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

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

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
(Exact name of registrant as specified in its charter)

Delaware	22-2866913
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
838 Market Street, Wilmington, Delaware	19899
(Address of principal executive offices)	(Zip Code)

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

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 12 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 the number of shares outstanding of each of the issuer's classes of common stock, as of November 5, 2001:

Common Stock, par value $.01 per share	9,146,482
(Title of Class)	(Shares Outstanding)

WSFS FINANCIAL CORPORATION

FORM 10-Q

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PART I. Financial Information

PART II. Other Information

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
	(Unaudited) (Dollars in Thousands, except per share data)			
Interest income:				
Interest and fees on loans	$ 20,776	$ 20,284	$ 62,076	$ 58,212
Interest on mortgage-backed securities	5,777	6,610	17,867	18,705
Interest and dividends on investment securities	290	883	1,094	2,433

Interest on investments in reverse mortgages	3,324	3,742	8,258	15,461
Other interest income	881	783	2,386	2,202
	31,048	32,302	91,681	97,013
Interest expense:				
Interest on deposits	8,475	12,087	28,885	30,507
Interest on Federal Home Loan Bank advances	4,234	3,128	10,788	11,407
Interest on federal funds purchased and securities sold under agreement to repurchase	907	1,191	2,550	3,867
Interest on trust preferred borrowings	1,280	699	3,048	2,239
Interest on other borrowed funds	102	146	314	404
	14,998	17,251	45,585	48,424
Net interest income	16,050	15,051	46,096	48,589
Provision for loan losses	746	227	1,591	672
Net interest income after provision for loan losses	15,304	14,824	44,505	47,917
Other income:				
Loan servicing fee income	895	559	2,331	1,587
Deposit service charges	2,211	1,867	6,390	5,046
Credit/debit card and ATM income	2,001	1,469	5,417	3,963
Securities losses	-	-	-	(2,325)
Gain on sale of loans	5,675	1,420	12,820	1,972
Other income	930	667	2,853	2,852
	11,712	5,982	29,811	13,095
Other expenses:				
Salaries, benefits and other compensation	10,346	8,563	28,732	21,737
Equipment expense	1,146	1,110	3,323	3,132
Data processing and operations expenses	1,226	956	3,523	4,286
Occupancy expense	1,337	1,130	3,976	3,111
Marketing expense	574	624	1,957	2,203
Professional fees	661	721	1,879	2,213
Net (recovery) costs of assets acquired through foreclosure	(6)	100	65	263
ATM fraud (recovery) losses	(56)	-	312	-
In-store branch net write off	-	-	1,114	-
Other operating expense	3,361	3,018	10,215	7,948
	18,589	16,222	55,096	44,893
Income from continuing operations before minority interest, taxes and cumulative effect of change in accounting principle	8,427	4,584	19,220	16,119
Less minority interest	117	(780)	(1,382)	(2,867)
Income from continuing operations before taxes and cumulative effect of change in accounting principle	8,310	5,364	20,602	18,986
Income tax provision	2,807	1,326	6,673	5,421
Income from continuing operations before cumulative effect of change in accounting principle	5,503	4,038	13,929	13,565
Cumulative effect of change in accounting principle net of $837,000 in income tax	-	-	-	(1,256)
Income from continuing operations	5,503	4,038	13,929	12,309
Income (loss) from discontinued operations, net of taxes	-	31	-	(1,736)
Net income	$ 5,503	$ 4,069	$ 13,929	$ 10,573

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Continued)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
	(Unaudited) (Dollars in Thousands, except per share data)			
Basic earnings per share:				
Income from continuing operations before cumulative effect of change in accounting principle	$ 0.59	$ 0.39	$ 1.43	$ 1.26
Cumulative effect of change in accounting principle, net of taxes	-	-	-	(0.12)
Income from continuing operations	0.59	0.39	1.43	1.14
Loss from discontinued operations, net of taxes	-	_	-	(0.16)
Net income	$ 0.59	$ 0.39	$ 1.43	$ 0.98
Diluted earnings per share:				
Income from continuing operations before cumulative				

effect of change in accounting principle	$ 0.58	$ 0.39	$ 1.42	$ 1.26
Cumulative effect of change in accounting principle, net of taxes	-	-	-	(0.12)
Income from continuing operations	0.58	0.39	1.42	1.14
Loss from discontinued operations, net of taxes	-	-	-	(0.16)
Net income	$ 0.58	$ 0.39	$ 1.42	$ 0.98

