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

FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2006

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 0-16668

WSFS FINANCIAL CORPORATION

Delaware	22-2866913
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
838 Market Street, Wilmington, Delaware	19899
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (302) 792-6000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.01
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES (X) NO ( )

The aggregate market value of the voting stock held by nonaffiliates of the registrant, based on the closing price of the registrant's common stock as quoted on the Nasdaq National Marketsm as of June 30, 2006 was $382,444,000. For purposes of this calculation only, affiliates are deemed to be directors, executive officers and beneficial owners of greater than 10% of the outstanding shares.

As of March 9, 2007, there were issued and outstanding 6,307,210 shares of the registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on April 26, 2007 are incorporated by reference in Part III hereof. Portions of the 2006 Annual Report to Shareholders are incorporated by reference in Part II.

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PART I

FORWARD-LOOKING STATEMENTS

Within this Annual Report on Form 10-K and exhibits thereto, management has included certain "forward-looking statements" concerning the future operations of WSFS Financial Corporation ("the Company", "our Company", "we", "our" or "us"). It is management's desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This statement is for the express purpose of availing the Company of the protections of such safe harbor with respect to all "forward-looking statements" contained in its financial statements. Management has used "forward-looking statements" to describe the future plans and strategies including expectations of our future financial results. Management's ability to predict results or the effect of future plans and strategy is inherently uncertain. Factors that could affect results include interest rate trends, competition, the general economic climate in Delaware, the mid-Atlantic region and the country as a whole, asset quality, loan growth, loan delinquency rates, operating risk, uncertainty of estimates in general and changes in federal and state regulations, among other factors. These factors should be considered in evaluating the "forward-looking statements," and undue reliance should not be placed on such statements. Actual results may differ materially from management expectations. We do not undertake and specifically disclaim any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

ITEM 1. BUSINESS

GENERAL

Our Company is a thrift holding company headquartered in Wilmington, Delaware. Substantially all of the our assets are held by its subsidiary, Wilmington Savings Fund Society, FSB ("WSFS Bank" or the "Bank"). Founded in 1832, we are one of the ten oldest continuously-operating banks in the United States. As a federal savings bank, which was formerly chartered as a state mutual savings bank, we enjoy broader investment powers than most other financial institutions. We have served the residents of the Delaware Valley for 175 years. We are the largest thrift institution headquartered in Delaware and the fourth largest financial institution in the state on the basis of total deposits traditionally garnered in-market. Our primary market area is the mid-mid-Atlantic region of the United States, which is characterized by a diversified manufacturing and service economy. Our long-term business strategy is to serve small and mid-size businesses through loans, deposits, investments, and related financial services, and to gather retail core deposits. Our strategic focus is to exceed customer expectations, deliver stellar service and build customer advocacy through highly trained, relationship oriented, friendly, knowledgeable, and empowered Associates.

We provide residential and commercial real estate, commercial and consumer lending services, as well as retail deposit and cash management services. In addition, we offer a variety of wealth management and personal trust services through the Bank's new division, Wilmington Advisors, which was formed in 2006. Lending activities are funded primarily with retail deposits and borrowings. The Federal Deposit Insurance Corporation ("FDIC") insures our customers' deposits to their legal maximum. We serve our customers primarily from our main office, 27 retail banking offices, loan production offices and operations centers located in Delaware and southeastern Pennsylvania. Our website is www.wsfsbank.com. We post our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports pursuant to Section 13(a) of the Exchange Act and other information relating to us on this website.

COMPETITION

We are the second largest independent full-service banking institution headquartered and operating in Delaware. We attract retail and commercial deposits primarily through our system of 27 banking offices at December 31, 2006. Nineteen of these banking offices are located in northern Delaware's New Castle County, our primary

market. In addition to our business deposits, our banking offices maintain approximately 186,000 total deposit account relationships with approximately 76,000 total households in New Castle County. Four banking offices are located in central Delaware's Kent County and two of these banking offices are located in southern Delaware's Sussex County. Two other banking offices are located in southeastern Pennsylvania. In addition to our banking offices, we also attract commercial loans through our loan production offices. We also have 258 ATMs located in Delaware.

The competition for deposit and loan products comes from other insured financial institutions such as commercial banks, thrift institutions and credit unions in our market area. Deposit competition also includes a number of insurance products sold by local agents and investment products such as mutual funds and other securities sold by local and regional brokers.

SUBSIDIARIES

WSFS Bank's subsidiary companies include WSFS Investment Group and WSFS Reit, Inc.

WSFS Investment Group, Inc. was formed in 1989 and markets various third-party investment and insurance products, such as single-premium annuities, whole life policies and securities primarily through the Bank's retail banking system and directly to the public.

WSFS Reit, Inc. is a real estate investment trust formed in 2002. It holds qualifying real estate assets and may be used in the future to raise capital.

In addition to WSFS bank, we have one other consolidated subsidiary, Montchanin Capital Management, Inc. ("Montchanin"), which was formed in late 2003 to provide asset management services in the our primary market area. Montchanin has one consolidated non-wholly owned subsidiary, Cypress Capital management, LLC. As of December 31, 2006 Montchanin owned 90% of Cypress. In January 2007, Montchanin increased its ownership in Cypress to 100%. Cypress is a Wilmington based investment advisory firm servicing high net-worth individuals and institutions and had approximately $455 million in assets under management at December 31, 2006.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY

Condensed average balance sheets for each of the last three years and analyses of net interest income and changes in net interest income due to changes in volume and rate are presented in "Results of Operations" included in the section entitled "Management's Discussion and Analysis."

INVESTMENT ACTIVITIES

Our short-term investment portfolio is intended to keep the Bank's funds fully employed at the maximum after-tax return, while maintaining acceptable credit, market and interest-rate risk limits, and providing needed liquidity under current circumstances. Book values of investment securities and short-term investments by category, stated in dollar amounts and as a percent of total assets, follow:

	December 31,					
	2006		2005		2004	
	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars in Thousands)					
Held-to-Maturity:						
Corporate bonds	$ -	-%	$ -	-%	$ 310	-%
State and political subdivisions.........	4,219	0.1	4,806	0.2	7,457	0.4
	4,219	0.1	4,806	0.2	7,767	0.4
Available-for-Sale:						
Reverse Mortgages.......................	598	-	785	-	(109)	-
State and political subdivisions.........	2,785	0.1	975	-	-	-
U.S. Government and agencies............	46,920	1.6	51,702	1.8	90,730	3.6
	50,303	1.7	53,462	1.8	90,621	3.6
Short-term investments:						
Interest-bearing deposits in other banks	243	-	148	-	531	-
	$54,765	1.8%	$ 58,416	2.0%	$ 98,919	4.0%

Proceeds from the sale of investment securities classified as available-for-sale during 2006 were $11.0 million, with a loss of $41,000 realized on these sales. Municipal bonds totaling $610,000 were called by the issuers. Proceeds from the sale of investments during 2005 and 2004 were $60.7 million and $25.0 million respectively. There was a net loss of $609,000 realized on sales in 2005 and $1,000 net gain on sales in 2004. The cost basis for all investment security sales was based on the specific identification method (actual costs are matched to specific securities). There were no sales of investment securities classified as held-to-maturity.

The following table shows the terms to maturity and related weighted average yields of investment securities and short-term investments at December 31, 2006. Substantially all of the related interest and dividends represent taxable income.

	At December 31, 2006	
	Amount	Weighted Average Yield (1)
	(Dollars In Thousands)	
Held-to-Maturity:		
State and political subdivisions (2):		
Within one year	$ 2,050	7.29%
After one but within five years	1,085	7.53

After ten years	1,084	5.35
Total debt securities, held-to-maturity	4,219	6.85
Available-for-Sale:		
Reverse Mortgages (3):		
Within one year	$ 598	-
	598	-
State and political subdivisions (2):		
Within one year	100	3.69
After one but within five years	635	3.83
After five but within ten years	2,050	4.25
	2,785	4.13
U.S. Government and agencies:		
Within one year	$38,979	2.74
After one but within five years	7,941	5.35
	46,920	3.18
Total debt securities, available-for-sale	50,303	3.20
Total debt securities	54,522	3.48
Short-term investments:		
Interest-bearing deposits in other banks	243	5.20
Total short-term investments	243	5.20
	$54,765	3.49%

(1) Reverse mortgages have been excluded from weighted average yield calculations because income can vary significantly from reporting period to reporting period due to the volatility of factors used to value the portfolio.
(2) Yields on state and political subdivisions are not calculated on a tax-equivalent basis since the effect would be immaterial.
(3) Reverse mortgages do not have contractual maturities. We have included reverse mortgages in maturities within one year.

In addition to the these investment securities, we have maintained an investment portfolio of mortgage-backed securities, $12.4 million of which is classified as "trading." At December 31, 2006 mortgage-backed securities with a par value of $183.2 million were pledged as collateral for retail customer repurchase agreements, and municipal deposits. Accrued interest receivable for mortgage-backed securities was $2.0 million and $2.4 million at December 31, 2006 and 2005, respectively. Proceeds from the sale of mortgage-backed securities available-for-sale in 2006 were $49.4 million, resulting in a loss of $1.9 million. No mortgage-backed securities were sold during 2005.

The following table shows the book value of mortgage-backed securities and their related weighted average contractual rates at the end of the last three fiscal years.

	December 31,		
	2006	2005	2004

	Amount	Rate	Amount	Rate	Amount	Rate
			(Dollars in Thousands)			
Held-to-Maturity:						
Collateralized mortgage obligations	$ -	-%	$ -	-%	$ -	-%
FHLMC	-	-	-	-	4	6.06
	$ -	-%	$ -	-%	$ 4	6.06
Available-for-Sale:						
Collateralized mortgage obligations	$ 424,748	4.88%	$526,546	4.73%	$402,513	4.38%
FNMA	42,254	4.05	49,785	3.98	59,774	3.86
FHLMC	31,121	4.29	32,211	4.05	34,731	3.80
GNMA	19,115	4.72	14,643	4.37	18,408	4.15
	$ 517,238	4.77%	$623,185	4.63%	$515,426	4.27%
Trading:						
Collateralized mortgage obligations........	$ 12,364	8.35%	$ 11,951	7.38%	$ 11,951	5.32%

CREDIT EXTENSION ACTIVITIES

Over the past several years we have focused on increasing the more profitable segments of our loan portfolio. Our current lending activity is concentrated on lending to small to mid-sized businesses in the mid-Atlantic region of the United States primarily in Delaware and contiguous counties in Pennsylvania, Maryland and New Jersey. In 2002, residential first mortgage loans comprised 45.2% of the loan portfolio, while the combination of commercial loans and commercial real estate loans made up only 41.6%. In contrast, at December 31, 2006, residential loans totaled only 23.5%, while commercial loans and commercial real estate loans have increased to a combined total of 64.8% of the loan portfolio. Traditionally, the majority of typical thrift institutions' loan portfolios have consisted of first mortgage loans on residential properties.

The following table shows the composition of our loan portfolio at year-end for the last five years.

	December 31,									
	2006		2005		2004		2003		2002	
Types of Loans	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
					(Dollars in Thousands)					
Residential real estate (1).	$ 474,871	23.5%	$ 457,651	25.8%	$ 443,023	28.9%	$ 458,408	35.1%	$ 541,465	45.2%
Commercial real estate:										
Commercial mortgage	422,089	20.9	410,552	23.1	416,287	27.1	335,050	25.7	228,089	19.1
Construction	241,931	12.0	178,418	10.1	120,604	7.9	54,742	4.2	59,555	5.0
Total commercial real estate...........	664,020	32.9	588,970	33.2	536,891	35.0	389,792	29.9	287,644	24.1
Commercial	643,918	31.9	508,930	28.6	368,752	24.0	292,516	22.4	209,567	17.5
Consumer	263,478	13.0	244,820	13.8	210,959	13.7	186,133	14.3	181,851	15.2
Gross loans	2,046,287	101.3	1,800,371	101.4	1,559,625	101.6	1,326,849	101.7	1,220,527	102.0
Less:										
(Deferred fees) unearned income	(838)	0.0	(304)	0.0	(64)	0.0	(414)	0.0	2,043	0.2
Allowance for loan losses...	27,384	1.3	25,381	1.4	24,222	1.6	22,386	1.7	21,452	1.8
Net loans	$2,019,741	100.0%	$1,775,294	100.0%	$1,535,467	100.0%	$1,304,877	100.0%	$1,197,032	100.0%

(1) Includes $925, $438, $3,249, $1,465, and $121,349 of residential mortgage loans held-for-sale at December 31, 2006, 2005, 2004, 2003, and 2002, respectively.

The following tables show how much time remains until our loans mature. The first table details the total loan portfolio by type of loan. The second table details the total loan portfolio by loans with fixed interest rates and loans with adjustable interest rates. The tables show loans by contractual maturity. Loans may be pre-paid so that the actual maturity is earlier than the contractual maturity. Prepayments tend to be highly dependent upon the interest rate environment. Loans having no stated maturity or repayment schedule are reported in the Less than One Year category.

	Less than One Year	One to Five Years	Over Five Years	Total
	(Dollars in Thousands)			
Real estate loans (1)	$ 82,287	$ 274,161	$ 539,587	$ 896,035
Construction loans	145,841	89,037	7,053	241,931
Commercial loans	246,622	223,954	173,342	643,918
Consumer loans	126,888	55,057	81,533	263,478
	$ 601,638	$ 642,209	$ 801,515	$2,045,362
Rate sensitivity::				
Fixed	$ 59,338	$ 282,265	$ 319,194	$ 660,797
Adjustable (2)	542,300	359,944	482,321	1,384,565
Gross loans	$ 601,638	$ 642,209	$ 801,515	$2,045,362

(1) Includes commercial mortgage loans; does not include loans held-for-sale.
(2) Includes hybrid adjustable rate mortgages

Residential Real Estate Lending.

We originate residential mortgage loans with loan-to-value ratios up to 100% and generally require private mortgage insurance for up to 30% of the mortgage amount for mortgage loans with loan-to-value ratios exceeding 80%. We do not have any significant concentrations of such insurance with any one insurer. On a limited basis, we originate or purchase loans with loan-to-value ratios exceeding 80% without a private mortgage insurance requirement. At December 31, 2006, the balance of all such loans was approximately $6.2 million.

Generally, our residential mortgage loans are underwritten and documented in accordance with standard underwriting criteria published by the Federal Home Loan Mortgage Corporation ("FHLMC") to assure maximum eligibility for subsequent sale in the secondary market. However, we generally retain for long-term investment in our portfolio the loans we originate. We sell only those loans that are originated specifically with the intention to sell.

To protect the propriety of our liens, we require that title insurance be obtained. We also require fire and extended coverage casualty insurance for properties securing residential loans. All properties securing residential loans made by us are appraised by independent, licensed and certified appraisers selected by us and are subject to review in accordance with our standards.

The majority of our adjustable-rate residential real estate loans have interest rates that adjust yearly after an initial period. Typically, the change in rate is limited to two percentage points at the adjustment date. Adjustments are generally based upon a margin (currently 2.75%) over the weekly average yield on U.S. Treasury securities adjusted to a constant maturity, as published by the Federal Reserve Board.

Generally, the maximum rate on these loans is up to six percent above the initial interest rate. We underwrite adjustable-rate loans under standards consistent with private mortgage insurance and secondary market criteria. We do not originate adjustable-rate mortgages with payment limitations that could produce negative amortization. Consistent with industry practice in our market area, we typically originate adjustable-rate mortgage loans with discounted initial interest rates.

The retention of adjustable-rate mortgage loans in our loan portfolio helps mitigate our risk to changes in interest rates. However, there are unquantifiable credit risks resulting from potential increased costs to the borrower as a result of repricing adjustable-rate mortgage loans. It is possible that during periods of rising interest rates, the risk of default on adjustable-rate mortgage loans may increase due to the upward adjustment of interest costs to the borrower. Further, although adjustable-rate mortgage loans allow us to increase the sensitivity of our asset base to changes in interest rates, the extent of this interest sensitivity is limited by the periodic and lifetime interest rate adjustment limitations. Accordingly, there can be no assurance that yields on our adjustable-rate mortgages will adjust sufficiently to compensate for increases to our cost of funds during periods of extreme interest rate increases.

The original contractual loan payment period for residential loans is normally 10 to 30 years. Because borrowers may refinance or prepay their loans without penalty, these loans tend to remain outstanding for a substantially shorter period of time. First mortgage loans customarily include "due-on-sale" clauses on adjustable- and fixed-rate loans. This provision gives us the right to declare a loan immediately due and payable in the event the borrower sells or otherwise disposes of the real property subject to the mortgage. Due-on-sale clauses are an important means of adjusting the rate on existing fixed-rate mortgage loans to current market rates. We enforce due-on-sale clauses through foreclosure and other legal proceedings to the extent available under applicable laws.

In general, loans are sold without recourse except for the repurchase arising from standard contract provisions covering violation of representations and warranties or, under certain investor contracts, a default by the borrower on the first payment. We also have limited recourse exposure under certain investor contracts in the event a borrower prepays a loan in total within a specified period after sale, typically one year. The recourse is limited to a pro rata portion of the premium paid by the investor for that loan, less any prepayment penalty collectible from the borrower.

Commercial Real Estate, Construction and Commercial Lending.

Federal savings banks are generally permitted to invest up to 400% of their total regulatory capital in nonresidential real estate loans and up to 20% of its assets in commercial loans. As a federal savings bank that was formerly chartered as a Delaware savings bank, we have certain additional lending authority.

We offer commercial real estate mortgage loans on multi-family properties and other commercial real estate. Generally, loan-to-value ratios for these loans do not exceed 80% of appraised value at origination.

We offer commercial construction loans to developers. In some cases these loans are made as "construction/permanent" loans, which provides for disbursement of loan funds during construction and automatic conversion to mini-permanent loans (1-5 years) upon completion of construction. These construction loans are made on a short-term basis, usually not exceeding two years, with interest rates indexed to our prime rate or London InterBank Offered Rate ("LIBOR"), in most cases, and adjusted periodically as these rates change. The loan appraisal process includes the same evaluation criteria as required for permanent mortgage loans, but also takes into consideration: completed plans, specifications, comparables and cost estimates. Prior to approval of the credit, these items are used as a basis to determine the appraised value of the subject property when completed. Our policy requires that all appraisals be reviewed independently from our commercial lending staff. Generally, the loan-to-value ratios for construction loans do not exceed 75%. The

initial interest rate on the permanent portion of the financing is determined by the prevailing market rate at the time of conversion to the permanent loan. At December 31, 2006, $369.8 million was committed for construction loans, of which $241.9 million had been disbursed.

The remainder of our commercial lending includes loans for the purpose of working capital, financing equipment acquisitions, business expansion and other business purposes. These loans generally range in amounts up to $10 million, and their terms range from less than one year to seven years. The loans generally carry variable interest rates indexed to our prime rate or LIBOR, at the time of closing. We have no loans to any one industry with a concentration greater then 12.0%.

Commercial, commercial mortgage and construction lending have a higher level of risk than residential mortgage lending. These loans typically involve larger loan balances concentrated with single borrowers or groups of related borrowers. In addition, the payment experience on loans secured by income-producing properties is typically dependent on the successful operation of the related real estate project and may be more subject to adverse conditions in the commercial real estate market or in the economy generally. The majority of our commercial and commercial real estate loans are concentrated in Delaware and surrounding areas.

Construction loans involve additional risk because loan funds are advanced as construction projects progress. The valuation of the underlying collateral can be difficult to quantify prior to the completion of the construction. This is due to uncertainties inherent in construction such as changing construction costs, delays arising from labor or material shortages and other unpredictable contingencies. We attempt to mitigate these risks and plans for these contingencies through additional analysis and monitoring of its construction projects. Construction loans receive independent inspections prior to disbursement of funds.

Federal law limits the extensions of credit to any one borrower to 15% of unimpaired capital, or 25% if the difference is secured by readily marketable collateral having a market value that can be determined by reliable and continually available pricing. Extensions of credit include outstanding loans as well as contractual commitments to advance funds, such as standby letters of credit, but do not include unfunded loan commitments. At December 31, 2006, no borrower had collective outstandings exceeding these limits.

Consumer Lending.

Our primary consumer credit products are equity-secured installment loans and home equity lines of credit. At December 31, 2006, we had equity-secured installment loans totaling $141.7 million which represented 54% of total consumer loans. A home equity line of credit grants a borrower a line of credit of up to 100% of the appraised value (net of any senior mortgages) of their residence. This line of credit is secured by a mortgage on the borrower's property and can be drawn upon at any time during the period of agreement. At December 31, 2006, we had extended $193.4 million in home equity lines of credit, of which $101.0 million had been drawn at that date. Home equity lines of credit offer potential Federal income tax advantages, the convenience of checkbook access and revolving credit features. Home equity lines of credit expose us to the risk that falling collateral values may leave us inadequately secured, while the risk on products like home equity loans is mitigated as they amortize over time. We have not yet had any significant adverse experience on home equity lines of credit.

The following shows our consumer loans at year-end, for the last five years.

	December 31,									
	2006		2005		2004		2003		2002	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Equity secured installment loans	$ 141,708	53.8%	$ 136,721	55.8%	$ 131,935	62.6%	$ 124,411	66.9%	$ 123,655	68.1%
Home equity lines of credit	100,981	38.3	87,503	35.7	56,755	26.9	39,858	21.4	31,512	17.3
Automobile	1,702	0.7	2,616	1.1	5,126	2.4	9,137	4.9	11,728	6.4
Unsecured lines of credit .	8,947	3.4	8,780	3.6	9,338	4.4	10,506	5.6	12,402	6.8
Other	10,140	3.8	9,200	3.8	7,805	3.7	2,221	1.2	2,554	1.4
Total consumer loans	$ 263,478	100%	$ 244,820	100.0%	$ 210,959	100.0%	$ 186,133	100.0%	$ 181,851	100.0%

Loan Originations, Purchase and Sales.

We have engaged in traditional lending activities primarily in Delaware and contiguous areas of neighboring states. As a federal savings bank, however, we may originate, purchase and sell loans throughout the United States. We have purchased limited amounts of loans from outside our normal lending area when such purchases are deemed appropriate. We originate fixed-rate and adjustable-rate residential real estate loans through our banking offices. In addition, we have established relationships with correspondent banks and mortgage brokers to originate loans.

During 2006, we originated $459 million of residential real estate loans. This compares to originations of $499 million in 2005. From time to time, we have purchased whole loans and loan participations in accordance with our ongoing asset and liability management objectives. Purchases of residential real estate loans from correspondents and brokers primarily in the mid-Atlantic region totaled $81.6 million for the year ended December 31, 2006 and $77.5 million for 2005. Residential real estate loan sales totaled $33 million in 2006, $39.0 million in 2005 and $51.1 million in 2004. While we generally intend to hold our loans for the foreseeable future, we sell certain newly originated mortgage loans in the secondary market primarily to control the interest rate sensitivity of our balance sheet and to manage overall balance sheet mix. We hold certain fixed-rate mortgage loans for investment consistent with our current asset/liability management strategies.

We do not originate sub-prime mortgage loans. In the past, we purchased a portfolio of sub-prime loans from a former subsidiary, of which $6.4 million is outstanding at December 31, 2006. Of these loans $235,000 are in nonaccrual status.

At December 31, 2006, we serviced approximately $266 million of residential mortgage loans for others compared to $256 million at December 31, 2005. We also service residential mortgage loans for our own portfolio totaling $453 million and $431 million at December 31, 2006 and 2005, respectively.

We originate commercial real estate and commercial loans through our commercial lending division. Commercial loans are made for the purpose of working capital, financing equipment acquisitions, business expansion and other business purposes. During 2006, we originated $711 million of commercial and commercial real estate loans compared with $597 million in 2005. To reduce our exposure on certain types of these loans, or to maintain relationships within internal lending limits at times we will sell a portion of our commercial real estate loan portfolio. Commercial real estate loan sales totaled $16.0 million and $36.6 million in 2006 and 2005, respectively. These amounts represent gross contract amounts and do not reflect amounts outstanding on those loans.

Our consumer lending activity is conducted through our branch offices and through correspondent banks and mortgage brokers. We originate a variety of consumer credit products including home improvement loans, home equity lines of credit, automobile loans, credit cards, unsecured lines of credit and other secured and unsecured personal installment loans. During 2006, consumer loan originations amounted to $18.5 million compared to $20.0 million in 2005.

