012

BY: /s/ Marvin N. Schoenhals
Marvin N. Schoenhals
Chairman

Date: March 15, 2012

BY: /s/ Mark A. Turner
Mark A. Turner
President and Chief Executive Officer

Date: March 15, 2012

BY: /s/ Charles G. Cheleden
Charles G. Cheleden
Vice Chairman and Lead Director

Date: March 15, 2012

BY: /s/ Jennifer W. Davis
Jennifer W. Davis
Director

Date: March 15, 2012

BY: /s/ Donald W. Delson
Donald W. Delson
Director

130

Explanation of Responses:

Date: March 15, 2012 BY: /s/ Anat Bird
Anat Bird
Director

Date: March 15, 2012 BY: /s/ William B. Chandler, III
William B. Chandler, III
Director

Date: March 15, 2012 BY: /s/ Zissimos A. Frangopoulos
Zissimos A. Frangopoulos
Director

Date: March 15, 2012 BY: /s/ Dennis E. Klima
Dennis E. Klima
Director

Date: March 15, 2012 BY: /s/ Calvert A. Morgan, Jr.
Calvert A. Morgan, Jr.
Director

Date: March 15, 2012 BY: /s/ Thomas P. Preston
Thomas P. Preston
Director

Date: March 15, 2012 BY: /s/ Scott E. Reed
Scott E. Reed
Director

Date: March 15, 2012 BY: /s/ Claibourne D. Smith
Claibourne D. Smith
Director

131

131

Explanation of Responses:

Date: March 15, 2012 BY: /s/ R. Ted Weschler
R. Ted Weschler
Director

Date: March 15, 2012 BY: /s/ Stephen A. Fowle
Stephen A. Fowle
Executive Vice President and
Chief Financial Officer

Date: March 15, 2012 BY: /s/ Robert F. Mack
Robert F. Mack
Senior Vice President and Controller

132