The accompanying notes are an integral part of these financial statements

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CONDITION

	September 30, 2001	December 31, 2000
	(Unaudited)	
	(Dollars in Thousands)	
Assets		
Cash and due from banks	$ 94,342	$ 87,849
Federal funds sold and securities purchased under agreements to resell	56,300	3,500
Interest-bearing deposits in other banks	23,667	7,318
Investment securities held-to-maturity	14,365	14,746
Investment securities available-for-sale	1,623	14,994
Mortgage-backed securities held-to-maturity	83,364	107,663
Mortgage-backed securities available-for-sale	305,358	232,055
Investment in reverse mortgages, net	35,061	33,683
Loans held-for-sale	43,697	23,313
Loans, net of allowance for loan losses of $21,501 at September 30, 2001 and $21,423 at December 31, 2000	995,210	940,178
Stock in Federal Home Loan Bank of Pittsburgh, at cost	21,550	28,500
Assets acquired through foreclosure	533	630
Premises and equipment	16,740	16,788
Accrued interest and other assets	31,304	28,348
Net assets of discontinued operations	140,052	199,751
Total assets	$1,863,166	$1,739,316
Liabilities, Minority Interest and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$ 151,706	$ 139,128
Money market and interest-bearing demand	327,541	244,120
Savings	310,594	289,382
Time	302,255	282,839
Jumbo certificates of deposit - retail	9,391	5,611
Total retail deposits	1,101,487	961,080
Jumbo certificates of deposit	17,483	13,419
Brokered certificates of deposit	33,319	147,092
Total deposits	1,152,289	1,121,591
Federal funds purchased and securities sold under agreements to repurchase	69,300	69,300
Federal Home Loan Bank advances	431,000	351,000
Trust preferred borrowings	50,000	50,000
Other borrowed funds	34,327	23,338
Accrued expenses and other liabilities	24,058	21,065
Total liabilities	1,760,974	1,636,294
Minority Interest	4,606	5,876
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 14,821,875 at September 30, 2001 and 14,813,403 at December 31, 2000	148	148
Capital in excess of par	59,079	58,985
Accumulated other comprehensive income	3,516	197
Retained earnings	105,163	92,409
Treasury stock at cost, 5,677,169 shares at September 30, 2001 and 4,629,769 shares at December 31, 2000	(70,320)	(54,593)
Total stockholders' equity	97,586	97,146