During 2006, we formed a new reverse mortgage initiative. While the Bank's activity during the year has been limited to acting as a correspondent for these loans, our intention is to originate and underwrite our own reverse mortgages in the future. We expect to sell most of these loans and not to hold them in our portfolio. These reverse mortgages are government approved, insured and are endorsed by the AARP.

All loans to one borrowing relationship exceeding $3 million must be approved by the Senior Management Loan Committee ("SLC"). The Executive Committee of the Board of Directors ("EC") approves the minutes of the SLC meetings. They also approve individual loans exceeding $5 million for customers with less than one year of significant loan history with the Bank and loans in excess of $7.5 million for customers with established borrowing relationships. Depending upon their experience and management position, individual officers of the Bank have the authority to approve smaller loan amounts. Our credit policy includes a "House Limit" to one borrowing relationship of $18 million. In extraordinary circumstances, we will approve exceptions to the "House Limit".

The largest is a borrowing relationship

of $34.7 million, which the EC approved. This borrowing is secured by U.S. Treasury securities which have a value at maturity equal to or exceeding the aggregate loan payments.

Fee Income from Lending Activities.

We earn fee income from lending activities, including fees for originating loans, servicing loans and selling loan participations. We also receive fee income for making commitments to originate construction, residential and commercial real estate loans. Additionally, we collect fees related to existing loans which include prepayment charges, late charges and assumption fees.

We charge fees for making loan commitments. Also as part of the loan application process, the borrower may pay us for out-of-pocket costs to review the application, whether or not the loan is closed.

Most loan fees are not recognized in the Consolidated Statement of Operations immediately, but are deferred as adjustments of yield in accordance with U.S. generally accepted accounting principles and are reflected in interest income. Those fees represented an immaterial amount of interest income during the three years ended December 31, 2006. Loan fees other than those considered adjustments of yield (such as late charges) are reported as loan fee income, a component of noninterest income.

LOAN LOSS EXPERIENCE, PROBLEM ASSETS AND DELINQUENCIES

Our results of operations can be negatively impacted by nonperforming assets, which include nonaccruing loans, nonperforming real estate investments and assets acquired through foreclosure. Nonaccruing loans are those on which the accrual of interest has ceased. Loans are placed on nonaccrual status immediately if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more and collateral is insufficient to cover principal and interest. 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 management's assessment of the ultimate collectibility of principal and interest.

We endeavor to manage our portfolio to identify problem loans as promptly as possible and take immediate actions to minimize losses. To accomplish this, our Risk Management Department monitors the asset quality of our loan and investment in real estate portfolios and reports such information to the Credit Policy Committee, the Audit Committee of the Board of Directors and the Bank's Controller's Department.

SOURCES OF FUNDS

We manage our liquidity risk and funding needs through our treasury function and our Asset/Liability Committee. Historically, we have had success in growing our loan portfolio. For example, during the year ended December 31, 2006, net loan growth resulted in the use of $246.4 million in cash. The loan growth was primarily the result of our continued success in increasing corporate and small business lending. Management expects this trend to continue. While our loan-to-deposit ratio has been well above 100% for many years, management has significant experience managing its funding needs through borrowings and deposit growth.

As a financial institution, we have ready access to several sources of funding. Among these are:

- Deposit growth,
- The brokered deposit market,

- Borrowing from the Federal Home Loan Bank,
- Other borrowings such as repurchase agreements,
- Cash flow from securities and loan sales and repayments,
- And our net income.

Our current branch expansion and renovation program is focused on expanding our retail footprint in Delaware and attracting new customers to provide additional deposit growth. Customer deposit growth was strong, equaling $149.8 million, or 13%, between December 31, 2005 and December 31, 2006.

Deposits. We offer various deposit programs to our customers, including savings accounts, demand deposits, interest-bearing demand deposits, money market deposit accounts and certificates of deposits. In addition, we accept "jumbo" certificates of deposit with balances in excess of $100,000 from individuals, businesses and municipalities in Delaware.

WSFS is the second largest independent full service banking institution headquartered and operating in Delaware. The Bank primarily attracts deposits through its system of 27 retail banking offices (as of December 31, 2006). Nineteen banking offices were located in northern Delaware's New Castle County, WSFS' primary market. These banking offices maintain approximately 186,000 total account relationships with approximately 76,000 total households. Four banking offices are located in central Delaware's Kent County, two of which are in the state capital, Dover. Two banking offices are located in Delaware's Sussex County and two other banking offices are located in southeastern Pennsylvania.

The following table shows the maturity of certificates of deposit of $100,000 or more as of December 31, 2006:

Maturity Period	December 31, 2006 (In Thousands)
Less than 3 months	$103,751
Over 3 months to 6 months	67,282
Over 6 months to 12 months	38,567
Over 12 months	22,930
	$232,530

Borrowings. We utilize the following borrowing sources to fund operations:

Federal Home Loan Bank Advances

As a member of the Federal Home Loan Bank of Pittsburgh, we are able to obtain Federal Home Loan Bank ("FHLB") advances. Advances from the FHLB of Pittsburgh had rates ranging from 2.47% to 5.65% at December 31, 2006. Pursuant to collateral agreements with the FHLB, the advances are secured by qualifying first mortgage loans, qualifying fixed-income securities, FHLB stock and an interest-bearing demand deposit account with the FHLB. We are required to acquire and hold shares of capital stock in the FHLB of Pittsburgh in an amount at least equal to 4.65% of its borrowings from them, plus 0.65% of our unused borrowing capacity. As of December 31, 2006, our FHLB stock investment totaled $39.9 million.

Three advances are outstanding at December 31, 2006 totaling $115.0 million, with a weighted average rate of 5.15% maturing in 2008 and beyond. At the discretion of the FHLB, they are convertible quarterly to a variable rate advance based upon a three-month LIBOR rate, after an initial fixed term. If any of these advances convert, we have the option to prepay these advances at predetermined times or rates.

Trust Preferred Borrowings

On April 6, 2005, we completed the issuance of $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 which had a variable interest rate of 250 basis points over the three-month LIBOR rate.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

During 2006, we purchased federal funds as a short-term funding source. At December 31, 2006, we had purchased $50.0 million in federal funds at a rate of 5.38%. At December 31, 2005, we also had $50.0 million federal funds purchased.

During 2006, we sold securities under agreements to repurchase as a short-term funding source. At December 31, 2006, securities sold under agreements to repurchase had a fixed rate of 5.32%. The underlying securities are U.S. Government agency securities with a book value of $25.0 million at December 31, 2006.

PERSONNEL

As of December 31, 2006 we had 573 full-time equivalent Associates (employees). The Associates are not represented by a collective bargaining unit. Management believes its relationship with its Associates is very good.

REGULATION

Regulation of the Corporation

General. We are a registered savings and loan holding company and are subject to the regulation, examination, supervision and reporting requirements of the Office of Thrift Supervision ("OTS"). It is also a registered public company subject to the reporting requirements of the United States Securities and Exchange Commission. The filings we make with Securities and Exchange Commission, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, are available on the investor relations page of our website at www.wsfsbank.com.

Sarbanes-Oxley Act of 2002. Sarbanes-Oxley Act of 2002 (the "Act"). The Securities and Exchange Commission (the "SEC") has promulgated new regulations pursuant to the Sarbanes-Oxley Act of 2002 and may continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act. The passage of the Act and the regulations implemented by the SEC subject publicly-traded companies to additional and more cumbersome reporting regulations and disclosure. Compliance with the Act and corresponding regulations has increased our expenses.

Restrictions on Acquisitions. A savings and loan holding company must obtain the prior approval of the Director of OTS before acquiring, (i) control of any other savings association or savings and loan holding company or substantially all the assets thereof, or (ii) more than 5% of the voting shares of a savings association or holding company thereof which is not a subsidiary. Except with the prior approval of the Director of OTS, no director or officer of a savings and loan holding company or person owning or controlling by proxy or otherwise more than 25% of such company's stock, may also acquire control of any savings association, other than a subsidiary savings association, or of any other savings and loan holding company.

The OTS may only approve acquisitions resulting in the formation of a multiple savings and loan holding company which controls savings associations in more than one state if: (i) the company involved controls a savings

institution which operated a home or branch office in the state of the association to be acquired as of March 5, 1987; (ii) the acquirer is authorized to acquire control of the savings association pursuant to the emergency acquisition provisions of the Federal Deposit Insurance Act; or (iii) the statutes of the state in which the association to be acquired is located specifically permit institutions to be acquired by state-chartered associations or savings and loan holding companies located in the state where the acquiring entity is located (or by a holding company that controls such state-chartered savings institutions). The laws of Delaware do not specifically authorize out-of-state savings associations or their holding companies to acquire Delaware-chartered savings associations.

The statutory restrictions on the formation of interstate multiple holding companies would not prevent us from entering into other states by mergers or branching. OTS regulations permit federal associations to branch in any state or states of the United States and its territories. Except in supervisory cases or when interstate branching is otherwise permitted by state law or other statutory provision, a federal association may not establish an out-of-state branch unless the federal association qualifies as a "domestic building and loan association" under Section 7701(a)(19) of the Internal Revenue Code or as a "qualified thrift lender" under the Home Owners' Loan Act and the total assets attributable to all branches of the association in the state would qualify such branches taken as a whole for treatment as a domestic building and loan association or qualified thrift lender. Federal associations generally may not establish new branches unless the association meets or exceeds minimum regulatory capital requirements. The OTS will also consider the association's record of compliance with the Community Reinvestment Act of 1977 in connection with any branch application.

Regulation of WSFS Bank

General. As a federally chartered savings institution, the Bank is subject to extensive regulation by the Office of Thrift Supervision. The lending activities and other investments of the Bank must comply with various federal regulatory requirements. The OTS periodically examines the Bank for compliance with regulatory requirements. The FDIC also has the authority to conduct special examinations of the Bank. The Bank must file reports with Office of Thrift Supervision describing its activities and financial condition. The Bank is also subject to certain reserve requirements promulgated by the Federal Reserve Board.

Transactions with Affiliates; Tying Arrangements. The Bank is subject to certain restrictions in its dealings with us and our affiliates. Transactions between savings associations and any affiliate are governed by Sections 23A and 23B of the Federal Reserve Act. An affiliate of a savings association, generally, is any company or entity which controls or is under common control with the savings association or any subsidiary of the savings association that is a bank or savings association. In a holding company context, the parent holding company of a savings association (such as "WSFS Financial Corporation") and any companies which are controlled by such parent holding company are affiliates of the savings association. Generally, Sections 23A and 23B (i) limit the extent to which the savings institution or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such institution's capital stock and surplus, and limit the aggregate of all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus and (ii) require that all such transactions be on terms substantially the same, or at least as favorable, to the institution or subsidiary as those provided to a non-affiliate. The term "covered transaction" includes the making of loans, purchase of assets, issuance of a guarantee and similar types of transactions. In addition to the restrictions imposed by Sections 23A and 23B, no savings association may (i) lend or otherwise extend credit to an affiliate that engages in any activity impermissible for bank holding companies, or (ii) purchase or invest in any stocks, bonds, debentures, notes or similar obligations of any affiliate, except for affiliates which are subsidiaries of the savings association. Savings associations are also prohibited from extending credit, offering services, or fixing or varying the consideration for any extension of credit or service on the condition that the customer obtain some additional service from the institution or certain of its affiliates or that the customer not obtain services from a competitor of the institution, subject to certain limited exceptions.

Regulatory Capital Requirements. Under OTS capital regulations, savings institutions must maintain "tangible" capital equal to 1.5% of adjusted total assets, "Tier 1" or "core" capital equal to 4% of adjusted total assets (or 3% if the institution is rated composite 1 under the OTS examiner rating system), and "total" capital (a combination of core and "supplementary" capital) equal to 8% of risk-weighted assets. In addition, OTS regulations impose certain restrictions on savings associations that have a total risk-based capital ratio that is less than 8.0%, a ratio of Tier 1 capital to risk-weighted assets of less than 4.0% or a ratio of Tier 1 capital to adjusted total assets of less than 4.0% (or 3.0% if the institution is rated Composite 1 under the OTS examination rating system). For purposes of these regulations, Tier 1 capital has the same definition as core capital.

The OTS capital rule defines Tier 1 or core capital as common stockholders' equity (including retained earnings), noncumulative perpetual preferred stock and related surplus, minority interests in the equity accounts of fully consolidated subsidiaries, certain nonwithdrawable accounts and pledged deposits of mutual institutions and "qualifying supervisory goodwill," less intangible assets other than certain supervisory goodwill and, subject to certain limitations, mortgage and non-mortgage servicing rights, purchased credit card relationships and credit-enhancing interest only strips. Tangible capital is given the same definition as core capital but does not include qualifying supervisory goodwill and is reduced by the amount of all the savings institution's intangible assets except for limited amounts of mortgage servicing assets. The OTS capital rule requires that core and tangible capital be reduced by an amount equal to a savings institution's debt and equity investments in "non-includable" subsidiaries engaged in activities not permissible to national banks, other than subsidiaries engaged in activities undertaken as agent for customers or in mortgage banking activities and subsidiary depository institutions or their holding companies. At December 31, 2006, the Bank was in compliance with both the core and tangible capital requirements.

The risk weights assigned by the OTS risk-based capital regulation range from 0% for cash and U.S. government securities to 100% for consumer and commercial loans, non-qualifying mortgage loans, property acquired through foreclosure, assets more than 90 days past due and other assets. In determining compliance with the risk-based capital requirement, a savings institution may include both core capital and supplementary capital in its total capital, provided the amount of supplementary capital included does not exceed the savings institution's core capital. Supplementary capital is defined to include certain preferred stock issues, non-withdrawable accounts and pledged deposits that do not qualify as core capital, certain approved subordinated debt, certain other capital instruments, general loan loss allowances up to 1.25% of risk-weighted assets and up to 45% of unrealized gains on available-for-sale equity securities with readily determinable fair values. Total capital is reduced by the amount of the institution's reciprocal holdings of depository institution capital instruments and all equity investments. At December 31, 2006, WSFS Bank was in compliance with the OTS risk-based capital requirements.

Dividend Restrictions. As the subsidiary of a savings and loan holding company, WSFS bank must submit notice to the OTS prior to making any capital distribution (which includes cash dividends and payments to shareholders of another institution in a cash merger). In addition, a savings association must make application to the OTS to pay a capital distribution if (x) the association would not be adequately capitalized following the distribution, (y) the association's total distributions for the calendar year exceeds the association's net income for the calendar year to date plus its net income (less distributions) for the preceding two years, or (z) the distribution would otherwise violate applicable law or regulation or an agreement with or condition imposed by the OTS.

Insurance of Deposit Accounts. The Bank's deposits are insured to applicable limits by the FDIC. Although the FDIC is authorized to assess premiums under a risk-based system for such deposit insurance, most insured depository institutions have not been required to pay premiums for the last ten years. The Federal Deposit Insurance Reform Act of 2005 (the "Reform Act"), which was signed into law on February 15, 2006, resulted in significant changes to the federal deposit insurance program: (i) effective March 31, 2006, the Bank Insurance Fund and the Savings Association Insurance Fund were merged into a new combined fund, called the Deposit Insurance Fund; (ii) the current $100,000 deposit insurance coverage will be indexed for inflation (with adjustments every five years, commencing January 1, 2011); and (iii) deposit insurance coverage for retirement accounts was increased to $250,000 per participant subject to adjustment for inflation. In addition, the Reform

Act gave the FDIC greater latitude in setting the assessment rates for insured depository institutions, which could be used to impose minimum assessments.

The FDIC is authorized to set the reserve ratio for the Deposit Insurance Fund annually at between 1.15% and 1.5% of estimated insured deposits. If the Deposit Insurance Fund's reserves exceed the designated reserve ratio, the FDIC is required to pay out all or, if the reserve ratio is less than 1.5%, a portion of the excess as a dividend to insured depository institutions based on the percentage of insured deposits held on December 31, 1996 adjusted for subsequently paid premiums. Insured depository institutions that were in existence on December 31, 1996 and paid assessments prior to that date (or their successors) are entitled to a one-time credit against future assessments based on the amount of their assessable deposits on that date. We anticipate that we will be able to offset most of our deposit insurance premium for 2007 with the special assessment credit.

Pursuant to the Reform Act, the FDIC has maintained the designated reserve ratio at 1.25%. The FDIC has also adopted a new risk-based premium system that provides for quarterly assessments based on an insured institution's ranking in one of four risk categories based on their examination ratings and capital ratios. Beginning in 2007, well-capitalized institutions with a CAMELS ("Capital, Assets, Management, Earnings, Liquidity and Sensitivity to market risk") rating of 1 or 2 will be grouped in Risk Category I and will be assessed for deposit insurance at an annual rate of between five and seven basis points, with the assessment rate for an individual institution to be determined according to a formula based on a weighted average of the institution's individual CAMEL component ratings, plus either five financial ratios or the average ratings of its long-term debt. Institutions in Risk Categories II, III and IV will be assessed at annual rates of 10, 28 and 43 basis points, respectively.

In addition, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds issued by the Financing Corporation ("FICO"), an agency of the Federal government established to recapitalize the predecessor to the SAIF. The FICO assessment rates, which are determined quarterly, averaged 0.013% of insured deposits in fiscal 2006. These assessments will continue until the FICO bonds mature in 2017.

Federal Reserve System. Pursuant to regulations of the Federal Reserve Board, a savings institution must maintain average daily reserves equal to 3% on the first $42.1 million of transaction accounts, plus 10% on the remainder. This percentage is subject to adjustment by the Federal Reserve Board. Because required reserves must be maintained in the form of vault cash or in a non-interest bearing account at a Federal Reserve Bank, the effect of the reserve requirement may reduce the amount of an institution's interest-earning assets. As of December 31, 2005 we met our reserve requirements.

ITEM 1A. RISK FACTORS

The following are certain risks that management believes are specific to our business. This should not be viewed as an all inclusive list and the order is not intended as an indicator of the level of importance.

Future loan losses may negatively impact the Company

We are subject to credit risk, which is the risk of losing principal or interest due to borrowers' failure to repay loans in accordance with their terms. A downturn in the economy or the real estate market in our market areas or a rapid change in interest rates could have a negative effect on collateral values and borrowers' ability to repay. This deterioration in economic conditions could result in losses to us. To the extent loans are not paid timely by borrowers, the loans are placed on non-accrual, thereby reducing interest income.

Rapidly changing interest rate environments could reduce our profitability

Interest and fees on loans and securities, net of interest paid on deposits and borrowings, are a large part of our net income. Interest rates are key drivers of our net interest margin and subject to many factors beyond the control of management. As interest rates change, net interest income is affected. Rapid increases or decreases in interest rates in the future could negatively impact our net interest margin.

Liquidity risk

Due to our continued success in our lending operations, particularly in corporate and small business lending, our loans have exceeded customer deposit funding. Changes in interest rates or alternative investment opportunities and other factors may make deposit gathering more difficult. Additionally, interest rate changes or disruptions in the capital market may make the terms of the borrowings and brokered deposits less favorable. As a result, there is a risk that we will not have funds to meet our obligations when they come due. Interest rate and liquidity risk is managed by our Asset/Liability Committee ("ALCO"). While our loan-to-deposit ratio has been well above 100% for many years, management has significant experience managing its funding needs through borrowings and deposit growth. A liquidity crisis plan has been developed and is an important part of our liquidity management.

The financial services industry is very competitive

We face competition in attracting and retaining deposits, making loans, and providing other financial services throughout our market area. Our competitors include other community banks, larger banking institutions, and a wide range of other financial institutions such as credit unions, government-sponsored enterprises, mutual fund companies, insurance companies and other non-bank businesses. Many of these competitors have substantially greater resources than us. If we are unable to compete effectively, we will lose market share and will have less income from deposits and loans, which will negatively impact our net interest margin. Profitability of other products may be reduced as well.

Adverse changes in the economic growth and vitality in our banking markets may negatively impact us

Our business is closely tied to the economies of Delaware and the contiguous counties outside of Delaware. A sustained economic downturn could adversely affect our net income.

We are subject to extensive regulation

Our operations are subject to extensive regulation by federal banking authorities which impose requirements and restrictions on our operations. The impact of changes to laws and regulations or other actions by regulatory agencies could make regulatory compliance more difficult or expensive for us and could adversely affect our net income.

We may not be able to achieve our growth plans or effectively manage its growth

There can be no assurance that growth opportunities will be available or that growth will be successfully managed. This includes, but is not limited to, growth in generating loans and gathering deposits. Due to our investment in future growth, failure to obtain sufficient growth would negatively effect our net income.

Inability to hire or retain certain key professionals, management and staff could adversely affect our revenues and net income

We rely on key personnel to manage and operate our business, including major revenue generating functions such as our loan and deposit portfolios. The loss of key staff may adversely affect our ability to maintain and manage these portfolios effectively, which could negatively effect our revenues. In addition, loss of key personnel could result in increased recruiting and hiring expenses, which could cause a decrease in our net income.

We continually encounter technological change

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Our largest competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on our business and, in turn, our financial condition and our net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table shows information regarding offices and material properties held by us, and our subsidiaries, at December 31, 2006.

Location	Owned/ Leased	Date Lease Expires	Net Book Value Of Property or Leasehold Improvements (1)	Deposits
			(In Thousands)	
WSFS:				
Main Office (2) 9th & Market Streets Wilmington, DE 19899	Owned		$1,330	$769,286
Union Street Branch 3rd & Union Streets Wilmington, DE 19805	Leased	2008	67	45,078
Trolley Square Branch 1711 Delaware Avenue Wilmington, DE 19806	Leased	2011	11	32,356
Fairfax Shopping Center Branch (12) 2005 Concord Pike Wilmington, DE 19803	Leased	2008	785	69,286
Branmar Plaza Shopping Center Branch 1812 Marsh Road Wilmington, DE 19810	Leased	2008	80	82,705
Prices Corner Shopping Center Branch 3202 Kirkwood Highway Wilmington, DE 19808	Leased	2008	18	100,457
Pike Creek Shopping Center Branch New Linden Hill & Limestone Roads Wilmington, DE 19808	Leased	2015	830	83,129
University Plaza Shopping Center Branch I-95 & Route 273 Newark, DE 19712	Leased	2026	1,267	44,872
College Square Shopping Center Branch (3) Route 273 & Liberty Avenue Newark, DE 19711	Leased	2012	140	79,058
Airport Plaza Shopping Center Branch 144 N. DuPont Hwy. New Castle, DE 19720	Leased	2013	705	68,882

Location	Owned/ Leased	Date Lease Expires	Net Book Value Of Property or Leasehold Improvements (1)	Deposits
			(In Thousands)	
WSFS (continued...):				
Stanton Branch Inside ShopRite at First State Plaza	Leased	2011	5	17,268

1600 W. Newport Pike Wilmington, DE 19804				
Glasgow Branch Inside Genuardi's at Peoples Plaza Routes 40 & 896 Newark, DE 19804	Leased	2008	40	23,139
Middletown Crossing Shopping Center Route 299 and Silver Lake Road Middletown, DE 19709	Leased	2017	1,151	32,806
Dover Branch Inside Metro Food Market Rt 134 & White Oak Road Dover, DE 19901	Leased	2010	17	17,323
West Dover Loan Office Greentree Office Center 160 Greentree Drive Suite 105 Dover, DE 19904	Leased	2009	6	108
Blue Bell Loan Office 550 Township Line Road Suite 400 Blue Bell, PA 19422	Leased	2008	-	11,770
Glen Eagle Branch Inside Genaurdi's Family Market 475 Glen Eagle Square Glen Mills, PA 19342	Leased	2008	77	9,161
University of Delaware-Trabant University Center 17 West Main Street Newark, DE 19716	Leased	2008	105	10,354
Brandywine Branch Inside Genaurdi's Family Market 2522 Foulk Road Wilmington, DE 19810	Leased	2009	72	21,962
Wal-Mart Branch Route 40 & Wilton Boulevard New Castle, DE 19720	Leased	2009	225	7,213
Operations Center 2400 Philadelphia Pike Wilmington, DE 19703	Owned		777	N/A
Longwood Branch 830 E. Baltimore Pike E. Marlborough, PA 19348	Leased	2010	90	7,634
Holly Oak Branch Inside Superfresh 2105 Philadelphia Pike Claymont, DE 19703	Leased	2010	75	17,372
Hockessin Branch 7450 Lancaster Pike Hockessin, DE 19707	Leased	2015	618	54,143
Lewes Loan Center Southpointe Professional Center 1515 Savannah Road, Suite 103 Lewes Beach, DE 19958	Leased	2008	94	24,835

Location	Owned/ Leased	Date Lease Expires	Net Book Value of Property or Leasehold Improvements (1)	Deposits
			(In Thousands)	
WSFS (continued...):				
Fox Run Shopping Center Bear, DE	Leased	2015	1,040	27,359
Camden Town Center 4566 S. Dupont Highway Camden, DE 19934	Leased	2024	1,109	23,860
Rehoboth Lighthouse Plaza Route #1 Rehoboth, DE 19971	Leased	2028	980	41,038
Loan Operations 30 Blue Hen Drive, Suite 200 Newark, DE 19713	Leased	2007	50	N/A

Location	Owned/ Leased	Date Lease Expires	Net Book Value of Property or Leasehold Improvements (1)	Deposits
West Dover 1486 Forest Avenue Dover, DE 19904	Owned		2,281	13,723
Longneck 24985 John J. Williams Highway Millsboro, DE 19966	Leased	2026	1,388	15,398
Smyrna (4) 231 S. DuPont Parkway Smyrna, DE 19977	Leased	2007	15	4,547
Smyrna (5) Simon's Corner Shopping Center 1300 South DuPont Highway Smyrna, DE 19977	Leased	2026	112	N/A
Oxford, LPO 59 South Third Street Oxford, PA 19363	Leased	2011	3	226
Greenville, LPO (6) 3908 Kennet Pike Greenville, DE 19807	Leased	2017	5	N/A
WSFS Bank Center Branch (7) 500 Delaware Avenue Wilmington, DE 19801	Leased	2011	544	N/A
Market Street Branch (8) 833 Market Street Wilmington, DE 19801	Leased	2008	-	N/A
Montchanin Capital Management, Inc. 1220 Market Street Suite 705 Wilmington, DE 19801	Leased	2010	18	N/A
Cypress Capital Management, LLC 1220 Market Street Suite 704 Wilmington, DE 19801	Leased	2010	5	N/A
WSFS Reit, Inc. 227 East Main Street Elkton, MD 21921	Leased	2007	-	N/A
Friess Building (9) (10) 3908 Kennett Pike Greenville, DE Property	Owned		1,816	N/A

Location	Owned/ Leased	Date Lease Expires	Net Book Value of Property or Leasehold Improvements (1)	Deposits
			(In Thousands)	
WSFS Reit, Inc. (continued...):				
Fairfax Building 2005 Concord Pike Wilmington, DE 19801	Owned		6,085	N/A
WSFS Bank Center (11) 500 Delaware Avenue Wilmington, DE 19801	Leased	2019	640	N/A
				$ 1,756,348

(1) The net book value of our investment in premise and equipment totaled $30.2 million at December 31, 2006.

