
Letter from Management



As I interact with Associates and in our Communities, I am constantly reminded of the truth of our credo, **“what is good for our Communities is good for WSFS, and what is good for WSFS is good for our Communities.”** We are, at heart, a win/win organization in attitude, actions and outcomes.

Mark A. Turner
Chairman, President & Chief Executive Officer

To our Associates, Customers, Owners, Community Partners and Friends:

2017 was both a very good and an unusual year. In many ways we had the best year in our 186 year history. Core operating performance of a 1.21% Return on Assets (ROA) was at a record level; we integrated and optimized several past investments very well; and we greatly strengthened our culture of engagement. These are all critical ingredients that build tremendous franchise value for all of our constituents.

As a result of our strong performance, momentum and the recent tax law change, we have enhanced our outlook. *For 2018 we believe it is well within our grasp to achieve a 1.50% core ROA for the entire year.* It has been many years since even the highest quality banks have achieved that level, and we believe never in WSFS' long history has it done so.

With that being said, we had a number of year-end adjustments that negatively impacted 2017 reported earnings. These included required costs for the tax law change and other costs that were prompted by that law change. Going forward these actions will benefit WSFS. We unfortunately also had to record a modest loss related to a former Associate/Customer fraud, and a larger legal settlement from a matter we inherited from the purchase of a business in 2010. The details of these matters have been discussed in multiple communications, including in the 10-K herein. Be assured, we are aggressively pursuing reparations from the other responsible parties and expect to get most, if not all, of what we are due back. **Whenever unfortunate things happen at WSFS (and they do from time to time) we fully and quickly: take responsibility for our mistakes, fix the situation, make things right for those unduly impacted, hold the appropriate parties accountable, study and learn from the situation, and as a result, become a stronger organization.**

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Turning back to more positive matters, 2017 was fundamentally a banner year, and we ended the year with significant momentum. As highlighted, on an operating performance basis, we recorded a core ROA of 1.21% for the full year. This is well above peers, and it's even above our own prior internal expectations. To add some perspective, starting in 1Q 2013, when we recorded a core ROA of only 0.70%, we set a lofty goal of reaching a 1.20% ROA by 4Q 2018. As we made progress, and through annual iterations of our plans, we upped that goal to achieving 1.30% by 4Q 2018. **With our 1.31% core ROA performance in 4Q 2017, we achieved our enhanced goal—a full year early.** We focus most on ROA because it is a metric that all of our 1,200 Associates (the people who do the hard work and make the difference), impact on a daily basis; or more to the point, Associates impact it with each and every decision, transaction and relationship interaction. A high-quality, core, sustainable ROA, with careful capital management, which is deeply ingrained in our organization as well, also drive a high core Return on Equity, Earnings Per Share growth, and ultimately higher, sustainable per share (or franchise) value.

Achieving sustainably higher share value intrinsically means we have the trust of our Owners and can use that trust and currency to prudently invest in more great things for the benefit of all of our constituents. This is how the virtuous cycle of the business model works, and hopefully accelerates. In our democratic, free-market society, the best private sector organizations should be given the best resources to create the most good for the most people. **For that reason, it is an unstated goal of ours to be among the best, most trusted organizations in all of society.** As I interact with Associates and in our Communities, I am constantly reminded of the truth of our credo, “what is good for our Communities is good for WSFS, and what is good for WSFS is good for our Communities.” We are, at heart, a win/win organization in attitude, actions and outcomes.

The financial metrics referenced to this point are lagging indicators of success. **At WSFS we believe “that any success, including financial success, is a well-managed by-product of the success in achieving our mission.”** At WSFS, “*We Stand For Service*®.” That mission is embedded in our name, our brand, our strategy, our values and our culture. In fact, one of the reasons I believe we have been increasingly successful recently is the clear alignment, if not sameness, of our organization’s purpose all the way through to our daily decisions and actions. This heightened strategic purpose started around the turn of the century. We have doubled down on our ethos in every 3-year strategic planning cycle since then—even through the financial crisis, the Great Recession and its aftermath, when others were retreating from their strategies and core values. **Our mission all starts, very simply and emphatically, with “We” the Associates. We recruit the best, retain the best, support the best, motivate them to do their best for our Customers and Communities, reward them financially and psychologically for their goodness and success, and develop them to their personal and professional fulfillment.** “Talentship” at WSFS, or the steadfast focus on talent, leadership development, and succession planning, is the priority at all executive and board strategic meetings.