Total liabilities and stockholders' equity	$1,863,166	$1,739,316

The accompanying notes are an integral part of these financial statements

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended September 30,	
	2001	2000
	(Unaudited) (Dollars in Thousands)	
Operating activities:		
Net income	$ 13,929	$ 10,573
Adjustments to reconcile net income to cash (used for) provided by operating activities:		
Provision for loan losses	1,591	672
Depreciation, accretion and amortization	3,126	2,033
Increase in accrued interest receivable and other assets	(5,941)	(3,541)
Origination of loans held-for-sale	(383,361)	(123,130)
Proceeds from sales of loans held-for-sale	363,966	127,006
Increase in accrued interest payable and other liabilities	2,955	8,524
Increase in reverse mortgage capitalized interest, net	(8,137)	(15,311)
Minority interest in net income	(1,382)	(2,867)
Loss on sale of mortgage-backed securities-available for sale	-	4,419
Other, net	293	2,115
Net cash (used for) provided by operating activities	(12,961)	10,493
Investing activities:		
Net increase in interest-bearing deposits in other banks	(16,349)	(228)
Maturities of investment securities	13,344	6,771
Sales of investment securities available-for-sale	500	10,275
Sales of mortgage-backed securities available-for-sale	-	146,545
Purchases of investment securities available-for-sale	-	(8,952)
Purchases of investment securities available-for-sale	-	(28,068)
Repayments of mortgage-backed securities held-to-maturity	24,096	20,748
Repayments of mortgage-backed securities available-for-sale	152,659	43,680
Purchases of mortgage-backed securities available-for-sale	(221,875)	(150,845)
Repayments of reverse mortgages	12,264	15,563
Disbursements for reverse mortgages	(5,397)	(6,011)
Sales of loans	-	(43,300)
Purchase of loans	(1,105)	(34,340)
Net increase in loans	(56,971)	(1,683)
Net decrease in stock of Federal Home Loan Bank of Pittsburgh	6,950	-
Receipts from investment in real estate	270	-
Sales of assets acquired through foreclosure, net	613	1,227
Premises and equipment, net	(1,254)	(3,732)
Net cash used for investing activities	(92,255)	(32,350)
Financing activities:		
Net increase in demand and savings deposits	128,288	174,026
Net (decrease) increase in time deposits	(86,693)	41,738
Receipts from FHLB borrowings	215,000	510,500
Repayments of FHLB borrowings	(135,000)	(676,000)
Receipts from reverse repurchase agreements	-	46,588
Repayments of reverse repurchase agreements	-	(69,641)
Repayments of Federal funds purchased, net	-	(5,000)
Repayments of other borrowings	(89)	(80)
Dividends paid on common stock	(1,175)	(1,191)
Issuance of common stock	94	88
Purchase of treasury stock, net of reissuance	(15,727)	(10,286)
Minority Interest	112	653
Net cash provided by financing activities	104,810	11,395
Decrease in cash and cash equivalents from continuing operations	(406)	(10,462)
Change in net assets from discontinued operations	59,699	18,402
Cash and cash equivalents at beginning of period	91,349	59,166
Cash and cash equivalents at end of period	$ 150,642	$ 67,106
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest during the quarter	$ 44,375	$ 53,156
Cash paid for income taxes, net	3,763	1,722
Loans transferred to assets acquired through foreclosure	607	1,105
Net change in unrealized gains on securities available for sale, net of tax.	3,319	2,306
Assets transferred from held-to-maturity to available-for-sale upon adoption of SFAS No. 133		
Investment Securities	-	2,000
Mortgage-backed Securities	-	128,981

The accompanying notes are an integral part of these financial statements.

WSFS FINANCIAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the parent company (Corporation or Company), WSFS Capital Trust I, Wilmington Savings Fund Society, FSB (WSFS) and its wholly owned subsidiaries, 838 Investment Group, Inc. and Star States Development Company (SSDC) as well as not wholly-owned, but majority controlled subsidiaries, Wilmington National Finance, Inc. (WNF), and CustomerOne Financial Network, Inc. (C1FN), see Note 4 of the financial statements, within, for further discussion of nonwholly- owned subsidiaries.

As discussed in Note 3 of the financial statements within, the results of WSFS Credit Corporation (WCC), the Corporation's wholly owned indirect auto financing and leasing subsidiary, are presented as discontinued operations, retroactively restated for all periods presented.

The consolidated statement of condition at September 30, 2001, the consolidated statement of operations for the three and nine months ended September 30, 2001 and 2000 and the consolidated statement of cash flows for the nine months ended September 30, 2001 and 2000 are unaudited and include all adjustments solely of a normal recurring nature which management believes are necessary for a fair presentation. Certain reclassifications have been made to prior year's financial statements for conformity with the current year's presentation. All significant intercompany transactions are eliminated in consolidation. The results of operations for the three- and nine-month periods ended September 30, 2001 are not necessarily indicative of the expected results for the full year ended December 31, 2001. The financial statements include the accounts of WSFS Financial Corporation. Such statements have been prepared in accordance with accounting principles generally accepted in the United States of America and applicable to the banking industry. The accompanying unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Corporation's 2000 Annual Report.

2. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data).