(2) Includes location of executive offices.

(3) Includes our education and development center and the operations of CashConnect.

(4) Temporary location for branch until permanent branch is completed. The permanent branch is expected to be completed in October 2007.

(5) Permanent location under construction as of December 31, 2006. Construction is expected to be completed in October 2007.

(6) WSFS Bank leases this location from WSFS Reit, Inc. Under renovation as of December 31, 2006. Expected to be completed in March 2007.

(7) Branch under construction as of December 31, 2006. The branch opened for business on January 4, 2007.

(8) Temporary location for branch until permanent location is completed. The permanent branch is expected to be completed in 2008.
(9) Property transferred to WSFS Reit, Inc. in 2002.
(10) Transferred to real estate held for Investment in October 2005.
(11) New headquarters building under construction at December 31, 2006. Lease begins in January 2007. Occupancy is scheduled for March 2007. We have a minority ownership in this property.
(12) Owned by WSFS Reit, Inc.

ITEM 3. LEGAL PROCEEDINGS

There are no material legal proceedings to be disclosed under this item.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the stockholders during the fourth quarter of the fiscal year ended December 31, 2006 through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information under "Market for Registrant's Common Equity and Related Stockholder Matters" in the WSFS Financial Corporation 2006 Annual Report to Stockholders (filed as Exhibit 13 to this Form 10-K) is incorporated into this item by reference.

ITEM 6. SELECTED FINANCIAL DATA

	2006	2005	2004	2003	2002
	(Dollars in Thousands, Except Per Share Data)				
At December 31,					
Total assets	$ 2,997,396	$ 2,846,752	$ 2,502,956	$ 2,207,077	$ 1,705,000
Net loans (1)	2,019,741	1,775,294	1,535,467	1,304,877	1,197,032
Investment securities (2)	53,893	56,704	97,485	116,292	21,777
Investment in reverse mortgages, net	598	785	(109)	193	1,131
Other investments	41,615	46,466	44,477	44,771	93,500
Mortgage-backed securities (2)	516,711	620,323	524,144	530,552	148,238
Deposits	1,756,348	1,446,236	1,234,962	923,333	898,396
Borrowings (3)	935,668	1,127,997	1,002,609	1,031,058	466,006
Trust preferred borrowings	67,011	67,011	51,547	50,000	50,000
Stockholders' equity	212,059	181,975	196,303	187,992	182,672
Number of full-service branches (4) .	27	24	24	23	21
For the Year Ended December 31,					
Interest income	$ 177,177	$ 136,022	$ 104,110	$ 89,299	$ 94,703
Interest expense	99,278	62,380	37,246	31,301	33,434
Noninterest income	40,305	34,653	31,950	26,166	124,060
Noninterest expenses	69,314	62,877	55,699	49,417	51,617
Income from continuing operations ...	30,441	27,856	25,757	21,233	88,018
Net income	30,441	27,856	25,900	63,022	101,141
Earnings per share:					
Basic:					
Income from continuing operations	$ 4.59	$ 4.10	$ 3.60	$ 2.73	$ 9.69
Net income	4.59	4.10	3.62	8.11	11.13
Diluted:					
Income from continuing operations	4.41	3.89	3.39	2.58	9.34
Net income	4.41	3.89	3.41	7.65	10.73
Interest rate spread	2.70%	2.91%	3.07%	3.02%	4.97%
Net interest margin	2.98	3.13	3.24	3.29	4.93
Return on average equity (5)	15.42	14.78	13.54	10.60	70.69
Return on average assets (5)	1.03	1.05	1.10	1.09	6.22
Average equity to average assets (5) ..	6.68	7.10	8.13	10.28	8.79

(1) Includes loans held-for-sale.
(2) Includes securities available-for-sale.
(3) Borrowings consist of FHLB advances, securities sold under agreement to repurchase and other borrowed funds.
(4) WSFS opened three branches in 2006, opened one branch in 2004, opened two branches in 2003, and transferred six branches to other financial institutions in 2002.

(5) Based on continuing operations.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the WSFS Financial Corporation 2006 Annual Report (filed as Exhibit 13 to this Form 10-K) is incorporated into this item by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under "Market Risk" in the WSFS Financial Corporation 2006 Annual Report (filed as Exhibit 13 to this Form 10-K) is incorporated into this item by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DISCLOSURES

Our financial statements listed under Item 15 of this Form 10-K and contained in the WSFS Financial Corporation 2006 Annual Report (filed as Exhibit 13 to this Form 10-K) are incorporated into this item by reference.

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

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, 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

Management's report on our internal control over financial reporting appears in the WSFS Financial Corporation 2006 Annual Report (filed as Exhibit 13 to this Form 10-K) and is incorporated into this item by reference.

The attestation report of KPMG LLP on management's assessment of internal control over financial reporting appears in the WSFS Financial Corporation 2006 Annual Report (filed as Exhibit 13 to this Form 10-K) and is incorporated into this item by reference.

During the quarter ended December 31, 2006, 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 AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Information under "Section 16a Beneficial Ownership Reporting Compliance" and "Proposal 1 - Election of Directors" in the Registrant's definitive proxy statement for the registrant's Annual Meeting of Stockholders to be held on April 26, 2007 (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 "Proposal I - Election 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 "Voting Securities and Principal Holders Thereof" of the Proxy Statement

(b) Security Ownership of Management

Information required by this item is incorporated herein by reference to the section captioned "Proposal 1 Election of Directors - Stock Ownership of Management" 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

Shown below is information as of December 31, 2006 with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

Equity Compensation Plan Information

(a) Number of Securities to be issued upon exercise of outstanding Options and Phantom Stock Awards	(b) Weighted-Average exercise price of outstanding Options and Phantom Stock Awards	(c) 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)	700,427	$ 39.50	70,212
Equity compensation plans not approved by stockholders	n/a	n/a	n/a
TOTAL	700,427	$ 39.50	70,212

(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

The information under "Business Relationships and Related Transactions" in the Proxy Statement is incorporated into this item by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under "Independent Public Accountants" in the Proxy Statement is incorporated into this item by reference.

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, 2006 and 2005, 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, 2006, together with the related notes and the independent auditors' report of KPMG LLP, independent registered public accounting firm.

2. Schedules omitted as they are not applicable.

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

Exhibit Number	Description of Document
3.1	Registrant's Certificate of Incorporation, as amended is incorporated herein by reference to Exhibit 3.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.
3.2	Amended and Restated Bylaws of WSFS Financial Corporation, incorporated herein by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003.
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	Severance Policy among Wilmington Savings Fund Society, Federal Savings Bank and certain Executives dated March 13, 2001, as amended is incorporated herein by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.
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.
13	Portions of the Corporation's 2004 Annual Report to Shareholders
21	Subsidiaries of Registrant.
23	Consent of KPMG LLP

31	Certification pursuant to Rule 13a-14 of the Exchange Act
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibits 10.1 through 10.4.1 represent management contracts or compensatory plan arrangements.

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 7, 2007

BY: /s/ Marvin N. Schoenhals

Marvin N. Schoenhals
Chairman and President

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 7, 2007	BY: /s/ Marvin N. Schoenhals Marvin N. Schoenhals Chairman and President
Date: March 7, 2007	BY: /s/ Charles G. Cheleden Charles G. Cheleden Vice Chairman and Director
Date: March 7, 2007	BY: /s/ John F. Downey

John F. Downey
Director

Date: March 7, 2007 BY: /s/ Linda C. Drake

Linda C. Drake
Director

Date: March 7, 2007 BY: /s/ David E. Hollowell

David E. Hollowell
Director

Date: March 7, 2007 BY: /s/ Joseph R. Julian

Joseph R. Julian
Director

Date: March 7, 2007 BY: /s/ Dennis E. Klima

Dennis E. Klima
Director

Date: March 7, 2007 BY: /s/ Calvert A. Morgan, Jr.

Calvert A. Morgan, Jr.
Director

Date: March 7, 2007 BY: /s/ Thomas P. Preston

Thomas P. Preston
Director

Date: March 7, 2007 BY: /s/ Scott E. Reed

Scott E. Reed
Director

Date: March 7, 2007 BY: /s/ Claibourne D. Smith

Claibourne D. Smith
Director

Date: March 7, 2007 BY: /s/ R. Ted Weschler

R. Ted Weschler
Director

Date: March 7, 2007 BY: /s/ Stephen A. Fowle

Stephen A. Fowle
Executive Vice President and
Chief Financial Officer

Date: March 7, 2007 BY: /s/ Robert F. Mack

Robert F. Mack
Senior Vice President and Controller

Exhibit 13

Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

WSFS Financial Corporation (Company or Corporation) is a thrift holding company headquartered in Wilmington, Delaware. Substantially all of the Corporation's assets are held by its subsidiary, Wilmington Savings Fund Society, FSB (Bank or WSFS). Founded in 1832, WSFS is one of the ten oldest continuously-operating banks in the United States. As a federal savings bank that was formerly chartered as a state mutual savings bank, WSFS enjoys broader investment powers than most other financial institutions. WSFS has served the residents of the Delaware Valley for 175 years. WSFS is the largest thrift institution headquartered in Delaware and the fourth largest financial institution in the state on the basis of total deposits traditionally garnered in-market. The Corporation's primary market area is the mid-Atlantic region of the United States that is characterized by a diversified manufacturing and service economy. The long-term strategy of the Corporation is to improve its status as a high-performing financial services company by focusing on its core community banking business.

WSFS provides residential and commercial real estate, commercial and consumer lending services, as well as retail deposit and cash management services. In addition, WSFS provides wealth management and personal trust services through its new division, Wilmington Advisors, which was formed during 2006. Lending activities are funded primarily with retail deposits and borrowings. The Federal Deposit Insurance Corporation (FDIC) insures deposits to their legal maximum. WSFS serves customers primarily from its main office and 27 retail banking offices located in Delaware and southeastern Pennsylvania.

The Corporation has two consolidated subsidiaries, WSFS and Montchanin Capital Management, Inc. (Montchanin). The Corporation also has one unconsolidated affiliate, WSFS Capital Trust III. Fully-owned and continuing consolidated subsidiaries of WSFS include WSFS Investment Group, Inc., which markets various third-party insurance products and securities through WSFS' retail banking system, and WSFS Reit, Inc., which holds qualifying real estate assets and may be used in the future to raise capital.

Montchanin has one consolidated non-wholly owned subsidiary, Cypress Capital Management, LLC (Cypress). Cypress, a 90% owned subsidiary, is a Wilmington-based investment advisory firm serving high net-worth individuals and institutions. Cypress had approximately $455 million in assets under management at December 31, 2006.

WSFS Credit Corporation (WCC), a consolidated subsidiary of the Bank, which was engaged primarily in indirect auto financing and vehicle leasing, discontinued operations in 2000. More information is provided in the Discontinued Operations section of Management's Discussion and Analysis and Note 2 to the Financial Statements.

FORWARD-LOOKING STATEMENTS

Within this annual report and financial statements, management has included certain "forward-looking statements" concerning the future operations of the Corporation. Statements contained in this annual report which are not historical facts, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. It is management's desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This statement is for the express purpose of availing the Corporation of the protections of such safe harbor with respect to all "forward-looking statements." Management has used "forward-looking statements" to describe future plans and strategies and expectations of the Corporation's future financial results. Management's ability to predict results or the effect or success of future plans and strategies is inherently uncertain. Factors that could affect results include interest rate trends, competition, the general economic climate in Delaware, the mid-Atlantic region and the country as a whole, asset quality, loan growth, loan delinquency rates, operating risk, uncertainty of estimates in general, and changes in federal and state regulations, among other factors. These factors should be considered in evaluating the "forward-looking statements," and undue reliance should not be placed on such statements. Actual results may differ materially from management expectations. WSFS Financial Corporation does not undertake, and specifically disclaims any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

RESULTS OF OPERATIONS

WSFS Financial Corporation recorded net income of $30.4 million for the year ended December 31, 2006, compared to $27.9 million and $25.9 million in 2005 and 2004, respectively. Income from continuing operations was $30.4 million, $27.9 million and $25.8 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Net Interest Income. Net interest income increased $4.3 million, or 6%, to $77.9 million in 2006 compared to $73.6 million in 2005. Total interest income earned on assets increased $41.2 million, due to the combination of higher amounts of earning assets and higher rates. During the year, the yield on loans increased 101 basis points while the yield on mortgage-backed securities increased 35 basis points. Interest expense increased $36.9 million due to higher amounts of interest-bearing deposits and borrowings to fund the increase in earning assets as well as higher rates. The higher rates on both earning assets and interest-bearing liabilities were the result of higher prevailing rates during 2006.

The net interest margin ratio of 2.98% for 2006 declined from 3.13% in 2005. This ratio was negatively impacted by a flattening yield curve, growth in the Company's CashConnect (ATM) division (revenues related to cash outstanding for this business is recorded as fee income rather than interest income, while the cost of funding these balances is charged to interest expense) and aggressive competition for deposits.

Net interest income was negatively impacted in 2005 when the Company refinanced $51.5 million of Floating Rate Capital Trust I Preferred Securities, which carried an interest rate of 250 basis points over the three-month London InterBank Offered Rate (LIBOR) and issued $67.0 million aggregate principal amount of Pooled Floating Rate Capital Securities, at LIBOR plus 177 basis points. In conjunction with the refinancing, the Company incurred a $1.1 million (pretax) non-cash charge from the write down of unamortized debt issuance costs.

Net interest income increased $6.8 million, or 10%, to $73.6 million in 2005 compared to $66.9 million in 2004. Total interest income increased $31.9 million between 2004 and 2005, primarily due to growth in loans and the increased yield on loans and mortgage-backed securities. Total interest expense, excluding the expense to fund discontinued operations, increased $25.1 million from 2004 to 2005 primarily due to an increase in deposits and borrowings used to fund the loan growth. The average rate paid on Federal Home Loan Bank (FHLB) advances increased 71 basis points, as lower costing advances matured during the year and were replaced at higher rates.

The following table sets forth certain information regarding changes in net interest income attributable to changes in the volumes of interest-earning assets and interest-bearing liabilities and changes in the rates for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on the changes that are attributable to: (i) changes in volume (change in volume multiplied by prior year rate); (ii) changes in rates (change in rate multiplied by prior year volume on each category); and (iii) net change (the sum of the change in volume and the change in rate). Changes due to the combination of rate and volume changes (changes in volume multiplied by changes in rate) are allocated proportionately between changes in rate and changes in volume.

Year Ended December 31,	
2006 vs. 2005	2005 vs. 2004

	Volume	Rate	Net	Volume	Rate	Net
			(Dollars in Thousands)			
Interest income:						
Commercial real estate loans	$ 4,549	$ 7,985	$12,534	$ 8,307	$ 6,493	$14,800
Residential real estate loans	2,367	1,546	3,913	(564)	(454)	(1,018)
Commercial loans (1)	10,832	6,780	17,612	5,813	6,078	11,891
Consumer loans	2,590	1,411	4,001	1,234	652	1,886
Loans held-for-sale	(55)	(15)	(70)	(10)	(11)	(21)
Mortgage-backed securities	703	2,054	2,757	2,744	2,617	5,361
Investment securities	(1,413)	723	(690)	(914)	(774)	(1,688)
Other	97	1,001	1,098	17	684	701
Favorable (unfavorable)	19,670	21,485	41,155	16,627	15,285	31,912
Interest expense:						
Deposits:						
Interest-bearing demand	35	453	488	69	35	104
Money market	1,420	2,833	4,253	2,117	1,055	3,172
Savings	(224)	723	499	(180)	661	481
Retail time deposits	3,302	3,909	7,211	1,141	1,955	3,096
Jumbo certificates of deposit - nonretail	1,586	1,140	2,726	(69)	675	606
Brokered certificates of deposit	2,118	3,722	5,840	2,852	1,984	4,836
FHLB of Pittsburgh advances	3,286	11,919	15,205	782	6,300	7,082
Trust preferred borrowings	319	(558)	(239)	596	2,512	3,108
Other borrowed funds	(1,404)	2,305	901	(213)	2,715	2,502
Cost of funding discontinued operations ...	7	7	14	74	73	147
Unfavorable (favorable)	10,445	26,453	36,898	7,169	17,965	25,134
Net change as reported	$ 9,225	$(4,968)	$ 4,257	$ 9,458	$(2,680)	$ 6,778

(1) The tax-equivalent income adjustment is related to commercial loans.

The following table provides information regarding the average balances of, and yields/rates on interest-earning assets and interest-bearing liabilities during the periods indicated:

	Year Ended December 31,								
	2006			2005			2004		
	Average Balance	Interest	Yield/ Rate (1)	Average Balance	Interest	Yield/ Rate(1)	Average Balance	Interest	Yield/ Rate(1)
		(Dollars in Thousands)							
Assets									
Interest-earning assets:									
Loans (2) (3):									
Commercial real estate loans ...	$ 635,133	$ 52,095	8.20%	$ 573,566	$ 39,561	6.90%	$ 438,395	$ 24,761	5.56%
Residential real estate loans...	480,307	26,458	5.51	436,373	22,545	5.17	446,910	23,563	5.27
Commercial loans	582,546	45,973	7.97	439,375	28,361	6.62	340,611	16,470	5.08
Consumer loans.................	258,946	19,052	7.36	222,679	15,051	6.76	204,122	13,165	6.45
Total loans.................	1,956,932	143,578	7.39	1,671,993	105,518	6.38	1,430,038	77,959	5.53
Mortgage-backed securities (4)....	591,021	28,444	4.81	575,580	25,687	4.46	510,965	20,326	3.98
Loans held-for-sale (3)...........	1,001	51	5.09	2,032	121	5.95	2,188	142	6.49
Investment securities (4).........	55,004	2,568	4.67	88,094	3,258	3.70	110,567	4,946	4.47
Other interest-earning assets.....	51,144	2,536	4.96	48,077	1,438	2.99	47,010	737	1.57
Total interest-earning assets.....................	2,655,102	177,177	6.72	2,385,776	136,022	5.75	2,100,768	104,110	5.01
Allowance for loan losses...........	(26,491)			(24,909)			(23,357)		
Cash and due from banks.............	57,771			53,434			52,332		
Cash in non-owned ATMs..............	153,060			133,235			116,953		
Bank-owned life insurance...........	53,137			53,137			48,400		
Loans, operating leases and other assets of discontinued operations	-			531			4,660		
Other noninterest-earning assets ...	63,793			55,000			45,338		
Total assets................	$2,956,372			$2,656,204			$2,345,094		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Interest-bearing deposits:									
Interest-bearing demand.........	$ 123,599	785	0.64%	$ 111,585	297	0.27%	$ 83,566	193	0.23%
Money market...................	232,418	8,090	3.48	177,911	3,837	2.16	60,615	665	1.10
Savings........................	240,426	2,237	0.93	272,673	1,738	0.64	312,981	1,257	0.40
Retail time deposits...........	384,654	15,309	3.98	286,371	8,098	2.83	238,024	5,002	2.10
Total interest-bearing retail deposits...........	981,097	26,421	2.69	848,540	13,970	1.65	695,186	7,117	1.02
Jumbo certificates of deposit - nonretail....................	80,691	4,100	5.08	43,554	1,374	3.15	47,555	768	1.61
Brokered certificates of deposit......................	243,070	12,186	5.01	189,593	6,346	3.35	84,194	1,510	1.79
Total interest-bearing									

deposits	1,304,858	42,707	3.27	1,081,687	21,690	2.01	826,935	9,395	1.14
FHLB of Pittsburgh advances	976,101	45,878	4.64	887,822	30,673	3.41	859,742	23,591	2.70
Trust preferred borrowings	67,011	5,053	7.44	62,986	5,292	8.29	51,162	2,184	4.20
Other borrowed funds	123,800	5,640	4.56	165,406	4,739	2.87	181,334	2,237	1.23
Cost of funding discontinued operations	-	-		-	(14)		-	(161)	
Total interest-bearing liabilities	2,471,770	99,278	4.02	2,197,901	62,380	2.84	1,919,173	37,246	1.94
Noninterest-bearing demand deposits	262,838			250,321			220,446		
Other noninterest-bearing liabilities	24,330			19,274			15,040		
Minority interest	84			209			200		
Stockholders' equity	197,350			188,499			190,235		
Total liabilities and stockholders' equity	$2,956,372			$2,656,204			$2,345,094		
Excess (deficit) of interest-earning assets over interest-bearing liabilities	$ 183,332			$ 187,875			$ 181,595		
Net interest and dividend income		$ 77,899			$ 73,642			$66,864	
Interest rate spread			2.70%			2.91%			3.07%
Interest rate margin			2.98%			3.13%			3.24%

(1) Weighted average yields have been computed on a tax-equivalent basis.
(2) Nonperforming loans are included in average balance computations.
(3) Balances are reflected net of unearned income.
(4) Includes securities available-for-sale.

Provision for Loan Losses. The Corporation maintains an allowance for loan losses at an appropriate level based on management's assessment of the "estimable" and "probable" losses in the loan portfolio, pursuant to accounting literature which is discussed further in the Nonperforming Assets section of Management's Discussion and Analysis. Management's evaluation is based upon a review of the portfolio and requires significant judgement. For the year ended December 31, 2006, the Corporation recorded a provision for loan losses from continuing operations of $2.7 million compared to $2.6 million in 2005 and $3.2 million in 2004. In 2006, the increase is the result of continued loan growth despite continued positive trends in asset quality.