For all those reasons, I was pleased when the Board agreed to elevate Rodger Levenson to Chief Operating Officer last August; and I was indeed honored when the Board also elevated me to Chairman at the same time. I again have very big shoes to fill, following Skip Schoenhals—my multi-time, multi-year, and multi-successful predecessor. Thankfully, Rodger’s talents, experience and his expertise running the internal workings of WSFS allow me to fully focus on the CEO’s primary task—bringing the best from the outside world into the organization. With these latest leadership evolutions, the Board, Rodger, the whole senior team and I are working better together than ever. This dynamic is, in large part, responsible for both our more recent successes and our healthy optimism for the future.



Our success and our optimism are very well-founded. It has been our intense focus on Associates, Customers, and relationships that has led to not only our financial achievements, but to other independent accolades demonstrating our leading indicators of success.

These include: being named a **“Top Workplace” for 12 years in a row** in our home market, and **4 years in a row in our newer markets**; being named the **“Best Bank” 7 years running in Delaware** and being named a **top bank** or similar in our newer Pennsylvania markets after only a short period of time there. Further, the Gallup organization routinely surveys our Associates and Customers about their relationships and emotional attachment to WSFS and they have also been a tremendous partner in helping us make steady progress in our engagement journey. The last two years they have named us a **“Gallup Great Workplace”** for our consistent combination of Associate and Customer engagement as drivers of our business outcomes. Gallup has also told us we are a role model among the hundreds of clients they partner with worldwide for our continued success in executing on our Strategy of **“Engaged Associates delivering stellar experiences growing Customer Advocates and value for our Owners.”SM**

I will end with two reflections. I attended a well-known bank executive conference in late January 2018. One investment bank gave a presentation on traditional banks that were good at both organic growth and acquisition growth. They showed their outperformance versus peers since each engaged in this bi-modal strategy. We were honored to be included as an example in their presentation. **Their WSFS slide showed that our total stock price appreciation since 2000 was 1125%, as compared to the SNL Bank Index, which advanced 64% during that same time (through January 18, 2018). While this significant outperformance was lauded by the presenters as the product of a good, balanced growth strategy and execution, everyone at WSFS knows it has much, much more to do with our intense focus and execution of our engagement strategy.** While others are just beginning to recognize and act on engagement, it has taken us nearly 20 years to develop and to infuse engagement in hundreds of genuine ways in our organization. As a result, we have a very big head start over most organizations, and our strategy is both very hard to copy by our competitors and very hard for us to screw up in the short term. Our strategy’s success

has also reinforced our commitment to it. We are not only dedicated to nurturing it, but to widening our engagement strategy’s competitive advantage.

Lastly, I have on occasion said, “If I go into a coma, I hope the company misses me, but it doesn’t miss a beat.” For that to be true, we, and no organization desiring to be long-lasting, can be “person dependent.” So while we have a unique and deep culture, we are vigilant about becoming cult-like. The best way to avoid this fate is to continually embrace new ideas including opposing views, to develop new leaders with new styles, and to actively plan for the next generation to be more relevant and better than the current one. **We have a well-developed web of, and focus on, our culture, talent, leadership development and succession at WSFS.** With those, I am confident that, just as our strategy and culture were enhanced under and after Skip’s superior leadership, they will continue to be strengthened long after the current leadership team’s time has passed.

In short, your company is in many very good hands.

I encourage you to read the complementary letter from the Board, which follows this letter. Thank you for your continued faith in, and partnership with WSFS for the benefit of all.

Mark and the Team

Mark G. Turner, Thom W. King, Dominic Conner, [Signature], [Signature], Jim Marshall, Peggy H. Edmond, Thomas E. Stevenson, Scott W. Perry, Patrick Ward, Paul H. Hoagland, [Signature]