	For the three months ended September 30,		For the nine months ended September 30,	
	2001	2000	2001	2000
Numerator:				
Income from continuing operations before cumulative effect of change in accounting principle	$5,503	$4,038	$13,929	$13,565
Cumulative effect of change in accounting principle, net of tax benefit	-	-	-	(1,256)
Income from continuing operations	5,503	4,038	13,929	12,309
Income (loss) from discontinued operations, net of taxes	-	31	-	(1,736)
Net income	$5,503	$4,069	$13,929	$10,573
Denominator:				
Denominator for basic earnings per share - weighted average shares	9,303	10,507	9,725	10,764
Employee stock options	172	11	91	14
Denominator for diluted earnings per share - adjusted weighted average shares and assumed exercise	9,475	10,518	9,816	10,778
Earnings per share:				
Basic:				
Income from continuing operations before cumulative effect of change in accounting principle	$ 0.59	$ 0.39	$ 1.43	$ 1.26
Cumulative effect of change in accounting principle, net of tax benefit	-	-	-	(0.12)
Income from continuing operations	0.59	0.39	1.43	1.14
Loss from discontinued operations, net of taxes	-	-	-	(0.16)
Net income	$ 0.59	$ 0.39	$ 1.43	$ 0.98
Earnings per share:				
Diluted:				
Income from continuing operations before cumulative effect of change in accounting principle	$ 0.58	$ 0.39	$ 1.42	$ 1.26
Cumulative effective of change in accounting principle	-	-	-	(0.12)
Income from continuing operations	0.58	0.39	1.42	1.14
Loss from discontinued operations, net of taxes	-	-	-	(0.16)
Net income	$ 0.58	$ 0.39	$ 1.42	$ 0.98

Outstanding common stock having no dilutive effect...........	132	604	138	573

3. Discontinued Operations of a Business Segment

On December 21, 2000, the Board of Directors of WSFS Financial Corporation approved plans to discontinue the operations of WSFS Credit Corporation (WCC), the Company's indirect auto finance business segment. WCC, which had 5,388 lease contracts and 2,049 loan contracts at September 30, 2001, no longer accepts new applications but will continue to service existing loans and leases. Management estimates that substantially all loan and lease contracts will mature by the end of December 2003.

Accounting for discontinued operations of a business segment requires that the Company forecast operating results over the wind-down period and immediately accrue any expected net losses as a one time charge. The historic results of WCC's operations, the one-time charge, and the future reported results of WCC are required to be treated as Discontinued Operations of a Business Segment, and shown in summary form separately from the Company's results of continuing operations in reported results of the Corporation. Prior periods are restated, as required by accounting principles generally accepted in the United States of America.

As a result, net operating income of $31,000 and a net operating loss of $1.7 million for the three and nine months ended September 30, 2000, respectively, were reclassified from continuing operations to discontinued operations. In addition, the Corporation established a $6.2 million pretax reserve in the fourth quarter of 2000 to absorb expected future losses. This reserve is reevaluated quarterly with adjustments, if necessary, recorded as income/losses from discontinued operations. Accounting for discontinued operations also requires that the net assets (assets less third party liabilities) be reclassified on the balance sheet to a single line item, Net assets of discontinued operations.

The following chart depicts the net assets of discontinued operations at September 30, 2001 and December 31, 2000:

	At September 30, 2001	At December 31, 2000
	(In Thousands)	
Net loans...	$ 19,175	$ 27,877
Vehicles under operating leases, net.....................	122,803	175,745
Premises and equipment..................................	60	131
Other Assets	4,541	3,931
Less:		
Reserve for losses of discontinued operations........	5,311	6,169
Other liabilities..................................	1,216	1,764
Net assets of discontinued operations...................	$140,052	$199,751

The following table depicts the net income from discontinued operations for the three and nine months ended September 30, 2001 and 2000:

	For the three months	For the nine months

	Ended September 30,		ended September 30,	
	2001	2000	2001	2000
	(In Thousands)			
Interest income........................	$ 444	$ 518	$ 1,493	$ 1,411
Allocated interest expense (1).........	2,192	3,537	7,790	10,311
Net interest expense...................	(1,748)	(3,019)	(6,297)	(8,900)
Loan and lease servicing fee income ...	(29)	202	177	650
Rental income on operating leases, net.	1,856	3,353	6,841	6,845
Other income...........................	3	12	13	38
	1,830	3,567	7,031	7,533
Other operating expenses...............	403	496	1,367	1,445
(Loss) income before taxes.............	(321)	52	(633)	(2,812)
Reserve for discontinued operations ...	456	-	858	-
Income tax provision (benefit)........	135	21	225	(1,076)
Income from discontinued operations....	$ -	$ 31	$ -	$ (1,736)

(1) Allocated interest expense based on the Company's annual average wholesale borrowings rate which was 5.66% and 6.45% for the three months ended September 30, 2001and 2000, respectively, and 5.97% and 6.22% for the nine months ended September 30, 2001 and 2000, respectively.