Noninterest Income. Noninterest income increased $5.7 million to $40.3 million in 2006, or 16%, from $34.7 million in 2005. The largest increase was attributable to the $3.8 million in card and ATM income as a result of increased volumes of cash in non-owned ATMs and higher bailment rates earned on this cash. During 2006, the number of ATMs serviced by the CashConnect segment, WSFS' ATM unit, remained essentially flat, while the number of WSFS owned and operated ATMs increased to 313. Deposit service charges also increased $2.2 million as a result of growth in deposit accounts as well as additional fee based services provided by WSFS. During the third quarter of 2006, noninterest income was impacted by unanticipated income of $1.8 million in the Bank's investment in Bank-Owned Life Insurance (BOLI). Also, during 2006, the Bank recognized a loss of $2.0 million on the sale of below-market yielding securities. This sale was part of the Bank's efforts to improve its earning asset mix and return on assets.

Noninterest income increased $2.7 million to $34.7 million in 2005, or 8%, from $32.0 million in 2004. The increase was mainly the result of an increase of $2.9 million in card and ATM income as a result of underlying growth in volumes combined with increased prime-based bailment fees. During 2005, the CashConnect segment increased the number of ATMs it serviced by 33%. Of these, WSFS owned and operated 271 ATMs in 2005. Additionally, deposit service charges increased $702,000 due primarily to an increase in total retail deposits driven by the promotion of a new free checking product line. The increases were partially offset by $605,000 of losses recognized on the sale of lower yielding agency investments.

Noninterest Expenses. Noninterest expenses increased $6.4 million to $69.3 million in 2006, or 10%, from $62.9 million in 2005. Salaries, benefits and other compensation increased $4.2 million as a result of the Company's continued growth including the opening of three branch offices and two branch renovations / relocations in 2006 and the formation of the Wealth Management Division. The number of full-time Associates increased from 515 in 2005 to 573 in 2006. The growth is also reflected in higher equipment and other operating expenses with an increase of $514,000 in equipment expense and $1.7 million in other operating expenses. Additionally, $1.5 million of the increase in salaries, benefits and other compensation is the result of the implementation during 2006 of the Statement of Financial Accounting Standards (SFAS) No. 123R (revised 2004), Share-Based Payment, which requires that all share-based payments to Associates, including grants of stock options, be recognized over the related service period as compensation expense in the income statement based on their fair values. As a result of the continued growth, and the establishment of the Wealth Management Services division, the Company anticipates that expenses will continue to grow.

Noninterest expenses for the year ended 2005 were $62.9 million for an increase of $7.2 million over the $55.7 million in 2004. This increase is primarily a result of the Company's growth in the commercial and retail banking areas and is mainly in salaries, benefits and other compensation, occupancy expense, marketing expenses and other operating expenses. The increase in marketing expenses also stems from expenses related to the promotion of a new free checking product line, and a campaign to increase market share for commercial banking.

Income Taxes. The Corporation recorded a $15.7 million tax provision for the year ended December 31, 2006 compared to $14.8 million and $14.1 million for the years ended December 31, 2005 and 2004, respectively. The effective tax rates for continuing operations for the years ended December 31, 2006, 2005 and 2004 were 34.0%, 34.8% and 35.1%, respectively. The provision for income taxes includes federal, state and local income taxes that are currently payable or deferred because of temporary differences between the financial reporting bases and the tax reporting bases of the assets and liabilities.

At December 31, 2006, approximately $2.9 million in gross deferred tax assets of the Corporation are related to net operating losses and tax credits attributable to a former subsidiary. Management has assessed a valuation allowance of $2.0 million on these deferred tax assets due to limitations imposed by the Internal Revenue Code. Approximately $693,000 in gross deferred tax assets of the Corporation at December 31, 2006 are related to state tax net operating losses.

Management has established a valuation allowance on all of these deferred tax assets due to such net operating losses expiring before being utilized.

The Corporation has an ongoing program that analyzes its projection of taxable income and makes adjustments to its provision for income taxes accordingly. For additional information regarding the Corporation's tax provision and net operating loss carryforwards, see Note 13 to the Consolidated Financial Statements.

FINANCIAL CONDITION

Total assets increased $150.6 million, or 5%, during 2006 to $3.0 billion. This increase was predominantly due to growth in net loans, which grew $244.4 million, or 14%, during 2006. This increase was partially offset by a decrease of $103.6 million in mortgage-backed securities. Total liabilities increased $120.7 million during the year to $2.8 billion at December 31, 2006. This increase was primarily the result of an increase in deposits of $310.1 million, or 21%, during 2006. This increase was offset by a decrease of $192.3 million in total borrowings.

During 2006, the Corporation took steps to realign its balance sheet and improve its net interest margin ratio. These steps included, but were not limited to, selling $51.4 million of below-market yielding mortgage-backed securities.

Cash in non-owned ATMs. Between December 31, 2005 and December 31, 2006, the CashConnect segments', WSFS' ATM unit, cash in non-owned ATMs decreased $8.4 million, or 5%. This decrease was the result of a decrease in the number of ATMs serviced by CashConnect from 7,696 at December 31, 2005 to 7,458 at December 31, 2006. Of these, 313 ATMs were WSFS owned and operated during 2006.

Mortgage-backed Securities. Investments in mortgage-backed securities decreased $103.6 million during 2006 to $516.7 million. This decrease was mainly the result of the run-off of lower yielding securities during the year and the sale of $51.4 million of mortgage-backed securities. The weighted average duration of the mortgage-backed securities was 2.9 years at December 31, 2006.

Loans, net. Net loans increased $244.4 million, or 14%, during 2006. This included increases of $136.0 million, or 27%, in commercial loans, $77.0 million, or 13%, in commercial real estate loans, $17.8 million, or 7%, in consumer loans and $14.3 million, or 3%, in residential mortgage loans.

Customer Deposits. Customer deposits increased $149.8 million, or 13%, during 2006 to $1.3 billion. Customer time deposits (CDs) increased $135.1 million, or 43%, in 2006. In addition, core deposit relationships (demand deposits, money market and savings accounts) increased $14.7 million, or 1%, during the year. The table below depicts the changes in customer deposits over the last three years:

	Year Ended December 31,		
	2006	2005	2004
		(In Millions)	
Beginning balance..................	$1,193.9	$1,052.2	$ 883.1
Interest credited..................	33.8	11.4	6.6
Deposit inflows, net...............	116.0	130.3	162.5
Ending balance.....................	$1,343.7	$1,193.9	$1,052.2

Borrowings and Brokered Certificates of Deposit. Total borrowings decreased by $192.3 million, or 16%, between December 31, 2005 and December 31, 2006. This decrease was primarily the result of a decrease in FHLB advances of $224.7 million, or 22%, during 2006. In addition, Federal funds purchased and securities sold under agreements to repurchase decreased $9.8 million, or 12%, in 2006. This decrease was partially offset by an increase in other borrowed funds of $42.1 million, or 117%, in 2006. Brokered deposits increased $89.5 million, or 42%, during the year.

Stockholders' Equity. Stockholders' equity increased $30.1 million to $212.1 million at December 31, 2006. This increase included $30.4 million in net income and $1.4 million in other comprehensive income. There were also $4.1 million in proceeds from the exercise of common stock options. These amounts were partially offset by the acquisition of 103,400 shares of treasury stock for a total of $6.1 million. At December 31, 2006, the Corporation held 8.9 million shares of its common stock as treasury shares. The Corporation intends to continue repurchasing shares in amounts depending on stock price and alternative uses of capital. Finally, the Corporation declared cash dividends totaling $2.1 million.

ASSET/LIABILITY MANAGEMENT

The primary asset/liability management goal of the Corporation is maximizing its net interest income opportunities within the constraints of managing interest rate risk, while ensuring adequate liquidity and funding and maintaining a strong capital base.

In general, while interest rate risk is mitigated by closely matching the maturities or repricing periods of interest-sensitive assets and liabilities to ensure a favorable interest rate spread. Management regularly reviews the Corporation's interest-rate sensitivity, and uses a variety of strategies as needed to adjust that sensitivity within acceptable tolerance ranges established by management and the Board of Directors. Changing the relative proportions of fixed-rate and adjustable-rate assets and liabilities is one of the primary strategies utilized by the Corporation to accomplish this objective.

The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are "interest-rate sensitive" and by monitoring an institution's interest-sensitivity gap. An interest-sensitivity gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities repricing within a defined period, and is considered negative when the amount of interest-rate sensitive liabilities exceeds the amount of interest-rate sensitive assets repricing within a defined period.

The repricing and maturities of the Corporation's interest-rate sensitive assets and interest-rate sensitive liabilities at December 31, 2006 are set forth in the following table:

	Less than One Year	One to Five Years	Over Five Years	Total
	(Dollars in Thousands)			
Interest-rate sensitive assets :				
Real estate loans (1)	$ 717,191	$ 331,910	$ 88,869	$ 1,137,970
Commercial loans	507,625	102,298	33,995	643,918
Consumer loans	127,242	55,747	80,488	263,477
Mortgage-backed securities	209,217	51,464	256,030	516,711
Loans held-for-sale	925	-	-	925
Investment securities	77,035	1,585	15,743	94,363
Other investments	1,743	-	-	1,743
	1,640,978	543,004	475,125	2,659,107
Interest-rate sensitive liabilities:				
Money market and interest-bearing demand deposits	105,400	-	287,965	393,365
Savings deposits	58,588	-	168,265	226,853
Retail time deposits	397,176	35,600	14,370	447,146
Jumbo certificates of deposit	110,966	424	-	111,390
Brokered certificates of deposit	216,362	21,223	63,669	301,254
FHLB advances	614,000	160,962	9,067	784,029
Trust preferred borrowings	67,011	-	-	67,011
Other borrowed funds	100,784	-	50,856	151,640
	1,670,287	218,209	594,192	2,482,688
(Deficiency) excess of interest-rate sensitive assets over interest-rate sensitive liabilities ("interest-rate sensitive gap")	$ (29,309)	$ 324,795	$ (119,067)	$ 176,419

One-year interest-rate sensitive assets/interest-rate sensitive liabilities	98.25%
One-year interest-rate sensitive gap as a percent of total assets	(0.98)%

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(1) Includes commercial mortgage, construction, and residential mortgage loans.

Generally, during a period of rising interest rates, a positive gap would result in an increase in net interest income while a negative gap would adversely affect net interest income. Conversely, during a period of falling rates, a positive gap would result in a decrease in net interest income while a negative gap would augment net interest income. However, the interest-sensitivity table does not provide a comprehensive representation of the impact of interest rate changes on net interest income. Each category of assets or liabilities will not be affected equally or simultaneously by changes in the general level of interest rates. Even assets and liabilities which contractually reprice within the rate period may not, in fact, reprice at the same price or the same time or with the same frequency. It is also important to consider that the table represents a specific point in time. Variations can occur as the Company adjusts its interest-sensitivity position throughout the year.

To provide a more accurate one-year gap position of the Corporation, certain deposit classifications are based on the interest-rate sensitive attributes and not on the contractual repricing characteristics of these deposits. Management estimates, based on historical trends of the Bank's deposit accounts, that 35% of money market and 13% of interest-bearing demand deposits are sensitive to interest rate changes and that 22% to 36% of savings deposits are sensitive to interest rate changes. Accordingly, these interest-sensitive portions are classified in the less than one-year category with the remainder in the over five-year category.

Deposit rates other than time deposit rates are variable, and changes in deposit rates are generally subject to local market conditions and management's discretion and are not indexed to any particular rate.

In 1998, the Corporation purchased a ten-year interest rate cap in order to limit its exposure on $51.5 million of variable Trust Preferred Securities issued in 1998. On April 6, 2005, the Corporation completed the issuance of $67.0 million of aggregate principal amount of Pooled Floating Rate Securities. The proceeds from this issuance were used to fund the redemption of $51.5 million of Floating Rate Capital Trust I Preferred Securities. This derivative instrument economically caps the three-month LIBOR, the base rate of the trust preferred borrowings, at 6.00%. The Trust Preferred borrowings are classified in the less than one-year category reflecting the ability to adjust upward for the balance of the term of the interest rate

cap. If the three-month LIBOR rate equals or exceeds 6.00%, the Trust Preferred borrowing takes on a fixed characteristic and therefore would be classified in the period corresponding to the cap's maturity.

REVERSE MORTGAGES

The Corporation holds an investment in reverse mortgages of $598,000 at December 31, 2006 representing a participation in reverse mortgages with a third party.

Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the 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.

The Corporation accounts for its 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 the maturity of these mortgage loans can result in significant 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, 2006, the Corporation earned $684,000 in interest income on reverse mortgages as compared to $678,000 in 2005 and $1.8 million in 2004.

The projected cash flows depend on assumptions about life expectancy of the mortgagee and the future changes in collateral values. Projecting the changes in collateral values is the most significant factor impacting the volatility of reverse mortgage values. The current assumptions include a short-term annual appreciation rate of -8.0% 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 to 1.5%, the resulting impact on income would have been $101,000. Conversely, if the long-term appreciation rate was decreased to -0.5%, the resulting impact on income would have been $(85,000).

The Corporation also holds $12.4 million in BBB+ rated mortgage-backed securities classified as trading and options to acquire up to 49.9% of Class "O" Certificates issued in connection with securities consisting of a portfolio of reverse mortgages previously held by the Corporation. At the time of the securitization, the securitizer retained 100% of the Class "O" Certificates from the securitization. These Class "O" Certificates have no priority over other classes of Certificates under the Trust and no distributions will be made on the Class "O" Certificates until, among other conditions, the principal amount of each other class of notes has been reduced to zero. The underlying assets, the reverse mortgages, are very long-term assets. Hence, any cash flow that might inure to the holder of the Class "O" Certificates is not expected to occur until many years in the future. Additionally, the Company can exercise its option on 49.9% of the Class "O" Certificates in up to five separate increments for an aggregate purchase price of $1.0 million any time between January 1, 2004 and the termination of the Securitization Trust. The option to purchase the Class "O" Certificates does not meet the definition of a derivative under SFAS No. 133, Accounting for Derivative and Hedging Activities.

During 2006, the Corporation formed a new reverse mortgage initiative. While the Company's activity during the year has been limited to acting as a correspondent for these loans, the intention of the Company is to originate and underwrite its own reverse mortgages in the future. The Company expects to sell most of these loans and does not intend to hold them in its portfolio. These reverse mortgages are government approved, insured and are endorsed by the AARP.

DISCONTINUED OPERATIONS

In December 2000, the Corporation approved plans to discontinue the operations of WCC. At December 31, 2000, WCC had 7,300 lease contracts and 2,700 loan contracts, compared to zero lease contracts and zero loan contracts at December 31, 2006.

An extensive analysis as of December 31, 2006 indicated that no additional reserves were needed for the expected losses in the business during the remaining wind-down period.

At December 31, 2006, there were zero in indirect loans and zero in indirect leases. At December 31, 2006, WSFS had exposure to no remaining used car residuals.

MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and rates. The Company's market risk arises primarily from interest rate risk inherent in its lending, investing and funding activities. To that end, management actively monitors and manages its interest rate risk exposure. One measure required to be performed by the Office of Thrift Supervision (OTS)-regulated institutions is the test specified by OTS Thrift Bulletin No. 13A, "Management of Interest Rate Risk, Investment Securities and Derivatives Activities." This test measures the impact on the net portfolio value of an immediate change in interest rates in 100 basis point increments. Net portfolio value is defined as the net present value of the estimated cash flows from assets and liabilities as a percentage of the net present value of assets. The following table is the estimated impact of immediate changes in interest rates on the Company's net interest margin and net portfolio value at the specified levels at December 31, 2006 and 2005, calculated in compliance with Thrift Bulletin No. 13A:

	December 31,			
	2006		2005	
Change in Interest Rate (Basis Points)	% Change in Net Interest Margin (1)	Net Portfolio Value (2)	% Change in Net Interest Margin (1)	Net Portfolio Value (2)
+300	-1%	7.89%	0%	7.33%
+200	-1%	8.46%	0%	7.86%
+100	0%	8.99%	0%	8.31%
0	0%	9.66%	0%	8.72%
-100	+2%	9.03%	-2%	8.83%
-200 (3)	+1%	9.04%	-7%	8.62%
-300 (3)	-1%	8.91%	-11%	8.32%

(1) The percentage difference between net interest margin in a stable interest rate environment and net interest margin as projected under the various rate environment changes.

(2) The net portfolio value of the Company in a stable interest rate environment and the net portfolio value as projected under the various rate environment changes.

(3) Sensitivity indicated by a decrease of 200 and 300 basis points may not be particularly meaningful at December 31, 2006 and 2005 given the historically low absolute level of interest rates at these dates.

The Company's primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on the Company's net interest income and capital, while maximizing the yield/cost spread on the Company's asset/liability structure. The Company relies primarily on its asset/liability structure to control interest rate risk.

The Company also engages in other business activities that are sensitive to changes in interest rates. For example, mortgage banking revenues and expenses can fluctuate with changing interest rates. These fluctuations are difficult to model and estimate.

NONPERFORMING ASSETS

Nonperforming assets, which include nonaccruing loans, nonperforming real estate investments and assets acquired through foreclosure, can negatively affect the Corporation's results of operations. Nonaccruing loans are those on which the accrual of interest has ceased. Loans are placed on nonaccrual status immediately if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more and the value of the collateral is insufficient to cover principal and interest. 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

management's assessment of the ultimate collectibility of principal and interest. Past due loans 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.

The following table sets forth the Corporation's nonperforming assets and past due loans at the dates indicated:

	December 31,				
	2006	2005	2004	2003	2002
	(Dollars in Thousands)				
Nonaccruing loans:					
Commercial	$1,282	$ 925	$1,595	$1,549	$2,242
Consumer	557	155	291	240	516
Commercial mortgages	500	727	909	941	326
Residential mortgages	1,493	1,567	1,601	2,513	3,246
Construction	-	36	-	-	199
Total nonaccruing loans	3,832	3,410	4,396	5,243	6,529
Assets acquired through foreclosure	388	59	217	301	904
Total nonperforming assets	$4,220	$3,469	$4,613	$5,544	$7,433
Past due loans:					
Residential mortgages	$ 219	$ 327	$ 703	$ 915	$ 346
Commercial and commercial mortgages	3	-	-	129	95
Consumer	29	59	104	148	88
Total past due loans	$ 251	$ 386	$ 807	$1,192	$ 529
Ratio of nonaccruing loans to total loans (1)	0.19%	0.19%	0.28%	0.40%	0.60%
Ratio of allowance for loan losses to gross loans (1)	1.34%	1.41%	1.56%	1.69%	1.95%
Ratio of nonperforming assets to total assets	0.14%	0.12%	0.18%	0.25%	0.44%
Ratio of loan loss allowance to nonaccruing loans (2)	705.32%	709.47%	524.05%	421.91%	324.49%

(1) Total loans exclude loans held-for-sale.
(2) The applicable allowance represents general valuation allowances only.

The ratio of nonaccruing loans to total loans remained flat at 0.19% between 2006 and 2005. In addition, the ratio of nonperforming assets to total assets increased slightly from 0.12% in 2005 to 0.14% in 2006. The consistency of these results illustrate continued strong levels of asset quality.

The following table provides an analysis of the change in the balance of nonperforming assets during the last three years:

	Year Ended December 31,		
	2006	2005	2004
(In Thousands)			
Beginning balance	$ 3,469	$ 4,613	$ 5,544
Additions	5,697	5,062	6,554
Collections	(3,916)	(4,467)	(4,668)
Transfers to accrual	(453)	(398)	(1,717)
Charge-offs/write-downs	(577)	(1,341)	(1,100)
Ending balance	$ 4,220	$ 3,469	$ 4,613

Allowance for Loan Losses. The Corporation maintains allowances for credit losses and charges losses to these allowances when such losses are realized. The determination of the allowance for loan losses requires significant judgement reflecting management's best estimate of probable loan losses related to specifically identified loans as well as probable loan losses in the remaining loan portfolio. Management's evaluation is based upon a continuing review of these portfolios.

Management establishes the loan loss allowance in accordance with guidance provided in the Securities and Exchange Commission'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 homogenous loans.

Specific reserves are established for certain loans in cases where management has identified significant conditions or circumstances related to a specific credit that management believes indicate the probability that a loss has been incurred.

The formula allowances for commercial and commercial real estate loans are calculated by applying loss factors to outstanding loans in each case based on the internal risk grade of loans derived from analysis of both the probability of default and the probability of loss should default occur. As a result, changes in risk grades of both performing and nonperforming loans affect the amount of the formula allowance. Loss factors by risk grade have a basis in WSFS' historical default experience for such loans and assessment of the probability of default. Loss adjustment factors are applied based on criteria discussed below.

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

Historical loss adjustment factors are based upon management's evaluation of various current conditions including those listed below:

- General economic and business conditions affecting WSFS' 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,
- Bank regulatory examination results, and
- Other factors, including changes in quality of the loan origination,

servicing and risk management processes.

WSFS' loan officers and risk managers meet at least quarterly to discuss and review these conditions and risks associated with individual problem loans. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for such losses. The Company also gives consideration to the results of these regulatory agency examinations.

During 2006, the provision for loan losses was also affected by a change in estimates used in the calculation. The change is the result of continued analysis of the Corporation's loss experience on commercial loans and the Corporation's consideration of proposed regulatory guidance and professional studies on the classification of commercial

credits to change its estimates. This change combines an estimate of the probability of default for each of the Corporation's classified loan grades with an estimate of loss should an event of default occur. The estimate of loss further segments classified loan grades into sub-grades with unique factors. Management believes this analysis better estimates losses currently in its loan portfolio. These changes resulted in a reduction to the provision for loan losses of $1.8 million or $0.17 per share.

The table below represents a summary of changes in the allowance for loan losses during the periods indicated:

	Year Ended December 31,				
	2006	2005	2004	2003	2002
	(Dollars in Thousands)				
Beginning balance	$ 25,381	$ 24,222	$ 22,386	$ 21,452	$ 21,597
Provision for loan losses - continuing operations	2,738	2,582	3,217	2,550	2,243
Provision for loan losses - businesses held-for-sale.	-	-	-	-	211
Sale of businesses held-for-sale	-	-	-	-	(269)
Charge-offs:					
Residential real estate	75	90	222	329	725
Commercial real estate (1)	-	104	148	-	333
Commercial	470	1,048	656	827	895
Overdrafts	390	-	-	-	-
Consumer (2)	483	631	817	860	1,551
Total charge-offs	1,418	1,873	1,843	2,016	3,504
Recoveries:					
Residential real estate	14	59	32	-	76
Commercial real estate (1)	170	42	-	202	181
Commercial	343	209	335	79	483
Consumer (2)	156	140	95	119	434
Total recoveries	683	450	462	400	1,174
Net charge-offs	735	1,423	1,381	1,616	2,330
Ending balance	$ 27,384	$ 25,381	$ 24,222	$ 22,386	$ 21,452
Net charge-offs to average gross loans outstanding, net of unearned income	0.04%	0.09%	0.10%	0.13%	0.22%

(1) Includes commercial mortgage and construction loans.
(2) 2002 includes amounts for businesses held-for-sale.

For the year ended December 31, 2006, the Corporation provided $2.7 million for loan losses. The increase in 2006 over 2005 is a result of continued loan growth despite continued positive trends in asset quality.

The allowance for losses is allocated by major portfolio type. As these portfolios have developed, they have become a source of historical data in projecting delinquencies and loss exposure; however, such allocations are not indicative of where future losses may occur. Management believes that the allowance for loan losses of $27.4 million at December 31, 2006 is adequate to provide for probable losses on existing loans based on information currently available. The allocation of the allowance for loan and lease losses by portfolio type at the end of each of the last five fiscal years, and the percentage of outstanding in each category to total gross loans outstanding, at such dates follow:

	December 31,									
	2006		2005		2004		2003		2002	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Residential real estate..........	$ 1,645	23.1%	$ 1,632	25.4%	$ 1,468	28.1%	$ 2,736	34.6%	$ 3,620	38.2%
Commercial real estate...........	11,343	32.5	10,978	32.7	9,211	34.6	8,338	29.3	7,208	26.2
Commercial.......................	11,019	31.5	9,471	28.3	10,456	23.7	8,368	22.0	7,375	19.1
Consumer.........................	3,377	12.9	3,300	13.6	3,087	13.6	2,944	14.1	3,249	16.5
Total............................	$27,384	100.0%	$25,381	100.0%	$24,222	100.0%	$22,386	100.0	$21,452	100.0%

LIQUIDITY

The Company manages its liquidity risk and funding needs through its treasury function and its Asset/Liability Committee. Historically, the Company has had success in growing its loan portfolio. For example, during the year ended December 31, 2006, net loan growth resulted in the use of $246.4 million in cash. The loan growth was primarily the result of the continued success increasing corporate and small business lending. Management expects this trend to continue. While the Company's loan-to-deposit ratio has been well above 100% for many years, management has significant experience managing its funding needs through borrowings and deposit growth.