4. INVESTMENTS IN NONWHOLLY-OWNED SUBSIDIARIES

In August 1999, WSFS Financial Corporation invested $5.5 million in CustomerOne Financial Network, Inc. (C1FN), a St. Louis, Missouri based corporation formed in 1998 for the express purpose of providing direct-to-marketing, servicing, internet development and technology management for "branchless" financial services. As a result of this investment, C1FN's internet-only banking structure became part of everbank.com(TM), a division of WSFS. C1FN and WSFS manage the operations of everbank.com(TM). Everbank.com(TM) began marketing internet-only banking to a national clientele in November of 1999.

Currently, WSFS has an economic ownership of 28% in C1FN. WSFS, the single largest shareholder in C1FN retains control of C1FN through a voting trust and therefore consolidates the results of C1FN into the operating results of WSFS. WSFS will continue to have control until everbank.com(TM) obtains a separate banking charter at which time, this investment will then be accounted for under the equity method.

Additionally, in November 1999, the Corporation expanded the home equity lending business of Community Credit Corporation (CCC) which initially started operations in 1994. CCC was renamed Wilmington National Finance, Inc. (WNF) which expanded its sales to a national level and now aggregates loans primarily through brokers and sells them to investors. WSFS retained a 51% ownership with the remainder held by WNF's executives retained to lead the expansion of WNF. WSFS also has warrants to obtain an additional 15% ownership in WNF.

Both C1FN and WNF are consolidated into the financial statements of WSFS Financial Corporation. The portion of equity and operating results attributable to investors in C1FN and WNF, other than WSFS, are reported as minority interest.

5. ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING

The Corporation's only derivative that requires separate accounting under Statement of Accounting Standard (SFAS) 133 is an interest-rate cap with a notional amount of $50 million which limits 3-month LIBOR to 6% for ten years ending December 1, 2008. The cap is being used to hedge the cash flows of $50 million in trust preferred floating debt. The cap was recorded at the date of purchase in other assets, at a cost of $2.4 million. The fair market value (FMV), which at inception is equal to the cost, has two components: the intrinsic value and the time value of the option. The cap is marked-to-market quarterly, with changes in the intrinsic value of the cap, net of tax, included in a separate component of other comprehensive income and changes in the time value of the option included in interest expense as required under SFAS 133. In addition, the ineffective portion, if any, will be expensed in the period in which ineffectiveness is determined. It has been determined that the hedge is highly effective and can reasonably be expected to remain so. Management is not aware of any events that would result in the reclassification into earnings of gains and losses that are currently reported in accumulated other comprehensive income except for the change in the FMV of the interest rate cap which pertains to the time value of the hedging instrument. The fair value is estimated using the calculated FMV of similar instruments.

The following depicts the change in fair market value of the interest rate cap:

	For the nine months ended					
	2001			2000		
	at January 1	Activity	at September 30	at January 1	Activity	at September 30
	(In Thousands)					
Intrinsic value (1)	$ 193	$ (190)	$ 3(1)	$ 2,813	$ (979)	$1,834(1)
Time value (2)	1,804	(259)(2)	1,545	2,131	(250)(2)	1,881
Total	$1,997	$ (449)	$1,548	$ 4,944	$(1,229)	$3,715

(1) Included in other comprehensive income, net of taxes.
(2) Included in interest expense on the hedged item (trust preferred borrowings).

An additional provision of SFAS 133 affords the opportunity to reclassify investment securities between held-to-maturity, available-for-sale and trading at the date of adoption. Accordingly, the corporation reclassified $131.0 million in investments and mortgage-backed securities from held-to-maturity to available-for-sale and recorded an unrealized loss of $2.4 million, net of tax. Of the $131.0 million transferred, $55.4 million was sold at a loss of $1.3 million, net of tax, during the first quarter of 2000, the quarter of adoption. In accordance with SFAS No. 133, this loss was included in the statement of operations as a cumulative effect of a change in accounting principle.

6. TAXES ON INCOME

The Corporation accounts for income taxes in accordance with SFAS No. 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 allowances on the deferred income taxes due to limitations imposed by the Internal Revenue Code and uncertainties, including the timing of settlement and realization of these differences.

The Internal Revenue Service (IRS) is examining the Company's U.S. income tax returns for the periods ended December 31, 1995 through 1999. In October 2001, the IRS issued a Notice of Proposed Adjustment related to the utilization of certain net operating loss carryovers. The Corporation intends to appeal this Notice. Management believes adjustments, if any, which may be required will not be material to the financial statements.