As a financial institution, the Company has ready access to several sources of funding. Among these are:

- Deposit growth,
- The brokered deposit market,
- Borrowing from the FHLB,
- Other borrowings such as repurchase agreements,
- Cash flow from securities and loan sales and repayments, and
- Net income of the Company.

The Company's current branch expansion and renovation program is focused on expanding the Company's retail footprint in Delaware and attracting new customers to provide additional deposit growth. Customer deposit growth was strong, equaling $149.8 million, or 13%, between December 31, 2005 and December 31, 2006.

The Corporation's portfolio of high-quality, liquid investments, primarily short-duration AAA-rated, mortgage-backed securities and Agency notes also provide a source of cash flow to meet current cash needs. If needed, portions of this portfolio, as well as portions of the loan portfolio, could be sold to provide cash to fund new loans. During the year ended December 31, 2006, $32.4 million in cash was also provided by operating activities.

The Company has a policy that separately addresses liquidity, and management monitors the Company's adherence to policy limits. As part of the liquidity management process, the Company also monitors its available wholesale funding capacity. At December 31, 2006, the Company had $471 million in funding capacity at the Federal Home Loan Bank of Pittsburgh and $451 million in estimated funding capacity in brokered deposits. Also, liquidity risk management is a primary area of examination by the OTS.

The Corporation has not used and has no intention of using any significant off balance sheet financing arrangement for liquidity management purposes. The Corporation's financial instruments with off balance sheet risk are limited to obligations to fund loans to customers pursuant to existing commitments, obligations of letters of credit and an interest rate cap which limits the interest rate exposure on $50.0 million of trust preferred floating rate debt. In addition, WSFS has not had and has no intention to have any significant transactions, arrangements or other relationships with any unconsolidated, limited purpose entities that could materially affect its liquidity or capital resources.

CAPITAL RESOURCES

Federal laws, among other things, require the OTS to mandate uniformly applicable capital standards for all savings institutions. These standards currently require institutions such as WSFS to maintain a "tangible" capital ratio equal to 1.5% of adjusted total assets, "core" (or "leverage") capital equal to 4.0% of adjusted total assets, "Tier 1" capital equal to 4.0% of "risk-weighted" assets and total "risk-based" capital (a combination of core and "supplementary" capital) equal to 8.0% of "risk-weighted" assets.

The Federal Deposit Insurance Corporation Improvement Act (FDICIA), as well as other requirements, established five capital tiers: well-capitalized, adequately-capitalized, under-capitalized, significantly under-capitalized and critically under- capitalized. A depository institution's capital tier depends upon its capital levels in relation to various relevant capital measures, which include leverage and risk-based capital measures and certain other factors. Depository institutions that are not classified as

well-capitalized are subject to various restrictions regarding capital distributions, payment of management fees, acceptance of brokered deposits and other operating activities.

At December 31, 2006, WSFS is classified as well-capitalized, the highest regulatory defined level, and is in compliance with all regulatory capital requirements. Additional information concerning WSFS' regulatory capital compliance is included in Note 12 to the Financial Statements.

Since 1996, the Board of Directors has approved several stock repurchase programs to acquire common stock outstanding. As part of these programs, the Corporation acquired approximately 103,400 shares in 2006 and 719,500 shares in 2005. At December 31, 2006, the Corporation held 8.9 million shares of its common stock as treasury shares. The Corporation intends to continue repurchasing shares in amounts depending on stock price and alternative uses of capital. At December 31, 2006, the Corporation had 546,600 shares remaining under its current share repurchase authorization.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements that currently have, or are reasonably likely to have a material future effect on the Corporation's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. Additional information concerning the Corporation's off balance sheet arrangements is included in Note 15 to the Financial Statements.

CONTRACTUAL OBLIGATIONS

At December 31, 2006, the Corporation had contractual obligations relating to operating leases, long-term debt, data processing and credit obligations. These obligations are summarized below. Additional information concerning the Corporation's contractual obligations is included in Notes 8, 10, and 15 to the Financial Statements.

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(In Thousands)		
Operating lease obligations	$ 44,891	$ 3,029	$ 7,923	$ 7,227	$ 26,712
Long-term debt obligations	851,039	449,000	262,462	30,000	109,577
Data processing contracts	9,223	3,417	5,151	655	--
Credit obligations	532,335	532,335	--		
Total	$1,437,488	$ 987,781	$ 275,536	$ 37,882	$ 136,289

IMPACT OF INFLATION AND CHANGING PRICES

The Corporation's Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without consideration of the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased costs of the Corporation's operations. Unlike most industrial companies, nearly all the assets and liabilities of the Corporation are monetary. As a result, interest rates have a greater impact on the Corporation's performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or the same extent as the price of goods and services.

RECENT LEGISLATION

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Act"). The SEC promulgated certain regulations pursuant to the Act and will continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act.

The passage of the Act and the regulations implemented by the SEC subjected publicly-traded companies to additional and more comprehensive reporting regulations and disclosure. These new regulations, which are intended to curtail corporate fraud, require the chief executive officer and chief financial officer of the Company to personally certify certain SEC filings as well as the Company's Financial Statements and to certify as to (i) the existence of disclosure controls and procedures within the Company are designed to ensure that information required to be disclosed by the Company in its SEC filings is processed, summarized and reported accurately and (ii) the effectiveness of the Company's internal control over financial reporting.

The Act and regulations promulgated thereunder by the SEC also impose additional measures to be taken by the Company's officers, directors and outside auditors and impose accelerated reporting requirements by officers and directors of the Company in connection with certain changes in their equity holdings of the Company.

In February 2006, Congress passed the Federal Deposit Insurance Reform Act of 2005 (FDIRA). This legislation will merge the Bank Insurance Fund and the Savings Association Insurance Fund into one fund, increase insurance coverage for retirement accounts to $250,000, adjust the maximum deposit insurance for inflation after March 31, 2010 and give the FDIC greater flexibility in setting insurance assessments. As part of the FDIRA-2005, the Corporation's primary operating subsidiary, the Bank, has been granted a one-time credit of approximately $1.0 million for utilization against future FDIC insurance premiums. The FDIC announced that 2007 assessments will range from 5 to 7 basis points for well-capitalized institutions with composite regulatory ratings of one or two. The Corporation anticipates that the $1.0 million credit will offset substantially the entire 2007 premium.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of the financial condition and results of operations are based on the Consolidated Financial Statements, which are prepared in conformity with U.S. generally accepted accounting principles. The preparation of these Financial Statements requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenue and expenses. Management evaluates these estimates and assumptions on an ongoing basis, including those related to the allowance for loan losses, contingencies (including indemnifications), and deferred taxes. Management bases its estimates on historical experience and various other factors and assumptions that are believed to be reasonable under the circumstances. These form the basis for making judgements on the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are critical accounting policies that involve more significant judgments and estimates:

Allowance for Loan Losses

The Corporation maintains allowances for credit losses and charges losses to these allowances when realized. The determination of the allowance for loan losses requires significant judgment reflecting management's best estimate of probable loan losses related to specifically identified loans as well as those in the remaining loan portfolio. Management's evaluation is based upon a continuing review of these portfolios, with consideration given to evaluations resulting from examinations performed by regulatory authorities.

Contingencies (Including Indemnifications)

In the ordinary course of business, the Corporation, the Bank and its subsidiaries are subject to legal actions, which involve claims for monetary relief. Based upon information presently available to the Corporation and its counsel, it is management's opinion that any legal and financial responsibility arising from such claims will not have a material adverse effect on the Corporation's results of operations.

The Corporation maintains a loss contingency for standby letters of credit and charges losses to this reserve when such losses are realized. The determination of the loss contingency for standby letters of credit requires significant judgement reflecting management's best estimate of probable losses. The balance in this reserve at December 31, 2006 was $715,000.

The Bank, as successor to originators of reverse mortgages is, from time to time, involved in arbitration or litigation with various parties including borrowers or the heirs of borrowers. Because reverse mortgages are a relatively new and uncommon product, there can be no assurances about how the courts or arbitrators may apply existing legal principles to the interpretation and enforcement of the terms and conditions of the Bank's reverse mortgage obligations.

Deferred Taxes

The Corporation accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes (SFAS 109), which requires the recording of deferred income taxes that 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. Management has assessed the Company's valuation allowances on deferred income taxes resulting from, among other things, limitations imposed by Internal Revenue Code and uncertainties, including the timing of settlement and realization of these differences.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109 (FIN 48). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be 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 fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be 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 should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. FIN 48 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest and penalties. FIN 48 becomes effective for the Corporation on January 1, 2007 and is expected to have an immaterial favorable impact to the equity of the Corporation.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities--Including an amendment of FASB Statement No. 115 (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. For the Corporation, this will become effective on January 1, 2008. The Corporation is currently evaluating the impact that the adoption of SFAS 159 will have on our

Consolidated Financial Statements.

Market for Registrant's Common Equity and Related Stockholder Matters

WSFS Financial Corporation's Common Stock is traded on The Nasdaq Stock MarketSM under the symbol WSFS. At December 31, 2006, the Corporation had 1,320 registered common stockholders of record. The following table sets forth the range of high and low sales prices for the Common Stock for each full quarterly period within the two most recent fiscal years as well as the quarterly dividends paid.

The closing market price of the common stock at December 31, 2006 was $66.93.

		Stock Price Range		
		Low	High	Dividends
2006	4th	$60.00	$68.27	$ 0.08
	3rd	57.22	64.62	0.08
	2nd	57.34	64.65	0.08
	1st	59.80	64.75	0.07
				$ 0.31
2005	4th	$57.12	$65.00	$ 0.07
	3rd	54.00	59.26	0.07
	2nd	49.50	56.70	0.07
	1st	51.90	60.38	0.06
				$ 0.27

COMPARATIVE STOCK PERFORMANCE GRAPH

The graph and table which follow show the cumulative total return on the Common Stock of the Company over the last five years compared with the cumulative total return of the Dow Jones Total Market Index and the Nasdaq Bank Index over the same period as obtained from Bloomberg L.P. Cumulative total return on the Common Stock or the index equals the total increase in value since December 31, 2001, assuming reinvestment of all dividends paid into the Common Stock or the index, respectively. The graph and table were prepared assuming $100 was invested on December 31, 2001 in the Common Stock of the Company and in each of the indexes. There can be no assurance that the Company's future stock performance will be the same or similar to the historical stock performance shown in the graph below. The Company neither makes nor endorses any predictions as to stock performance.

CUMULATIVE TOTAL SHAREHOLDER RETURN
COMPARED WITH PERFORMANCE OF SELECTED INDEXES
December 31, 2001 through December 31, 2006
[GRAPHIC OMITTED]

	Cumulative Total Return					
	2001	2002	2003	2004	2005	2006
WSFS Financial Corporation	$100	$191	$ 261	$351	$360	$395
Dow Jones Total Market Index	100	77	98	109	113	129
Nasdaq Bank Index	100	107	142	161	158	179

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, 2006. 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, 2006, the Corporation's internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006, has been audited by KPMG LLP, the independent registered public accounting firm who also audited the Corporation's consolidated financial statements. KPMG's attestation report on management's assessment of the Corporation's internal control over financial reporting appears elsewhere in this annual report.

/s/ Marvin N. Schoenhals	/s/ Stephen A. Fowle
Marvin N. Schoenhals Chairman and President	Stephen A. Fowle Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
WSFS Financial Corporation:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that WSFS Financial Corporation (the Corporation) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The 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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Corporation'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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and 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, management's assessment that the Corporation maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in COSO. Also, in our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of condition of WSFS Financial Corporation and subsidiaries as of December 31, 2006 and 2005, 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, 2006, and our report dated March 9, 2007 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 9, 2007

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
WSFS Financial Corporation:

We have audited the accompanying consolidated statement of condition of WSFS Financial Corporation and subsidiaries (the Corporation) as of December 31, 2006 and 2005, 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, 2006. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WSFS Financial Corporation and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

As discussed in Note 1 to the consolidated financial statements, the Corporation adopted Statement of Financial Accounting Standards No. 123R, Share-Based Payment, a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation, effective January 1, 2006.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 9, 2007

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31,		
	2006	2005	2004
	(Dollars in Thousands, Except Per Share Data)		
Interest income:			
Interest and fees on loans	$ 143,629	$ 105,639	$ 78,101
Interest on mortgage-backed securities	28,444	25,687	20,326
Interest and dividends on investment securities	1,884	2,580	3,099
Interest on investments in reverse mortgages	684	678	1,847
Other interest income	2,536	1,438	737
	177,177	136,022	104,110
Interest expense:			
Interest on deposits	42,707	21,690	9,395
Interest on Federal Home Loan Bank advances	45,878	30,659	23,430
Interest on federal funds purchased and securities sold under agreements to repurchase	3,790	4,089	2,064
Interest on trust preferred borrowings	5,053	5,292	2,184
Interest on other borrowings	1,850	650	173
	99,278	62,380	37,246
Net interest income	77,899	73,642	66,864
Provision for loan losses	2,738	2,582	3,217
Net interest income after provision for loan losses	75,161	71,060	63,647
Noninterest income:			
Credit/debit card and ATM income	18,835	15,049	12,137
Deposit service charges	12,250	10,091	9,389
Investment advisory income	2,399	2,519	2,262
Bank-owned life insurance income	3,976	2,003	2,190
Loan fee income	1,824	1,999	2,182
Mortgage banking activities, net	225	391	439
Securities (losses) gains	(1,981)	(605)	249
Other income	2,777	3,206	3,102
	40,305	34,653	31,950
Noninterest expenses:			
Salaries, benefits and other compensation	39,369	35,172	30,723
Occupancy expense	5,508	5,168	4,666
Equipment expense	4,393	3,879	3,696
Data processing and operations expense	3,511	3,465	3,246
Marketing expense	2,713	2,745	2,329
Professional fees	2,070	2,416	2,496
Other operating expenses	11,750	10,032	8,543
	69,314	62,877	55,699
Income from continuing operations before minority interest and taxes	46,152	42,836	39,898
Less minority interest	51	133	190
Income from continuing operations before taxes	46,101	42,703	39,708
Income tax provision	15,660	14,847	13,951
Income from continuing operations	30,441	27,856	25,757
Income on wind-down of discontinued operations, net of taxes	-	-	143
Net income	$ 30,441	$ 27,856	$ 25,900

CONSOLIDATED STATEMENT OF OPERATIONS (continued)

	Year Ended December 31,		
	2006	2005	2004
	(Dollars in Thousands, Except Per Share Data)		
Earnings per share:			
Basic:			
Income from continuing operations	$ 4.59	$ 4.10	$ 3.60
Income on wind-down of discontinued operations, net of taxes	-	-	0.02
Net income	$ 4.59	$ 4.10	$ 3.62
Diluted:			
Income from continuing operations	$ 4.41	$ 3.89	$ 3.39
Income on wind-down of discontinued operations, net of taxes	-	-	0.02
Net income	$ 4.41	$ 3.89	$ 3.41

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

CONSOLIDATED STATEMENT OF CONDITION

	December 31,	
	2006	2005
	(In Thousands)	
Assets		
Cash and due from banks	$ 73,989	$ 59,251
Cash in non-owned ATMs	166,092	174,527
Federal funds sold	1,500	-
Interest-bearing deposits in other banks	243	173
Total cash and cash equivalents	241,824	233,951
Investment securities held-to-maturity (fair value: 2006-$4,252; 2005-$5,005)	4,219	4,806
Investment securities available-for-sale including reverse mortgages	50,272	52,683
Mortgage-backed securities available-for-sale	504,347	608,372
Mortgage-backed securities trading	12,364	11,951
Loans held-for-sale	919	436
Loans, net of allowance for loan losses of $27,384 at December 31, 2006 and $25,381 at December 31, 2005	2,018,822	1,774,858
Bank-owned life insurance	55,282	54,193
Stock in Federal Home Loan Bank of Pittsburgh, at cost	39,872	46,293
Assets acquired through foreclosure	388	59
Premises and equipment	30,218	22,904
Accrued interest receivable and other assets	38,869	36,246
Total assets	$2,997,396	$2,846,752
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$ 276,338	$ 279,415
Interest-bearing demand	146,719	141,378
Money market	246,645	209,398
Savings	226,853	251,675
Time	326,009	224,853
Jumbo certificates of deposit - customer	121,142	87,212
Total customer deposits	1,343,706	1,193,931
Other jumbo certificates of deposit	111,388	40,567
Brokered deposits	301,254	211,738
Total deposits	1,756,348	1,446,236
Federal funds purchased and securities sold under agreements to repurchase	73,400	83,150
Federal Home Loan Bank advances	784,028	1,008,721
Trust preferred borrowings	67,011	67,011
Other borrowed funds	78,240	36,126
Accrued interest payable and other liabilities	26,256	23,327
Total liabilities	2,785,283	2,664,571

Minority Interest	54	206
Stockholders' Equity:		
Serial preferred stock $.01 par value, 7,500,000 shares authorized; none issued and outstanding	-	-
Common stock $.01 par value, 20,000,000 shares authorized; issued 15,584,580 at December 31, 2006 and 15,435,630 at December 31, 2005	156	154
Capital in excess of par value	81,580	74,673
Accumulated other comprehensive loss	(8,573)	(9,968)
Retained earnings	347,448	319,065
Treasury stock at cost, 8,942,969 shares at December 31, 2006 and 8,839,569 shares at December 31, 2005	(208,552)	(201,949)
Total stockholders' equity	212,059	181,975
Total liabilities, minority interest and stockholders' equity	$2,997,396	$2,846,752

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Capital in Excess of Par Value	Acumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders' Equity
			(In Thousands)			
Balance, December 31, 2003	$ 151	$ 64,738	$ (1,748)	$ 268,797	$(143,946)	$ 187,992
Comprehensive income:						
Net income	-	-	-	25,900	-	25,900
Other comprehensive loss (1)	-	-	(1,637)	-	-	(1,637)
Total comprehensive income						24,263
Cash dividend, $0.23 per share	-	-	-	(1,643)	-	(1,643)
Issuance of common stock, including proceeds from exercise of common stock options	1	2,044	-	-	-	2,045
Treasury stock at cost, 368,400 shares (2)	-	173	-	-	(17,899)	(17,726)
Tax benefit from exercises of common stock options	-	1,372	-	-	-	1,372
Balance, December 31, 2004	$ 152	$ 68,327	$ (3,385)	$ 293,054	$(161,845)	$196,303
Comprehensive income:						
Net income	-	-	-	27,856	-	27,856
Other comprehensive loss (1)	-	-	(6,583)	-	-	(6,583)
Total comprehensive income						21,273
Cash dividend, $0.27 per share	-	-	-	(1,845)	-	(1,845)
Issuance of common stock, including proceeds from exercise of common stock options	2	3,120	-	-	-	3,122
Treasury stock at cost, 712,300 shares (3)	-	276	-	-	(40,104)	(39,828)
Tax benefit from exercises of common stock options	-	2,950	-	-	-	2,950
Balance, December 31, 2005	$ 154	$ 74,673	$ (9,968)	$ 319,065	$(201,949)	$ 181,975
Comprehensive income:						
Net income	-	-	-	30,441	-	30,441
Other comprehensive income (1)	-	-	1,956	-	-	1,956
Total comprehensive income						32,397
Adjustment to initially apply FASB Statement No. 158, net of tax $(344)	-	-	(561)	-	-	(561)
Cash dividend, $0.31 per share	-	-	-	(2,058)	-	(2,058)
Issuance of common stock, including proceeds from exercise of common stock options	2	4,610	-	-	-	4,612
Treasury stock at cost, 103,400 shares	-	-	-	-	(6,603)	(6,603)
Issuance of restricted stock	-	286	-	-	-	286
Tax benefit from exercises of common stock options	-	2,011	-	-	-	2,011
Balance, December 31, 2006	$ 156	$ 81,580	$ (8,573)	$ 347,448	$(208,552)	$ 212,059

(1) Other Comprehensive Income:	2006	2005	2004
Net unrealized holding losses on securities available-for-sale arising during the period net of taxes (2006 - $261, 2005 - $(4,540), 2004 - $(661))	$ 426	$ (7,407)	$ (1,078)
Net unrealized holding gains (losses) arising during the period on derivatives net of taxes (2006 - $163, 2005 - $241, 2004 - $(218))	302	449	(405)
Reclassification for losses (gains) included in income, net of taxes (2006 - $753, 2005 - $230, 2004 - $(94))	1,228	375	(154)
Total other comprehensive income (loss)	$ 1,956	$ (6,583)	$ (1,637)

(2) Net of reissuance of 5,500 shares.
(3) Net of reissuance of 7,200 shares. The accompanying notes are an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Operating activities:			
Net income	$ 30,441	$ 27,856	$ 25,900
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Provision for loan losses	2,738	2,582	3,217
Depreciation, accretion and amortization	4,507	5,440	6,022
(Increase) decrease in accrued interest receivable and other assets	(3,066)	(1,952)	(2,831)
Origination of loans held-for-sale	(23,914)	(37,222)	(42,647)
Proceeds from sales of loans held-for-sale	21,406	38,721	38,223
Gain on mortgage banking activity	(224)	(84)	(205)
Loss (gain) on sale of loans	-	1	(234)
Loss (gain) on sale of investments	1,981	605	(249)
Stock-based compensation expense (net of tax benefit recognized)	1,153	-	-
Excess tax benefits from share-based payment arrangements	(2,011)	-	-
Minority interest in net income	51	133	190
Increase in accrued interest payable and other liabilities	4,380	6,031	2,648
Loss (gain) on sale of assets acquired through foreclosure	41	(137)	(60)
Increase in value of bank-owned life insurance	(3,976)	(2,003)	(2,190)
Increase in capitalized interest, net	(1,097)	(678)	(2,271)
Net cash provided by operating activities	32,410	39,293	25,513
Investing activities:			
Maturities of investment securities	610	6,990	2,675
Sales of investment securities available-for-sale	23,950	60,454	25,057
Purchases of investment securities available-for-sale	(20,718)	(26,744)	(9,930)
Sales of mortgage-backed securities available-for-sale	49,412	-	51,634
Repayments of mortgage-backed securities held-to-maturity	-	4	1,813
Repayments of mortgage-backed securities available-for-sale	102,255	112,395	150,988
Purchases of mortgage-backed securities available-for-sale	(47,721)	(220,816)	(200,696)
Repayments on reverse mortgages	1,347	177	2,619
Disbursements for reverse mortgages	(476)	(393)	(470)
Purchase of Cypress Capital Management, LLC	(466)	(452)	(1,122)
Sale of loans	11,379	688	13,435
Purchase of loans	(9,600)	(15,831)	(14,767)
Purchase of bank-owned life insurance	-	-	(50,000)
Payment of bank-owned life insurance	2,887	-	-
Net increase in loans	(246,432)	(228,758)	(228,001)
Net increase in stock of Federal Home Loan Bank of Pittsburgh	6,421	(2,347)	(270)
Sales of assets acquired through foreclosure, net	80	683	532
Purchase of land	-	(925)	(2,860)
Purchase of office building	-	-	(3,507)
Sale of real estate held-for-investment	-	5,296	-
Investment in real estate partnership	24	(1,196)	-
Premises and equipment, net	(10,750)	(4,202)	(6,378)
Net cash used for investing activities	(137,798)	(314,977)	(269,248)

(Continued on next page)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Year Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Financing activities:			
Net increase in demand and savings deposits	$ 56,803	$ 125,297	$ 102,368
Net increase in time deposits	294,365	87,875	202,933
Net decrease in securities sold under agreements to repurchase	(9,750)	(48,955)	(16,276)
Receipts of FHLB advances	8,796,661	7,789,201	6,193,801
Repayments of FHLB advances	(9,021,354)	(7,617,543)	(6,200,034)
Redemption of Trust I Preferred Securities	-	(51,547)	-
Issuance of Pooled Floating Rate Capital Securities	-	67,011	-
Dividends paid on common stock	(2,058)	(1,845)	(1,643)
Issuance of common stock and exercise of common stock options	3,355	6,348	3,590
Excess tax benefit from share-based payment arrangements	2,011	-	-
Purchase of treasury stock, net of reissuance	(6,603)	(40,104)	(17,899)
(Decrease) increase in minority interest	(203)	(166)	3

Net cash provided by financing activities	113,227	315,572	266,843
Increase in cash and cash equivalents from continuing operations	7,839	39,888	23,108
Net cash provided by operating activities of discontinued operations	14	1,141	7,746
Net cash provided by (used for) investing activities of discontinued operations	20	(87)	640
Cash and cash equivalents at beginning of period	233,951	193,009	161,515
Cash and cash equivalents at end of period	$ 241,824	$ 233,951	$ 193,009
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest for the year	$ 98,142	$ 58,080	$ 36,355
Cash paid for income taxes, net	13,597	10,151	9,803
Cash (refunded) paid for taxes of discontinued operations, net	-	(45)	396
Loans transferred to assets acquired through foreclosure	450	388	388
Net change in accumulated other comprehensive loss	1,395	(6,583)	(1,637)
Transfer of loans held-for-sale to loans	2,129	1,378	2,858
Deconsolidation of WSFS Capital Trust I	-	-	1,547
Transfer of building to real estate held-for-investment	-	1,878	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WSFS Financial Corporation (Company or Corporation) is a thrift holding company organized under the laws of the State of Delaware. The Corporation's principal wholly-owned subsidiary, Wilmington Savings Fund Society, FSB (the Bank or WSFS), is a federal savings bank organized under the laws of the United States which, at December 31, 2006, serves customers from its main office, 27 retail banking offices, loan production offices and operations centers located in Delaware and southeastern Pennsylvania.

In preparing the Financial Statements, management is 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, investment in reverse mortgages, contingencies (including indemnifications) and income taxes.

Basis of Presentation

The consolidated Financial Statements include the accounts of the parent company, Montchanin Capital Management, Inc. (Montchanin) and its non-wholly owned subsidiary, Cypress Capital Management, LLC (Cypress), WSFS and its wholly-owned subsidiaries, WSFS Investment Group, Inc., WSFS Reit, Inc. and WSFS Credit Corporation (WCC). As discussed in Note 2 of the Financial Statements, the results of WCC, the Corporation's wholly-owned indirect auto financing and leasing subsidiary, are presented as discontinued operations.

WSFS Capital Trust III is an unconsolidated affiliate of the Company and was formed in 2005 to issue $67.0 million aggregate principle 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). The Trust invested all of the proceeds from the sale of the Pooled Floating Rate Capital Securities in Junior Subordinated Debentures of the Corporation. WSFS Investment Group, Inc. markets various third-party insurance and securities products to Bank customers through WSFS' retail banking system. WSFS Reit, Inc. is a real estate investment trust that was formed to hold qualifying real estate assets and may be used in the future as a vehicle to raise capital. Montchanin was formed to provide asset management products and services. In 2004, Montchanin acquired a 60% interest in Cypress, a Wilmington based investment advisory firm servicing high net-worth individuals and institutions. In January 2005 and January 2006, Montchanin increased its ownership in Cypress to 80%, and 90%, respectively.

During 2005, the Corporation announced that it would move its corporate headquarters in early 2007. As part of the transaction, the Corporation acquired a passive ownership interest in a limited partnership created to develop the office building in which the Corporation will be a tenant. Related to this move, the Company sold the land on which the WSFS Bank Center is to be built. As part of this agreement, the property developer has agreed to purchase the Company's current headquarters, which is expected to result in approximately a $3.0

million gain at the time of the move.

Certain reclassifications have been made to the prior years' Financial Statements to conform them to the current year's presentation. All significant intercompany transactions are eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, due from banks, federal funds sold and securities purchased under agreements to resell. Generally, federal funds are purchased and sold for periods ranging up to 90 days.

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:

- o Debt securities with the positive intention to hold to maturity are classified as "held-to-maturity" and reported at amortized cost.
- o Debt and equity securities purchased with the intention of selling them in the near future are classified as "trading securities" and are reported at fair value, with unrealized gains and losses included in earnings.

- o 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, corporate and 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.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary, result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. Management has the discretion 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

The Corporation accounts for its investment in reverse mortgages in accordance with the instructions provided by the staff of the Securities and Exchange Commission 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, the Corporation 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 retroactively and prospectively to reflect the revised rate of return. Because of this quasi-market-value based 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.

Loans

Loans are stated net of deferred fees and costs and unearned discounts. Loan interest income is accrued using various methods that approximate a constant yield. Loan origination and 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 that a creditor 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. Impaired loans include loans within the Corporation's commercial, commercial mortgage, commercial construction, residential mortgages and consumer portfolios. The Corporation's policy for recognition of interest income on impaired loans is the same as for nonaccrual loans discussed below.

Nonaccrual Loans

Nonaccrual loans are those on which the accrual of interest has ceased. Loans are placed on nonaccrual status immediately if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more and collateral is insufficient to cover principal and interest. 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 management's assessment of ultimate collectibility of principal and interest. 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. - brought current with respect to principal or interest or restructured) and the paying capacity of the borrower or the underlying collateral is deemed sufficient to cover principal and interest in accordance with the Corporation's previously established loan-to-value policies.

Allowances for Loan Losses

The Corporation maintains allowances for credit losses and charges losses to these allowances when such losses are realized. The determination of the allowance for loan losses requires significant judgement reflecting management's best estimate of probable losses related to specifically identified loans as well as probable losses in the remaining loan portfolio. Management's evaluation is based upon a review of these portfolios.

Management establishes the loan loss allowance in accordance with guidance provided by the Securities and Exchange Commission'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 homogenous loans.

Specific reserves are established for certain loans in cases where management has identified significant conditions or circumstances related to a specific credit that management believes indicate that a loss has been incurred.

The formula allowances for commercial and commercial real estate loans are calculated by applying loss factors to outstanding loans in each case based on the internal risk grade of loans derived from analysis of both the probability of default and the probability of loss should default occur. As a result, changes in risk grades of both performing and nonperforming loans affect the amount of the formula allowance. Loss factors by risk grade have a basis in WSFS' historical default experience for such loans and an assessment of the probability of default. Loss adjustment factors are applied based on criteria discussed below.

Pooled loans are loans that 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 based on a ten-year net charge-offs history. The average loss allowance per homogeneous pool is based on the product's average annual historical loss rate and the average estimated duration of the pool multiplied by the pool balances. These separate risk pools are assigned a reserve for loss based upon this historical loss information and loss adjustment factors.

Historical loss adjustment factors are based upon management's evaluation of various current conditions, including those listed below.

- General economic and business conditions affecting WSFS' 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,
- Bank regulatory examination results, and
- Other factors, including changes in quality of the loan origination, servicing and risk management processes.

WSFS' loan officers and risk managers meet at least quarterly to discuss and review these conditions, and also risks associated with individual problem loans. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for loan losses. The Company also gives consideration to the results of these regulatory agency examinations.

During 2006, the provision for loan losses was also affected by a change in estimates used in the calculation. The change is the result of continued analysis of the Corporation's loss experience on commercial loans and the Corporation's consideration of proposed regulatory guidance and professional studies on the classification of commercial credits to change its estimates. This change combines an estimate of the probability of default for each of the Corporation's classified loan grades with an estimate of loss should an event of default occur. The estimate of loss further segments classified loan grades into sub-grades with unique factors. Management believes this analysis better estimates losses currently in its loan portfolio. These changes resulted in a reduction to the provision for loan losses of $1.8 million or $0.17 per share.

Allowances for estimated losses on investments in real estate and assets acquired through foreclosure are provided if the carrying value exceeds the fair value less estimated disposal costs.

Assets Held-for-Sale

Assets held-for-sale include loans held-for-sale and are carried at the lower of cost or market of 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 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 the assets are charged to expense in the current period. An allowance for estimated losses is provided when declines in fair value below the carrying value are identified. Net costs of assets acquired through foreclosure 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.

Premises and Equipment

Premises and equipment are 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 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. Accelerated methods are used in depreciating certain assets for income tax purposes.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

The Corporation enters into sales of securities under agreements to repurchase. Reverse repurchase agreements 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 remain in the asset accounts.

Loss Contingency for Standby Letters of Credit

The Corporation maintains a loss contingency for standby letters of credit and charges losses to this reserve when such losses are realized. The determination of the loss contingency for standby letters of credit requires significant judgement reflecting management's best estimate of probable losses related to standby letters of credit.

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.

Earnings Per Share

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

	2006	2005	2004
	(In Thousands, Except Per Share Data)		
Numerator:			
Income from continuing operations	$30,441	$27,856	$25,757
Income on wind-down of discontinued operations, net of taxes	-	-	143
Net income	$30,441	$27,856	$25,900
Denominator:			
Denominator for basic earnings per share - weighted average shares ...	6,634	6,795	7,158
Effect of dilutive employee stock options	270	373	435
Denominator for diluted earnings per share -.adjusted weighted average shares and assumed exercise	6,904	7,168	7,593
Earnings per share:			
Basic:			
Income from continuing operations	$ 4.59	$ 4.10	$ 3.60
Income on wind-down of discontinued operations, net of taxes	-	-	0.02
Net income	$ 4.59	$ 4.10	$ 3.62
Diluted:			
Income from continuing operations	$ 4.41	$ 3.89	$ 3.39
Income on wind-down of discontinued operations, net of taxes	-	-	0.02
Net income	$ 4.41	$ 3.89	$ 3.41
Outstanding common stock equivalents having no dilutive effect	197	173	4

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), Share-Based Payment (SFAS 123R). SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized over the period during which an Associate is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). The Corporation adopted SFAS 123R beginning January 1, 2006 using the Modified Prospective Application Method. This method relates to current and future periods and does not require the restatement of prior periods. The impact of adopting SFAS 123R for 2006 was $1.5 million, or $0.19 per share, to salaries, benefits and other compensation.

For comparative purposes, the following table illustrates the effect on net income and earnings per share had the Company applied the fair value recognition provision of the SFAS No. 123 to stock-based employee compensation.

	2005	2004
	(In Thousands, Except Per Share Data)	
Income from continuing operations, as reported	$27,856	$25,757
Less: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of related tax effects	(972)	(590)
Pro forma income from continuing operations	$26,884	$25,167
Earnings per share:		
Basic:		
Income from continuing operations	$ 4.10	$ 3.60
Less: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of related tax effects	(0.14)	(0.08)
Pro forma income from continuing operations	$ 3.96	$ 3.52
Diluted:		
Income from continuing operations	$ 3.89	$ 3.39
Less: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of related tax effects	(0.14)	(0.08)
Pro forma income from continuing operations	$ 3.75	$ 3.31

2. DISCONTINUED OPERATIONS OF A BUSINESS SEGMENT

In December 2000, the Corporation discontinued the operations of WCC, its indirect auto financing and vehicle leasing subsidiary. At December 31, 2000, WCC had 7,300 lease contracts and 2,700 loan contracts, compared to zero lease contracts and zero loan contracts at December 31, 2006.

At December 31, 2006, loans, operating leases and other assets of discontinued operations, net were zero compared to $34,000 at December 31, 2005. This was mainly due to scheduled maturities in the remaining indirect loan and lease portfolios. At December 31, 2004, the Corporation reviewed the remaining used car residual values and determined that its exposure was significantly reduced. As a result, at December 31, 2004, the Corporation reduced its reserve for discontinued operations by $143,000, net of taxes. There were no such adjustments recorded during 2005 or 2006. As of December 31, 2006, all assets and liabilities relating to the discontinued operations of WCC were zero and as a result WSFS expects no additional gains or losses from this discontinued business segment.

3. INVESTMENT SECURITIES

The following tables detail the amortized cost and the estimated fair value of the Corporation's investment securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Available-for-sale securities:				
December 31, 2006:				
Reverse mortgages (1)	$ 598	$ -	$ -	$ 598
U.S. Government and agencies	46,920	21	74	46,867
State and political subdivisions	2,785	23	1	2,807
	$50,303	$ 44	$ 75	$50,272
December 31, 2005:				
Reverse mortgages (1)	$ 785	$ -	$ -	$ 785

U.S. Government and agencies	51,702	-	785	50,917
State and political subdivisions....	975	6	-	981
	$53,462	$ 6	$ 785	$52,683

Held-to-maturity:

December 31, 2006:				
State and political subdivisions....	$ 4,219	$ 75	$ 42	$ 4,252
	$ 4,219	$ 75	$ 42	$ 4,252
December 31, 2005:				
State and political subdivisions....	$ 4,806	$ 199	$ -	$ 5,005
	$ 4,806	$ 199	$ -	$ 5,005

(1) See Note 6 of the Financial Statements for a further discussion of Reverse Mortgages.

Securities with book values aggregating $49.7 million at December 31, 2006 were specifically pledged as collateral for WSFS' Treasury Tax and Loan account with the Federal Reserve Bank, securities sold under agreement to repurchase and certain letters of credit and municipal deposits which require collateral. Accrued interest receivable relating to investment securities was $560,000 and $434,000 at December 31, 2006 and 2005, respectively.

The scheduled maturities of investment securities held-to-maturity and securities available-for-sale at December 31, 2006 were as follows:

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			
Within one year (1).......................	$ 2,050	$ 2,080	$ 39,677	$ 39,604
After one year but within five years.......	1,085	1,130	8,576	8,595
After five but within ten years...........	-	-	2,050	2,073
After ten years...........................	1,084	1,042	-	-
	$ 4,219	$ 4,252	$ 50,303	$ 50,272

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

During 2006, proceeds from the sale of investment securities classified as available-for-sale were $11.0 million, with a loss of $41,000 realized on the sales. Municipal bonds totaling $610,000 were called by the issuers. Proceeds from the sale of investments classified as available-for-sale during 2005 and 2004 were $60.7 million and $25.0 million, respectively. There was a net loss of $609,000 realized on sales in 2005 and $1,000 net gain realized in 2004. The cost basis for all investment security sales was based on the specific identification method. There were no sales of investment securities classified as held-to-maturity in 2006, 2005 and 2004.

At December 31, 2006, the Company owned investment securities totaling $40.9 million where the amortized cost basis exceeded fair value. Total unrealized losses on those securities were $117,000 at December 31, 2006. This temporary impairment is the result of changes in market interest rates since the purchase of the securities. Securities amounting to $38.9 million have been impaired for 12 months or longer. The Corporation has determined that these securities are not "other than temporarily" impaired. The following table lists the unrealized losses aggregated by category:

	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	$ 966	$ 42	$ -	$ -	$ 966	$ 42
Available-for-sale						
State and political subdivisions	984	1	-	-	984	1
U.S. Government and agencies	-	-	38,906	74	38,906	74
Total temporarily impaired investments....	$ 1,950	$ 43	$38,906	$ 74	$40,856	$ 117

4. MORTGAGE-BACKED SECURITIES

The following tables detail the amortized cost and the estimated fair value of the Corporation's mortgage-backed securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Available-for-sale securities:				
December 31, 2006:				
Collateralized mortgage obligations	$424,748	$ 119	$ 9,023	$415,844
FNMA	42,254	-	2,036	40,218
FHLMC	31,121	97	1,632	29,586
GNMA	19,115	-	416	18,699
	$517,238	$ 216	$ 13,107	$504,347
Weighted average yield	4.77%			
December 31, 2005:				
Collateralized mortgage obligations	$526,546	$ 205	$ 11,199	$515,552
FNMA	49,785	-	2,010	47,775
FHLMC	32,211	-	1,554	30,657
GNMA	14,643	-	255	14,388
	$623,185	$ 205	$ 15,018	$608,372
Weighted average yield	4.63%			
Trading securities:				
December 31, 2006:				
Collateralized mortgage obligations....	$ 12,364	$ -	-	$ 12,364
	$ 12,364	$ -	$ -	$ 12,364
Weighted average yield	8.35%			
December 31, 2005:				
Collateralized mortgage obligations....	$ 11,951	$ -	$ -	$ 11,951
	$ 11,951	$ -	$ -	$ 11,951
Weighted average yield	7.38%			

The portfolio of available-for-sale mortgage-backed securities consist of 100% AAA-rated, currently cash flowing securities, backed by conventional 15 or 20-year mortgages. The weighted average duration of the mortgage-backed securities was 2.9 years at December 31, 2006.

At December 31, 2006, mortgage-backed securities with par values aggregating $183.2 million were pledged as collateral for retail customer repurchase agreements and municipal deposits. Accrued interest receivable relating to mortgage-backed securities was $2.0 million and $2.4 million at December 31, 2006 and 2005, respectively. From time to time mortgage-backed securities are pledged as collateral for Federal Home Loan Bank (FHLB) borrowings. The fair value of these pledged mortgage-backed securities at December 31, 2006 and 2005 were $0 and $272.2 million, respectively. Proceeds from the sale of mortgage-backed securities available-for-sale were $49.4 million in 2006, resulting in a loss of $1.94 million. There were no sales of mortgage-backed securities in 2005. The cost basis of all mortgage-backed sales are based on specific identification method.

The Corporation owns $12.4 million of SASCO RM-1 2002 securities, including accrued interest, which was paid in kind, which are classified as "trading." $10.0 million was received as partial consideration for the sale of the reverse mortgage portfolio, while an additional $1.0 million was purchased at par at the time of the securitization and $1.4 million from accrued interest paid in kind. These floating rate notes represent the BBB+ traunche of a reverse mortgage securitization underwritten by Lehman Brothers and carry a coupon rate of one-month London InterBank Offered Rate (LIBOR) plus 300 basis points. For a further discussion of reverse mortgages, see the Reverse Mortgages discussion in Management's Discussion and Analysis and Note 5 to the Financial Statements.

Based on accounting rules under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS 115), when these securities were acquired they were classified as "trading." It was the Company's intention to sell them in the near term. An active market for these securities has not developed since the issuance, but it continues to be the intent of the Corporation to sell these securities if and when an active market develops. Since there is no active market for these securities, the Corporation has used the guidance under SFAS 115 to provide a reasonable estimate of fair value. The Corporation estimated the value of these securities as of December 31, 2006 based on the pricing of similar securities that have an active market as well as a fundamental analysis of the actual cash flows of the underlying securities. The Corporation also obtained an estimate, from an independent securities dealer, of the value of these securities, which was also based in part on similar actively-traded securities.

At December 31, 2006, the Company owned mortgage-backed securities totaling $471.2 million where the amortized cost basis exceeded fair value. Total unrealized losses on those securities were $13.1 million at December 31, 2006. This temporary impairment is the result of changes in market interest rates since the purchase of the securities. Some of these securities have been impaired for twelve months or longer. The Corporation has determined that these securities are not "other than temporarily" impaired. The following table lists the unrealized losses aggregated by category:

	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	$ 46,654	$ 173	$338,984	$ 8,850	$385,638	$ 9,023
FNMA	-	-	40,218	2,036	40,218	2,036
FHLMC	-	-	26,629	1,632	26,629	1,632
GNMA	7,011	126	11,688	290	18,699	416
Total temporarily impaired MBS...	$ 53,665	$ 299	$417,519	$ 12,808	$471,184	$ 13,107

5. REVERSE MORTGAGES AND RELATED ASSETS

The Corporation holds an investment in reverse mortgages of $598,000 at December 31, 2006 representing a participation in reverse mortgages with a third party.

Reverse mortgage loans are contracts that require the lender to make monthly advances throughout the borrower's life or until the 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.

The Corporation accounts for its 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 significant 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, 2006, the Corporation earned $684,000 in interest income on reverse mortgages as compared to $678,000 in 2005 and $1.8 million in 2004.

The projected cash flows depend on assumptions about life expectancy of the mortgagee and the future changes in collateral values. Projecting the changes in collateral values is the most significant factor impacting the volatility of reverse mortgage values. The current assumptions include a short-term annual appreciation rate of -8.0% 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 to 1.5%, the resulting impact on income would have been $101,000. Conversely, if the long-term appreciation rate was decreased to -0.5%, the resulting impact on income would have been $(85,000).

The Corporation also holds $12.4 million in BBB+ rated mortgage-backed securities classified as trading and options to acquire up to 49.9% of Class "O" Certificates issued in connection with securities consisting of a portfolio of reverse mortgages previously held by the Corporation. At the time of the securitization, the securitizer retained 100% of the Class "O" Certificates from the securitization. These Class "O" Certificates have no priority over other classes of Certificates under the Trust and no distributions will be made on the Class "O" Certificates until, among other conditions, the principal amount of each other class of notes has been reduced to zero. The underlying assets, the reverse mortgages, are very long-term assets. Hence, any cash flow that might inure to the holder of the Class "O" Certificates is not expected to occur until many years in

the future. Additionally, the Company can exercise its option on 49.9% of the Class "O" Certificates in up to five separate increments for an aggregate purchase price of $1.0 million any time between January 1, 2004 and the termination of the Securitization Trust. The option to purchase the Class "O" Certificates does not meet the definition of a derivative under SFAS No. 133, Accounting for Derivative and Hedging Activities. This certificate is an equity security with no readily determinable fair value, as such, it is excluded from the accounting treatment promulgated under SFAS 115. As a result, the security is carried at cost (which is zero). The amount, by which the certificate is considered in the money, is included in Note 16 to the Financial Statements, as required by SFAS No. 107, Disclosures about Fair Value of Financial Instruments.

6. LOANS

The following tables detail the Corporation's loan portfolio:

	December 31, 2006	December 31, 2005
	(In Thousands)	
Real estate mortgage loans:		
Residential (1-4 family)	$ 473,946	$ 457,213
Other	446,810	432,660
Real estate construction loans	260,733	194,002
Commercial loans	649,832	511,798
Consumer loans	263,478	244,820
	2,094,799	1,840,493
Less:		
Loans in process	49,437	40,560
Deferred fees	(844)	(306)
Allowance for loan losses	27,384	25,381

Net loans	$2,018,822	$1,774,858

The Corporation had impaired loans of approximately $3.8 million at December 31, 2006 compared to $3.4 million at December 31, 2005. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. The average recorded balance of impaired loans was $3.6 million and $3.9 million during 2006 and 2005, respectively. The allowance for losses on impaired loans was $369,000 at December 31, 2006, as compared to $480,000 at December 31, 2005. There was no interest income recognized on impaired loans.

The total amount of loans serviced for others were $265.5 million, $255.8 million and $245.5 million at December 31, 2006, 2005 and 2004, respectively. The Corporation received fees from the servicing of loans of $724,000, $769,000 and $800,000 during 2006, 2005 and 2004, respectively.

Beginning in 2005, the Corporation began prospectively recording mortgage-servicing rights on its mortgage loan servicing portfolio. Mortgage servicing rights represent the present value of the future net servicing fees from servicing mortgage loans acquired or originated by the Corporation. The total of this portfolio was $64.9 million and $37.6 million for December 31, 2006 and 2005, respectively. Mortgage loans serviced for others are not included in loans on the accompanying Consolidated Statement of Condition. The valuation of these servicing rights resulted in $135,000 and $308,000 of noninterest income during 2006 and 2005, 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 on the Consolidated Statement of Operations.

Accrued interest receivable on loans outstanding was $10.3 million and $7.9 million at December 31, 2006 and 2005, respectively.

Nonaccruing loans aggregated $3.8 million, $3.4 million and $4.4 million at December 31, 2006, 2005 and 2004, respectively. If interest on all such loans had been recorded in accordance with contractual terms, net interest income would have increased by $159,000 in 2006, $133,000 in 2005 and $150,000 in 2004.

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

	Year Ended December 31,		
	2006	2005	2004
(In Thousands)			
Beginning balance	$ 25,381	$ 24,222	$ 22,386
Provision for loan losses	2,738	2,582	3,217
Loans charged-off (1)	(1,418)	(1,873)	(1,843)
Recoveries	683	450	462
Ending balance	$ 27,384	$ 25,381	$ 24,222

(1) 2006 includes $390,000 of overdraft charge-offs. Prior to 2006, these expenses were recognized in other operating expense.

7. ASSETS ACQUIRED THROUGH FORECLOSURE

Assets acquired through foreclosure are summarized as follows:

	December 31,	
	2006	2005

	(In Thousands)	
Real estate	$ 388	$ 59
Less allowance for losses.........	-	-
Ending balance...................	$ 388	$ 59

8. PREMISES AND EQUIPMENT

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

	December 31,	
	2006	2005
	(In Thousands)	
Land	$ 4,440	$ 4,440
Buildings	12,125	11,052
Leasehold improvements	18,746	13,094
Furniture and equipment	25,349	21,917
	60,660	50,503
Less:		
Accumulated depreciation	30,442	27,599
	$30,218	$22,904

The Corporation occupies certain premises and operates certain equipment under noncancelable leases with terms ranging from 1 to 25 years. These leases are accounted for as operating leases. Rent expense was $2.4 million in 2006, $2.2 million in 2005 and $2.3 million in 2004. Future minimum payments under these leases at December 31, 2006 are as follows:

(In Thousands)	
2007	$ 3,029
2008	4,158
2009	3,765
2010	3,690
2011	3,537
Thereafter	26,712
Total future minimum lease payments ...	$44,891

9. DEPOSITS

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

	December 31,	
	2006	2005
	(In Thousands)	
Money market and demand:		
Noninterest-bearing demand	$ 276,338	$ 279,415
Interest-bearing demand	146,719	141,378
Money market	246,645	209,398
Total money market and demand	669,702	630,191
Savings	226,853	251,675

Customer certificates of deposits, by maturity:		
Less than one year	251,215	152,891
One year to two years	54,079	59,269
Two years to three years	17,217	8,137
Three years to four years	1,567	2,346
Over four years	1,931	2,210
Total customer time certificates	326,009	224,853
Jumbo certificates of deposit-customer, by maturity:		
Less than one year	98,636	69,716
One year to two years	16,087	15,950
Two years to three years	6,103	1,292
Three years to four years	-	100
Over four years	316	154
Total jumbo certificates of deposit-customer	121,142	87,212
Subtotal customer deposits	1,343,706	1,193,931
Other jumbo certificates of deposit, by maturity:		
Less than one year	110,964	36,935
One year to two years	152	1,496
Two years to three years	272	-
Three years to four years	-	415
Over four years	-	1,721
Total other jumbo time certificates	111,388	40,567
Brokered deposits less than one year	301,254	211,738
Total deposits	$1,756,348	$1,446,236

Interest expense by category follows:

	Year Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Interest-bearing demand	$ 785	$ 297	$ 193
Money market	8,090	3,837	665
Savings	2,237	1,738	1,257
Customer time deposits	15,309	8,098	5,002
Total customer interest expense	26,421	13,970	7,117
Other jumbo certificates of deposit	4,100	1,374	768
Brokered deposits	12,186	6,346	1,510
Total interest expense on deposits	$42,707	$21,690	$ 9,395

10. BORROWED FUNDS

The following is a summary of borrowed funds by type:

Maximum Amount Outstanding	Average	Weighted Average

	Balance at End of Period	Weighted Average Interest Rate	at Month End During the Period	Amount Outstanding During the Period	Interest Rate During the Period
		(Dollars in Thousands)			
2006					
FHLB advances	$ 784,028	4.93%	$1,051,458	$976,101	4.64%
Trust preferred borrowings	67,011	7.14	67,011	67,011	7.44
Federal funds purchased and securities sold under agreements to repurchase	73,400	5.36	83,150	74,412	5.02
Other borrowed funds	78,240	4.30	78,240	49,388	3.74
2005					
FHLB advances	$1,008,721	4.12%	$1,008,721	$887,822	3.41%
Trust preferred borrowings	67,011	6.18	67,011	62,986	8.29
Federal funds purchased and securities sold under agreements to repurchase	83,150	4.24	172,135	128,062	1.67
Other borrowed funds	36,126	3.05	42,037	37,344	1.74

Federal Home Loan Bank Advances

Advances from the FHLB of Pittsburgh with rates ranging from 2.47% to 5.65% at December 31, 2006 are due as follows:

	Amount	Weighted Average Rate
	(Dollars in Thousands)	
2007	$449,000	4.83%
2008	174,900	5.32
2009	87,562	4.80
2010 - 2013	72,566	4.76
	$784,028	

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, WSFS is required to acquire and hold shares of capital stock in the FHLB of Pittsburgh in an amount at least equal to 4.65% of its advances (borrowings) from the FHLB of Pittsburgh, plus 0.65% of the unused borrowing capacity. WSFS was in compliance with this requirement with a stock investment in FHLB of Pittsburgh of $39.9 million at December 31, 2006.

Three advances are outstanding at December 31, 2006 totaling $115.0 million, with a weighted average rate of 5.15% maturing in 2008 and beyond. They are convertible on a quarterly basis (at the discretion of the FHLB) to a variable rate advance based upon the three-month LIBOR rate, after an initial fixed term. If any of these advances convert, WSFS has the option to prepay these advances at predetermined times or rates.

Trust Preferred Borrowings

On April 6, 2005, the Corporation completed the issuance of $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 which had a variable interest rate of 250 basis points over the three-month LIBOR rate.

Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

During 2006, WSFS purchased federal funds as a short-term funding source. At December 31, 2006, WSFS had purchased $50.0 million in federal funds at a rate of 5.38%. At December 31, 2005, WSFS had $50.0 million federal funds purchased.

During 2006, WSFS sold securities under agreements to repurchase as a short-term funding source. At December 31, 2006, securities sold under agreements to repurchase had a fixed rate of 5.32%. The underlying securities are U.S. Government agency securities with a book value of $25.0 million at December 31, 2006. Securities sold under agreements to repurchase with the corresponding carrying and market values of the underlying securities are due as follows:

	Borrowing Amount	Rate	Collateral Carrying Value	Collateral Market Value	Collateral Accrued Interest
(Dollars in Thousands)					
2006					
Up to 30 days................	$ 23,400	5.32%	$ 24,993	$ 24,969	$ 215
2005					
Up to 30 days................	$ 33,150	4.31%	$ 34,795	$ 34,036	$ 299

Other Borrowed Funds

Included in other borrowed funds are collateralized borrowings of $78.2 million and $36.1 million at December 31, 2006 and 2005, 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 4.30% and 3.05% at December 31, 2006 and 2005, respectively.

11. STOCKHOLDERS' EQUITY

Under Office of Thrift Supervision (OTS) capital regulations, savings institutions such as WSFS, 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 - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on WSFS' Financial Statements. At December 31, 2006 and 2005, WSFS was in compliance with regulatory capital requirements and was deemed a "well-capitalized" institution.

The following table presents WSFS' consolidated capital position as of December 31, 2006 and 2005:

(Dollars in Thousands)	Consolidated Bank Capital Amount	Consolidated Bank Capital Percent	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Percent	To Be Well-Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well-Capitalized Under Prompt Corrective Action Provisions Percent
As of December 31, 2006:						
Total Capital (to risk-weighted assets).....	$ 302,805	13.54%	$ 178,857	8.00%	$ 223,571	10.00%
Core Capital (to adjusted tangible assets)..	277,593	9.25	120,084	4.00	150,105	5.00
Tangible Capital (to tangible assets).......	277,593	9.25	45,032	1.50	N/A	N/A
Tier 1 Capital (to risk-weighted assets)....	277,593	12.42	89,429	4.00	134,143	6.00
As of December 31, 2005:						
Total Capital (to risk-weighted assets).....	$ 265,269	13.38%	$ 158,620	8.00%	$ 198,274	10.00%
Core Capital (to adjusted tangible assets)..	244,164	8.56	114,097	4.00	142,622	5.00
Tangible Capital (to tangible assets).......	244,164	8.56	42,786	1.50	N/A	N/A
Tier 1 Capital (to risk-weighted assets)....	244,164	12.31	79,310	4.00	118,965	6.00

The Corporation has a simple capital structure with one class of $0.01 par common stock outstanding, each share having equal voting rights. In addition, the Corporation has authorized 7,500,000 shares of $0.01 par preferred stock. No preferred stock was outstanding at December 31, 2006 and 2005. When infused into the Bank, the Trust Preferred Securities issued in 2005 qualify as Tier 1 capital. WSFS is prohibited from paying any dividend or making any other capital distribution if, after making the distribution, WSFS would be ndercapitalized within the meaning of the OTS Prompt Corrective Action regulations. Since 1996, the Board of Directors has approved several stock repurchase programs to reacquire common shares. As part of these programs, the Corporation acquired approximately 103,400 shares in 2006 for $6.6 million and 719,500 shares in 2005 for $40.2 million.

The Holding Company

In April 2005, WSFS Capital Trust III, an unconsolidated affiliate of WSFS Financial Corporation, 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, 2006, the coupon rate of the Capital Trust III securities was 7.14% with a scheduled maturity of June 1, 2035. The Corporation purchased an interest rate cap that economically limits the three-month LIBOR to 6.00% on $50.0 million of the $67.0 million of securities until December 2008. The effective rate of these securities, including the cost of the cap was 7.44% at December 31, 2006. The effective rate will vary, however, due to fluctuations in interest rates and changes in the fair value of the cap. The proceeds from the issue were invested in Junior Subordinated Debentures issued by WSFS Financial Corporation. These securities are treated as borrowings with the interest included in interest expense on the Consolidated Statement of Operations. Additional information concerning the Trust Preferred Securities and the interest rate cap is included in Notes 11 and 20 to the Financial Statements. The proceeds were used primarily to extinguish higher rate debt and for general corporate purposes.

Pursuant to federal laws and regulations, WSFS' ability to engage in transactions with affiliated corporations is limited, and WSFS generally may not lend funds to nor guarantee indebtedness of the Corporation.

12. ASSOCIATE (EMPLOYEE) BENEFIT PLANS

Associate 401(k) Savings Plan

Certain subsidiaries of the Corporation 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 the Corporation's common stock. Generally, the principal and earnings thereon are tax deferred until withdrawn. The Company matches a portion of the Associates' contributions and periodically makes discretionary contributions based on Company performance into the plan for the benefit of Associates. The Corporation's total cash contributions to the plan on behalf of its Associates resulted in a cash expenditure of $1.6 million, $1.4 million and $1.6 million for 2006, 2005 and 2004, respectively.

All Company contributions are made in the form of the Corporation's common stock that Associates may transfer to various other investment vehicles without any significant restrictions. The plan purchased 13,000, 36,000 and 46,000 shares of common stock of the Corporation during 2006, 2005 and 2004, respectively.

Postretirement Benefits

The Corporation shares 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 the Corporation.

The Corporation accounts for its obligations under the provisions of

SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions (SFAS 106). SFAS 106 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. Disclosures for 2006 are in accordance with SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS 158), while disclosures for previous years are in accordance with SFAS No. 132 (Revised), Employers' Disclosure About Pensions and Other Postretirement Benefits.

On December 31, 2006, the Corporation adopted the recognition and disclosure provisions of SFAS 158. SFAS 158 requires the Corporation to recognize the funded status of its defined benefit postretirement plan in its 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 represents the net unrecognized actuarial losses and unrecognized transition obligation remaining from the initial adoption of SFAS No. 87, Employers' Accounting for Pensions (SFAS 87), all of which were previously netted against the plan's funded status in the Corporation's statement of financial position pursuant to the provisions of SFAS 87. These amounts will be subsequently recognized as net periodic pension costs pursuant to the Corporation's historical accounting policy for amortizing such amounts. Further, actuarial gains 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 SFAS 158.

The incremental effect of adopting the recognition and disclosure provisions of SFAS 158 on the Corporation's Consolidated Statement of Condition at December 31, 2006 was a $905,000 (pretax) decrease in other comprehensive income. This included a net actuarial loss of $537,000 and a net transition obligation of $368,000. Also related to the adoption of SFAS 158, the Company recorded a deferred tax asset of $344,000 and a corresponding liability of $905,000. During 2007, the Company expects to recognize $19,000 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.

In December 2003, President Bush signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). The Act expanded Medicare to include, for the first time, coverage for prescription drugs.

In May 2004, the FASB issued accounting guidance applicable to the Act in the form of FASB Staff Position (FSP) 106-2. The guidance states, in part, that it applies only to a health care plan for which the employer has concluded that prescription drug benefits available under the plan to some or all participants for some or all future years are "actuarially equivalent" to Medicare Part D and thus qualify for subsidy under the Act.

The following disclosures relating to postretirement benefits were measured at December 31, 2006:

	2006	2005	2004
	(Dollars in Thousands)		
Change in benefit obligation:			
Benefit obligation at beginning of year	$ 2,287	$ 2,086	$ 2,083
Service cost	108	106	97
Interest cost	93	122	122
Actuarial (gain)/loss	(110)	200	(81)
Benefits paid	(145)	(227)	(135)
Benefit obligation at end of year	$ 2,233	$ 2,287	$ 2,086
Change in plan assets:			
Fair value of plan assets at beginning of year	$ -	$ -	$ -

Employer contributions	145	227	135
Benefits paid	(145)	(227)	(135)
Fair value of plan assets at end of year	$ -	$ -	$ -
Funded status:			
Funded status	$(2,233)	$(2,287)	$(2,086)
Unrecognized transition obligation	-	429	491
Unrecognized net loss	-	647	461
Recognized net loss	905	-	-
Net amount recognized	$(1,328)	$(1,211)	$(1,134)
Components of net periodic benefit cost:			
Service cost	$ 108	$ 106	$ 97
Interest cost	93	122	122
Amortization of transition obligation	61	61	61
Net loss recognition	-	15	21
Net periodic benefit cost	$ 262	$ 304	$ 301
Assumptions used to determine net periodic benefit cost:			
Discount rate	5.50%	6.00%	6.00%
Health care cost trend rate	5.00%	5.50%	5.50%
Sensitivity analysis of health care cost trends:			
Effect of +1% on service cost plus interest cost	$ (8)	$ 3	$ 3
Effect of -1% on service cost plus interest cost	7	(1)	(1)
Effect of +1% on APBO	(76)	18	18
Effect of -1% on APBO	66	(9)	(10)
Assumptions used to value the Accumulated Postretirement Benefit Obligation (APBO):			
Discount rate	5.75%	5.50%	6.00%
Health care cost trend rate	5.00%	5.50%	5.50%
Ultimate trend rate	5.00%	5.00%	5.00%
Year of ultimate trend rate	2005	2005	2005
Estimated future benefit payments:			
The following table shows the expected future payments for the next ten years:			
During 2007	$ 109		
During 2008	108		
During 2009	109		
During 2010	109		
During 2011	110		
During 2012 through 2016	672		
	$ 1,217		

The Corporation assumes 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 the Corporation. For 2006, this annual premium cap amounted to $2,219 per retiree. The Corporation estimates that it will contribute approximately $109,000 to the plan during fiscal 2007.

Supplemental Pension Plan

The Corporation provided a nonqualified plan that gives credit for 25 years of service based on the qualified plan formula. This plan is currently being provided to two retired executives of the Corporation. The plan is no longer being provided to Associates of the Corporation. Unrecognized net gains or losses resulting from experience different from that assumed and from changes in assumptions is recognized immediately as a component of net periodic benefit cost.

The following disclosures relating to the supplemental pension plan were measured at December 31, 2006:

	2006	2005	2004
	(Dollars in Thousands)		
Change in benefit obligation:			
Benefit obligation at beginning of year	$ 777	$ 760	$ 784

Service cost	-	-	-
Interest cost	40	43	45
Actuarial loss	4	58	15
Benefits paid	(84)	(84)	(84)
Benefit obligation at end of year	$ 737	$ 777	$ 760
Change in plan assets:			
Fair value of plan assets at beginning of year	$ -	$ -	$ -
Employer contributions	84	84	84
Benefits paid	(84)	(84)	(84)
Fair value of plan assets at end of year	$ -	$ -	$ -
Funded status:			
Funded status	$(737)	$(777)	$(760)
Unrecognized net loss	-	-	-
Net amount recognized	$(737)	$(777)	$(760)
Components of net periodic benefit cost:			
Service cost	$ -	$ -	$ -
Interest cost	40	43	45
Amortization of transition obligation	-	-	-
Net loss recognition	4	58	15
Net periodic benefit cost	$ 44	$ 101	$ 60
Assumptions used to determine net periodic benefit cost:			
Discount rate	5.50%	6.00%	6.00%
Assumptions used to value the Supplemental Pension Plan Obligation:			
Discount rate	5.75%	5.50%	6.00%

Estimated future supplemental pension plan payments:

The following table shows the expected future payments for the next ten years:

During 2007	$ 84
During 2008	84
During 2009	84
During 2010	83
During 2011	83
During 2012 through 2016	418
	$836

The Corporation estimates that it will contribute approximately $84,000 to the plan during fiscal 2007.

The Corporation has two additional plans. They are a Director's Plan with a corresponding liability of $143,000 and an Early Retirement Window Plan with a corresponding liability of $569,000.

13. TAXES ON INCOME

The Corporation and its subsidiaries file a consolidated federal income tax return and separate state income tax returns. The income tax provision consists of the following:

	Year Ended December 31,		
	2006	2005	2004

	(In Thousands)		
From continuing operations:			
Current income taxes:			
Federal taxes	$14,662	$11,118	$12,175
State and local taxes.....................................	2,278	2,197	1,993
Deferred income taxes:			
Federal taxes	(1,336)	1,445	(22)
State and local taxes	56	87	(195)
Subtotal	15,660	14,847	13,951
From discontinued operations and businesses held-for-sale:			
Current income taxes:			
Federal taxes...	-	-	112
State and local taxes.....................................	-	-	65
Subtotal	-	-	177
Total	$15,660	$ 14,847	$ 14,128

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

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 the Corporation's deferred tax assets and liabilities as of December 31, 2006 and 2005:

	2006	2005
	(In Thousands)	
Deferred tax liabilities:		
Accelerated depreciation	$ (488)	$ (856)
Other	(110)	(310)
Prepaid expenses	(1,490)	(1,109)
Deferred loan costs	(2,005)	(1,866)
Total deferred tax liabilities	(4,093)	(4,141)
Deferred tax assets:		
Bad debt deductions	9,585	8,849
Tax credit carryforwards	150	150
Net operating loss carryforwards	3,406	3,911
Capital loss carryforwards	679	-
Loan fees	14	28
Reserves and other	2,033	1,748
Unrealized losses on available-for-sale securities	5,255	6,088
Total deferred tax assets	21,122	20,774
Valuation allowance	(2,651)	(2,702)
Net deferred tax asset	$ 14,378	$ 13,931

Included in the table above is the effect of certain temporary differences for which no deferred tax expense or benefit was recognized. Such items consisted primarily of unrealized gains and losses on certain investments in debt and equity securities accounted for under SFAS 115.

Based on the Corporation's history of prior earnings and its expectations of the future, it is anticipated that operating income and the reversal pattern of its temporary differences will, more likely than not, be sufficient to realize a net deferred tax asset of $14.4 million at December 31,

2006. Adjustments to decrease gross deferred tax assets and the related valuation allowance in the amount of $51,000 and $110,000 were made in 2006 and 2005, respectively, to reflect state tax net operating losses that have expired. An adjustment to the valuation allowance was made in 2004 to reflect benefits previously recognized for state tax net operating losses that are not realizable due to changes in state tax law enacted in 2004, along with further unrealized benefits related to the discontinuance of the leasing company.

At December 31, 2006, approximately $2.9 million in gross deferred tax assets of the Corporation were related to net operating losses and tax credits attributable to a former subsidiary. The Corporation has assessed a valuation allowance of $2.0 million on a portion of these deferred tax assets due to limitations imposed by the Internal Revenue Code.

Approximately $693,000 in gross deferred tax assets of the Corporation at December 31, 2006 are related to state tax net operating losses. The Company has assessed a valuation allowance of $693,000 on this entire deferred tax asset due to an expectation of such net operating losses expiring before being utilized.

The Corporation has $1.9 million of capital loss carryforwards that will expire on December 31, 2011. Net operating loss carryforwards (NOLs) of $19.5 million remain at December 31, 2006. The expiration dates and amounts of such NOL carryforwards are listed below:

	Federal	State
	(In Thousands)	
2007	$ -	$ 7,980
2008	997	-
2009	6,755	-
2018	-	3,732
	$ 7,752	$11,712

The Corporation's ability to use its federal NOLs to offset future income is subject to restrictions enacted in Section 382 of the Internal Revenue Code. These restrictions limit a company's future use of NOLs if there is a significant ownership change in a company's stock (an "Ownership Change"). The utilization of approximately $7.8 million of federal net operating loss carryforwards is limited to approximately $1.3 million each year as a result of such Ownership Change in a former subsidiary's stock. The Corporation has assessed a valuation allowance of $2.0 million on a portion of these deferred tax assets due to limitations imposed by the Internal Revenue Code.

A reconciliation setting forth the differences between the effective tax rate of the Corporation and the U.S. Federal statutory tax rate is as follows:

	Year Ended December 31,		
	2006	2005	2004
Statutory federal income tax rate	35.0%	35.0%	35.0%
State tax net of federal tax benefit	3.2	3.2	3.0
Interest income 50% excludable	(1.6)	(1.7)	(1.9)
Bank-owned life insurance income	(3.0)	(1.6)	(1.9)
Utilization of loss carryforwards and valuation allowance adjustments	-	-	1.1
Incentive stock option compensation	0.6	-	-
Other	(0.2)	(0.1)	-
Effective tax rate	34.0%	34.8%	35.3 %

14. STOCK-BASED COMPENSATION

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-Based Payment (SFAS 123R). SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized over the period during which an Associate is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). The Corporation adopted SFAS 123R beginning January 1, 2006 using the Modified Prospective Application Method. This method relates to current and future periods and does not require the restatement of prior periods.

The Corporation has stock options outstanding under two plans (collectively, "Stock Incentive Plans") for officers, directors and Associates of the Corporation and its subsidiaries. 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. The 2005 Plan will terminate on the tenth anniversary of its effective date, after which no awards may be granted. The number of shares reserved for issuance under the 2005 Plan is 400,000. At December 31, 2006, there were 70,212 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 nonincentive 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 the Corporation's common stock on the date of the grant. All Stock Options granted during 2006 vest in 20% or 25% per annum increments, start to become exercisable one year from the grant date and expire between five and ten years from the grant date. Generally, all awards become immediately exercisable in the event of a change in control, as defined within the Stock Incentive Plans.

A summary of the status of the Corporation's Option Plans as of December 31, 2006, 2005 and 2004, and changes during the years then ended is presented below:

	2006		2005		2004	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock Options:						
Outstanding at beginning of year	739,404	$ 31.88	866,845	$ 23.66	938,264	$ 19.49
Granted	106,905	64.93	109,817	62.71	80,980	59.50
Exercised	(143,346)	19.01	(226,963)	15.05	(131,849)	15.51
Canceled	(2,536)	46.19	(10,295)	38.98	(20,550)	26.92
Outstanding at end of year	700,427	39.50	739,404	31.88	866,845	23.66
Exercisable at end of year	414,973	26.84	434,144	20.51	499,496	16.90
Weighted-average fair value of awards granted	$ 13.52		$ 13.67		$ 13.90	

Beginning January 1, 2006, 434,144 stock options were exercisable with an intrinsic value of $20.2 million. In addition, at January 1, 2006 there were 305,260 nonvested options with a grant date fair value of $11.28. During the year ended December 31, 2006, 124,635 options vested with an intrinsic value of $3.4 million, and a grant date fair value of $9.87 per option. Also during 2006, 143,346 options were exercised with an intrinsic value of $6.2 million. In addition, 460 vested options were forfeited with an intrinsic value of $3,000 and a grant date fair value of $14.75, while 2,536 options were forfeited in total with a grant date fair value of $11.17. There were 414,973 exercisable options remaining at December 31, 2006, with an intrinsic value of $16.6 million and a remaining contractual term of 4.8 years. At December 31, 2006 there were 700,427 stock options outstanding with an intrinsic value of $19.2 million and a remaining contractual term of 5.2 years and 285,454 nonvested options with a grant date fair value of $12.74. During 2005, 226,963 options were exercised with an intrinsic value of $10.0 million and 162,323 options vested with a grant date fair value of $7.05 per option.

The total amount of compensation cost related to nonvested stock options as of December 31, 2006 was $2.2 million. The weighted-average period over which it is expected to be recognized is 1.5 years. The Corporation issues new shares upon the exercise of options.

During 2006, the Corporation granted 103,885 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 these options. Significant assumptions used in the model included a weighted-average risk-free rate of return of between 4.6% and 4.8% in 2006; an expected option life of three and three-quarter years; and an expected stock price volatility of between 18.2% and 22.1% in 2006. For the purposes of this option-pricing model, a dividend yield of between 0.4% and 0.5% was used as the expected dividend yield.

Also during 2006, the Corporation granted 3,020 options with a ten-year life and a five-year vesting period. The Black-Scholes option-pricing model was used to determine the grant date fair value of these options. Significant assumptions used in the model included a weighted-average risk-free rate of return of between 4.7% and 5.2% in 2006; an expected option life of six and one-half years; and an expected stock price volatility of between 21.8% and 22.3% in 2006. For the purposes of this option-pricing model, a dividend yield of between 0.4% and 0.5% was used as the expected dividend yield.

Prior to adoption of SFAS 123R, the Corporation used a graded-vesting schedule to calculate the expense related to stock options. Since the adoption of SFAS 123R, the Corporation now uses a straight-line schedule to calculate the expense related to new stock options issued.

The Black-Scholes and other option-pricing models assume that options are freely tradable and immediately vested. Since options are not transferable, have vesting provisions, and are subject to trading blackout periods imposed by the Company, the value calculated by the Black-Scholes model may significantly overstate the true economic value of the options.

The impact of adopting SFAS 123R for the year ended December 31, 2006 was $1.5 million, or $0.19 per share, to salaries, benefits and other compensation. This included $233,000, or $0.03 per share, from the immediate expensing of options granted to retirement-eligible Associates during the fourth quarter of 2006, as required by SFAS 123R. Prior to the adoption of SFAS 123R, the Company applied Accounting Principles Board (APB) Opinion 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for the Stock Incentive Plans and to provide the required pro forma disclosures of SFAS No.123 Accounting for Stock-Based Compensation (SFAS 123). Had the grant date fair value provisions of SFAS 123 been adopted, the Corporation would have recognized pretax compensation expense of $1.2 million in 2005 and $907,000 in 2004, respectively, related to its Stock Incentive Plans.

The following table summarizes all stock options outstanding and exercisable for Option Plans as of December 31, 2006, 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:					
$ 6.52-$13.04	83,377	$ 10.92	3.8 years	83,377	$ 10.92
$13.05-$19.56	177,633	16.46	4.2 years	172,633	16.44
$19.57-$26.08	-	-	- years	-	-
$26.09-$32.60	1,600	31.60	6.2 years	-	-
$32.61-$39.12	75,400	33.40	5.8 years	56,295	33.40
$39.13-$45.64	70,935	43.71	6.7 years	41,397	43.71

$45.65-$52.16	4,670	48.54	7.5 years	1,868	48.54
$52.17-$58.68	12,357	55.05	7.7 years	3,391	54.63
$58.69-$65.20	274,455	62.89	5.6 years	56,012	61.10
Total	700,427	$39.50	5.2 years	414,973	$26.84

During 2006, 2005 and 2004 the Company issued 15,269, 30 and 6,515 shares, respectively, of restricted stock. These awards vest over five years: 0% in the first two years, 25% in each of the third and fourth years and 50% in the fifth year.

15. COMMITMENTS AND CONTINGENCIES

Lending Operations

At December 31, 2006, the Corporation had commitments to extend credit of $532.8 million. Consumer lines of credit totaled $46.3 million of which $35.5 million was secured by real estate. Outstanding letters of credit were $40.6 million and outstanding commitments to make or acquire mortgage loans aggregated $12.3 million. Approximately $8.4 million of these mortgage loan commitments were at fixed rates ranging from 5.25% to 7.13%, and approximately $3.9 million were at variable rates ranging from 5.00% to 6.63%. Mortgage commitments generally have closing dates within a six-month period.

Data Processing Operations

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

2007	$3,417
2008	2,730
2009	2,421
2010	655

Legal Proceedings

In the ordinary course of business, the Corporation, the Bank and its subsidiaries are subject to legal actions that involve claims for monetary relief. Based upon information presently available to the Corporation and its counsel, it is the Corporation's opinion that any legal and financial responsibility arising from such claims will not have a material adverse effect on the Corporation's results of operations.

The Bank, as successor to originators, is from time to time involved in arbitration or litigation with reverse mortgage loan borrowers or with the heirs of borrowers. Because reverse mortgages are a relatively new and uncommon product, there can be no assurances regarding how the courts or arbitrators may apply existing legal principles to the interpretation and enforcement of the terms and conditions of the Bank's reverse mortgage rights and obligations.

Financial Instruments With Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business primarily to meet the financing needs of its 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. The Corporation generally requires collateral to support such financial instruments in excess of the contractual amount of those instruments and essentially uses the same credit policies in making commitments as it does for on-balance sheet instruments.

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

	December 31, 2006	December 31, 2005
	(In Thousands)	
Financial instruments with contract amounts which represent potential credit risk:		
Construction loan commitments	$127,858	$104,000
Commercial mortgage loan commitments	96,618	93,966
Commercial loan commitments	209,125	176,344
Commercial standby letters of credit	40,594	26,720
Residential mortgage loan commitments	12,320	37,692
Consumer loan commitments	46,315	64,676

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. The Corporation evaluates each customer's creditworthiness and obtains collateral based on management's credit evaluation of the counterparty.

Indemnifications

Secondary Market Loan Sales. The Company generally does 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. The Company typically sells fixed-rate, conforming first mortgage loans to Freddie Mac as part of its 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.

As is customary in such sales, WSFS provides indemnifications to the buyers under certain circumstances. These indemnifications may include the repurchase of loans by WSFS. Repurchases and losses are rare, and no provision is made for losses at the time of sale. During 2006, the Company had no repurchases.

Swap Guarantees. The Company entered into agreements with two unaffiliated financial institutions whereby those financial institutions entered into interest rate derivative contracts (interest rate swap transactions) with customers referred to them by the Company. By the terms of the agreements, those financial institutions have recourse to the Company 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 smaller financial institutions such as WSFS to provide access to interest rate swap transactions for its customers without WSFS creating the swap itself.

At December 31, 2006, there were twenty-two variable-rate to fixed-rate swap transactions between the third-party financial institution and customers of WSFS with an initial notional amount aggregating approximately $77.4 million, and with maturities ranging from six months to eleven years. The aggregate market value of these swaps to the customers was a liability of $291,000 as of December 31, 2006, and includes $1.0 million of swap transactions in a paying position to third-party financial institutions.

16. 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 that are 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: Fair value for investment and mortgage-backed securities is based on quoted market prices, where available. If a quoted market price is not available, fair value is estimated using quoted prices for similar securities. The fair value of the Corporation's 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.

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. 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.

Interest Rate Cap: The fair value is estimated using a standard sophisticated option model.

Class "O" Certificates: The fair value of the option to purchase 49.9% of the Class "O" Certificates of SASCO 2002 RM1 is based on the net present value of the forecasted cash flows. The forecasted cash flows are based on assumptions about the life expectancy of the mortgagee, current collateral values, the future change in collateral values, and future interest rates. The current assumptions include a short-term annual appreciation rate of -8.0% in the first year and a long-term annual appreciation rate of 0.5% in future years. These projected cash flows are discounted at an appropriate discount rate. The discount rate is derived using the "Build-up Model" taking into account as a base the risk free rate of return and adding individual factors unique and applicable to the cash flows of the Class "O" Certificates. The discount rate currently used is approximately 21%. Finally, since the Class "O" Certificates represent the equity tranche of SASCO 2002 RM1, a 15% illiquidity discount is applied to the resulting net present value.

Deposit Liabilities: The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, money market and interest-bearing demand deposits and savings deposits, is assumed to be equal to the amount payable on demand. The carrying value of variable rate time deposits and time deposits that reprice frequently also approximates fair value. The fair value of the remaining time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits with comparable remaining maturities.

Borrowed Funds: Rates currently available to the Corporation 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 the Corporation's financial instruments are as follows:

	December 31, 2006 Book Value	December 31, 2006 Fair Value	December 31, 2005 Book Value	December 31, 2005 Fair Value
	(In Thousands)			
Financial assets:				
Cash and cash equivalents	$ 241,824	$ 241,824	$ 233,951	$ 233,951
Investment securities	54,491	54,524	57,489	57,688
Mortgage-backed securities	516,711	516,434	620,323	620,323
Loans, net	2,019,741	2,012,530	1,775,294	1,779,746
Bank-owned life insurance	55,282	55,282	54,193	54,193
Stock in Federal Home Loan Bank of Pittsburgh	39,872	39,720	46,293	46,293
Accrued interest receivable	13,037	13,037	11,070	11,070
Interest rate cap	30	30	125	125
Option to purchase Class "O" Certificates	-	3,503	-	-
Financial liabilities:				
Deposits	1,756,348	1,757,259	1,446,236	1,447,165
Borrowed funds	1,002,679	997,476	1,195,008	1,200,477
Accrued interest payable	8,690	8,690	7,554	7,554

The estimated fair value of the Corporation's off-balance sheet financial instruments is as follows:

	December 31, 2006	December 31, 2005
	(In Thousands)	
Off-balance sheet instruments:		
Commitments to extend credit	$4,454	$4,120
Standby letters of credit	406	267

17. RELATED PARTY TRANSACTIONS

The Corporation routinely enters into transactions with its 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 $5.1 million and $6.9 million at December 31, 2006 and 2005, respectively. During 2006, new loans and credit line advances to such related parties amounted to $9.4 million and repayments amounted to $8.2 million. In addition, during 2006, one director retired and $3.0 million in loans have been excluded from related party transactions.

The Corporation engages a law firm that is affiliated with a director of the Corporation for general legal services. Total fees for such services amounted to $31,000 during 2006.

A director of the Corporation is also a director of a loan customer of the Bank. At December 31, 2006, the principal balance outstanding of that loan was $7.0 million.

The Chairman of the Corporation is also the Chairman of the FHLB of Pittsburgh. At December 31, 2006, the Bank had borrowed funds outstanding from the FHLB of Pittsburgh of $784.0 million and owned $39.9 million of FHLB of Pittsburgh stock.

18. PARENT COMPANY FINANCIAL INFORMATION

Condensed Statement of Financial Condition

	December 31, 2006	December 31, 2005
	(In Thousands)	
Assets:		
Cash	$ 4,984	$ 10,097
Investment in subsidiaries	270,994	236,095
Investment in interest rate cap	30	125
Investment in Capital Trust III	2,011	2,011
Other assets	1,499	1,056
Total assets	$ 279,518	$ 249,384
Liabilities:		
Borrowings	$ 67,011	$ 67,011
Interest payable	412	357
Other liabilities	36	41
Total liabilities	67,459	67,409
Stockholders' equity:		
Common stock	156	154
Capital in excess of par value	81,580	74,673
Comprehensive loss	(8,573)	(9,968)
Retained earnings	347,448	319,065
Treasury stock	(208,552)	(201,949)
Total stockholders' equity	212,059	181,975
Total liabilities and stockholders' equity	$ 279,518	$ 249,384

Condensed Statement of Operations

	December 31, 2006	December 31, 2005	December 31, 2004
	(In Thousands)		
Income:			
Interest income	$ 594	$ 533	$ 101
Noninterest income	354	139	139
	948	672	240
Expenses:			
Interest expense	5,053	5,292	2,246
Other operating expenses	(1,386)	(1,567)	(681)
	3,667	3,725	1,565
Loss before equity in undistributed income of subsidiaries	(2,719)	(3,053)	(1,325)
Equity in undistributed income of subsidiaries	33,160	30,909	27,225
Net income	$ 30,441	$ 27,856	$ 25,900

Condensed Statement of Cash Flows

	Year Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Operating activities:			
Net income	$ 30,441	$ 27,856	$ 25,900
Adjustments to reconcile net income to net cash used for operating activities:			
Equity in undistributed income of subsidiaries	(33,160)	(30,909)	(27,225)
Amortization	560	1,398	175
(Increase) decrease in other assets	(606)	432	(600)
Increase in other liabilities	51	126	37
Net cash used for operating activities	(2,714)	(1,097)	(1,713)
Investing activities:			
(Increase) decrease in investment in subsidiaries	(646)	28,210	18,577
Net issuance of Pooled Floating Rate Capital Securities	-	17,011	-
Net cash (used for) provided by investing activities	(646)	45,221	18,577
Financing activities:			
Issuance of common stock	6,907	6,348	3,590
Dividends paid on common stock	(2,057)	(1,845)	(1,643)
Treasury stock, net of reissuance	(6,603)	(40,104)	(17,899)
Net cash used for financing activities	(1,753)	(35,601)	(15,952)
(Decrease) increase in cash	(5,113)	8,523	912
Cash at beginning of period	10,097	1,574	662
Cash at end of period	$ 4,984	$ 10,097	$ 1,574

19. ACCOUNTING FOR INTEREST RATE CAP

The Corporation has an interest-rate cap with a notional amount of $50.0 million, which limits three-month LIBOR to 6.00% for the ten years ending December 1, 2008. The fair value of the cap is estimated using a standard option model. The fair value of the interest rate cap at December 31, 2006 was $30,000. The cap is considered a free standing derivative and all changes in the fair value of the cap are recorded in the Consolidated Statement of Operations. During 2006, the Company recognized $560,000 of interest expense of which $411,000 was the result of the reclassification of the residual amounts related to the hedge that were not reclassified at the time the Corporation refinanced its Trust Preferred Securities in 2005.

20. SEGMENT INFORMATION

Under the definition of SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, the Corporation discusses its business in three segments. There is one segment for WSFS and one for CashConnect, the ATM division of WSFS. The third segment, "All Others," represents the combined contributions of Montchanin and the newly formed Wealth Management Services Division. Montchanin and the Wealth Management Services Division each offer different products, to a separate customer base, through distinct distribution methods than those of the Corporation. Therefore, the Corporation has combined Montchanin and the Wealth Management Services Division to form the operating segment "All Others." All prior years' information has been updated to reflect this presentation. WSFS provides financial products through its main office, 27 retail banking offices, loan production offices and operations centers to commercial and retail customers. Retail and Commercial Banking, Commercial Real Estate Lending, Private Banking and other banking business units are operating departments of WSFS. These departments share the same regulator, market, many of the same customers, share common resources (corporate and department-level) and provide similar products and services through the general infrastructure of the Company. Because of these and other reasons, these departments are not considered discrete segments and are appropriately aggregated within the WSFS segment of the Company in accordance with SFAS No. 131. CashConnect provides turnkey ATM services through strategic partnerships with several of the largest networks, manufacturers and service providers in the ATM industry. Montchanin provides asset management products and services to customers in the Bank's primary market area. Montchanin has one consolidated non-wholly owned subsidiary, Cypress Capital Management, LLC (Cypress). Cypress, a 90% owned subsidiary, is a Wilmington-based investment advisory firm

serving high net-worth individuals and institutions. The Wealth Management Services Division provides wealth management and personal trust services to customers in the Bank's primary market area.

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 maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Corporation evaluates performance based on pretax ordinary income relative to resources used, and allocates resources based on these results. Segment information for the years ended December 31, 2006, 2005 and 2004 is shown below.

For the Year Ended December 31, 2006: (In Thousands)

	WSFS	CashConnect	All Others (1)	Total
External customer revenues:				
Interest income	$ 177,177	$ -	$ -	$ 177,177
Noninterest income	22,253	15,644	2,408	40,305
Total external customer revenues..	199,430	15,644	2,408	217,482
Intersegment revenues:				
Interest income	8,071	-	-	8,071
Noninterest income	1,344	685	-	2,029
Total intersegment revenues	9,415	685	-	10,100
Total revenue	208,845	16,329	2,408	227,582
External customer expenses:				
Interest expense	99,278	-	-	99,278
Noninterest expenses	62,439	4,222	2,653	69,314
Provision for loan loss..	2,738	-	-	2,738
Total external customer expenses..	164,455	4,222	2,653	171,330
Intersegment expenses:				
Interest expense	-	8,071	-	8,071
Noninterest expenses	685	688	656	2,029
Total intersegment expenses	685	8,759	656	10,100
Total expenses	165,140	12,981	3,309	181,430
Income before taxes and extraordinary items	$ 43,705	$ 3,348	$ (901)	46,152
Provision for income taxes				15,660
Minority interest				51
Consolidated net income				$ 30,441
Cash and cash equivalents	$ 75,203	$ 166,092	$ 529	$ 241,824
Other segment assets	2,738,576	15,228	1,768	2,755,572
Total segment assets	$2,813,779	$ 181,320	$ 2,297	$2,997,396

Capital expenditures	$ 9,790	$ 382	$ 20	$ 10,192

(1) Includes Montchanin Capital Management, Inc. and the Wealth Management Services Division.

For the Year Ended December 31, 2005: (In Thousands)

	WSFS	CashConnect	All Others (1)	Total
External customer revenues:				
Interest income	$ 136,022	$ -	$ -	$ 136,022
Noninterest income	19,595	12,539	2,519	34,653
Total external customer revenues..	155,617	12,539	2,519	170,675
Intersegment revenues:				
Interest income	4,729	-	-	4,729
Noninterest income	1,361	682	-	2,043
Total intersegment revenues	6,090	682	-	6,772
Total revenue	161,707	13,221	2,519	177,447
External customer expenses:				
Interest expense	62,380	-	-	62,380
Noninterest expenses	56,562	3,956	2,359	62,877
Provision for loan loss..	2,582	-	-	2,582
Total external customer expenses..	121,524	3,956	2,359	127,839
Intersegment expenses:				
Interest expense	-	4,729	-	4,729
Noninterest expenses	682	778	583	2,043
Total intersegment expenses	682	5,507	583	6,772
Total expenses	122,206	9,463	2,942	134,611
Income before taxes and extraordinary items	$ 39,501	$ 3,758	$ (423)	42,836
Provision for income taxes				14,847
Minority interest				133
Consolidated net income				$ 27,856
Cash and cash equivalents	$ 59,109	$ 174,527	$ 315	$ 233,951
Other segment assets	2,604,038	7,153	1,610	2,612,801
Total segment assets	$2,663,147	$ 181,680	$ 1,925	$2,846,752
Capital expenditures	$ 15,656	$ 811	$ 59	$ 16,526

(1) Includes Montchanin Capital Management, Inc. and the Wealth Management Services Division.

For the Year Ended December 31, 2004: (In Thousands)

	WSFS	CashConnect	All Others (1)	Total
External customer revenues:				
Interest income	$ 104,110	$ -	$ -	$ 104,110
Noninterest income	19,612	10,076	2,262	31,950
Total external customer revenues ..	123,722	10,076	2,262	136,060
Intersegment revenues:				
Interest income	1,771	-	-	1,771
Noninterest income	1,046	742	-	1,788
Total intersegment revenues	2,817	742	-	3,559
Total revenue	126,539	10,818	2,262	139,619
External customer expenses:				
Interest expense	37,246	-	-	37,246
Noninterest expenses	50,134	3,516	2,049	55,699
Provision for loan loss ..	3,217	-	-	3,217
Total external customer expenses ..	90,597	3,516	2,049	96,162
Intersegment expenses:				
Interest expense	-	1,771	-	1,771
Noninterest expenses	742	717	329	1,788
Total intersegment expenses	742	2,488	329	3,559
Total expenses	91,339	6,004	2,378	99,721
Income before taxes and extraordinary items	$ 35,200	$ 4,814	$ (116)	39,898
Provision for income taxes				13,951
Minority interest				190
Income on wind-down of discontinued operations, net of taxes				143
Consolidated net income				$ 25,900
Cash and cash equivalents	$ 61,021	$ 131,150	$ 307	$ 192,478
Other segment assets	2,301,726	7,583	1,169	2,310,478
Total segment assets	$2,362,747	$ 138,733	$ 1,476	$2,502,956
Capital expenditures	$ 5,865	$ 522	$ 22	$ 6,409

(1) Includes Montchanin Capital Management, Inc. and the Wealth Management Services Division.

QUARTERLY FINANCIAL SUMMARY (Unaudited)

	Three Months Ended							
	12/31/06	9/30/06	6/30/06	3/31/06	12/31/05	9/30/05	6/30/05	3/31/05
	(In Thousands, Except Per Share Data)							
Interest income	$46,701	$46,131	$43,868	$40,477	$37,835	$35,136	$32,886	$30,165
Interest expense	26,611	27,011	24,482	21,174	19,299	15,921	15,108	12,052
Net interest income	20,090	19,120	19,386	19,303	18,536	19,215	17,778	18,113
Provision for loan losses	1,036	319	695	688	1,006	225	772	579
Net interest income after provision for loan losses.....	19,054	18,801	18,691	18,615	17,530	18,990	17,006	17,534
Noninterest income	11,078	10,309	9,880	9,038	9,499	8,584	8,714	7,856
Noninterest expenses	18,553	17,587	16,932	16,242	16,154	16,150	15,603	14,970

Income before minority interest and taxes....	11,579	11,523	11,639	11,411	10,875	11,424	10,117	10,420
Less minority interest	11	9	15	16	11	48	37	37
Income before taxes	11,568	11,514	11,624	11,395	10,864	11,376	10,080	10,383
Income tax provision	3,969	3,511	4,126	4,054	3,771	3,969	3,514	3,593
Net income	$ 7,599	$ 8,003	$ 7,498	$ 7,341	$ 7,093	$ 7,407	$ 6,566	$ 6,790
Earnings per share:								
Basic	$ 1.14	$ 1.20	$ 1.13	$ 1.11	$ 1.09	$ 1.12	$ 0.95	$ 0.96
Diluted	$ 1.10	$ 1.16	$ 1.09	$ 1.06	$ 1.03	$ 1.06	$ 0.90	$ 0.90

Subsidiaries of the Registrant

Parent Company	Subsidiary	Percent Owned	State or Other Jurisdiction of Incorporation
WSFS Financial Corporation	Wilmington Savings Fund Society, Federal Savings Bank	100%	United States
	WSFS Capital Trust, III	100%	Delaware
	Montchanin Capital Management, Inc.	100%	Delaware
Wilmington Savings Fund Society, Federal Savings Bank	WSFS Reit, Inc	100%	Delaware
	WSFS Investment Group, Inc.	100%	Delaware
Montchanin Capital Management, Inc.	Cypress Capital Management, LLC	90%(1)	Delaware

(1) During 2007 this ownership percentage increased to 100%.

CONSENT OF KPMG LLP

Consent of Independent Registered Public Accounting Firm

The Board of Directors
WSFS Financial Corporation:

We consent to the incorporation by reference in the registration statements (No. 333-106561, No. 333-26099, No. 333-33713, No. 333-40032, and No. 333-127225) on Form S-8 of WSFS Financial Corporation of our report dated March 9, 2007, with respect to the consolidated statement of condition of WSFS Financial Corporation and subsidiaries as of December 31, 2006 and 2005, 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, 2006, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006, and the effectiveness of internal control over financial reporting as of December 31, 2006, which reports appear in the December 31, 2006 annual report on Form 10-K of WSFS Financial Corporation.

Our report dated March 9, 2007 on the consolidated statement of condition of WSFS Financial Corporation and subsidiaries as of December 31, 2006 and 2005, 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, 2006, refers to the Corporation's adoption of Statement of Financial Standards No. 123R, "Share-Based Payment," effective January 1, 2006.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 14, 2007

CERTIFICATION PURSUANT TO
RULE 13a-14
OF THE EXCHANGE ACT

SECTION 302 CERTIFICATION

I, Marvin N. Schoenhals, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of WSFS Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d(15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 7, 2007

/s/ Marvin N. Schoenhals

Marvin N. Schoenhals
President and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Stephen A. Fowle, Executive Vice President and Chief Financial

Officer, certify that:

1. I have reviewed this annual report on Form 10-K of WSFS Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 7, 2007

/s/ Stephen A. Fowle

Stephen A. Fowle
Executive Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

We hereby certify pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

1) This annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in this annual report fairly presents, in all material respects, the financial condition and results of operations of WSFS Financial Corporation.

/s/ Marvin N. Schoenhals	/s/ Stephen A. Fowle
Marvin N. Schoenhals Chairman and President	Stephen A. Fowle Executive Vice President and Chief Financial Officer
March 7, 2007	March 7, 2007