Income taxes have been settled with the IRS for all years through 1994.

7. COMPREHENSIVE INCOME

The following schedule depicts other comprehensive income as required by SFAS No. 130:

	For the three months ended September 30,		For the nine months ended September 30,	
	2001	2000	2001	2000
Net income	$ 5,503	$ 4,069	$ 13,929	$ 10,573
Other Comprehensive Income:				
Net unrealized holding gains (losses) on securities available-for-sale arising during the period........	1,569	1,550	3,443	(414)
Net unrealized holding losses arising during the period on derivatives used for cash flow hedge......	(535)	(455)	(124)	(636)
Reclassification for gains included in income..........	-	-	-	1,528
Total comprehensive income, before other comprehensive income that resulted from the cumulative effect of a change in accounting principle.......................	6,537	5,164	17,248	11,051
Net unrealized gain on derivatives used for cash flow hedging as a result of adopting SFAS No. 133.........	-	-	-	1,828
Total comprehensive income.............................	$ 6,537	$ 5,164	$ 17,248	$ 12,879

8. SEGMENT INFORMATION

Under the definition of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, the Corporation has three operating segments in 2001: WSFS, C1FN and WNF. C1FN and WNF are not wholly-owned, but are majority-controlled subsidiaries that started operating in 1999. As majority controlled subsidiaries, they are included in consolidated financial statements, including segment reporting.

The operations of WCC, which provided auto loans and leases indirectly through unrelated auto dealerships within the mid-atlantic region, were discontinued in 2000. The segment information for 2000 has been restated.

The WSFS segment provides financial products within its geographical footprint through its branch network to consumer and commercial customers.

C1FN provides direct-to-customer marketing, servicing and Internet development and technology management for "branchless" financial services. WSFS and C1FN are engaged in a joint effort through a division of WSFS, everbank.com(TM), to provide Internet banking on a national level.

WNF is engaged in sub-prime home equity lending. WNF expanded sales on a national level and now aggregates loans primarily through brokers and sells them to investors.

Reportable segments are business units that offer different services to distinct customers. The reportable segments are managed separately because they operate under different regulations and provide services to distinct customers. The Corporation evaluates performance based on pre-tax ordinary income and allocates resources based on these results. Segment information for the three months ended September 30, 2001 and 2000 and the nine months ended September 30, 2001 and 2000 follow:

	For the Three Months Ended September 30,							
	2001				2000			
	(In Thousands)							
	WSFS	C1FN	WNF	Total	WSFS	C1FN	WNF	Total
External customer revenues:								
Interest income	$ 26,339	$ 3,687	$ 1,022	$ 31,048	$ 29,548	$ 2,665	$ 89	$ 32,302
Other income	5,300	813	5,599	11,712	4,295	240	1,447	5,982
Total external customer revenues	31,639	4,500	6,621	42,760	33,843	2,905	1,536	38,284
Intersegment revenues:								
Interest income	526	-	7	533	-	-	335	335
Other income	120	-	-	120	66	-	-	66
Total Intersegment revenues	646	-	7	653	66	-	335	401
Total revenue	32,285	4,500	6,628	43,413	33,909	2,905	1,871	38,685
External customer expenses:								
Interest expense	12,535	2,463	-	14,998	15,038	1,935	278	17,251
Other expenses	11,576	2,756	4,008	18,340	11,173	2,169	2,164	15,506
Other depreciation and amortization	787	116	92	995	740	145	58	943
Total external customer expenses	24,898	5,335	4,100	34,333	26,951	4,249	2,500	33,700
Intersegment expenses:								
Interest expense	7	-	526	533	335	-	-	335
Other expenses	-	120	-	120	6	60	-	66
Total Intersegment expenses	7	120	526	653	341	60	-	401
Total expenses	24,905	5,455	4,626	34,986	27,292	4,309	2,500	34,101
Income (loss) before taxes and extraordinary item	$ 7,380	$ (955)	$ 2,002	$ 8,427	$ 6,617	$ (1,404)	$ (629)	$ 4,584
Provision for income taxes				2,807				1,326
Income from discontinued operations, net of taxes				-				31
Minority Interest				117				(780)
Consolidated net income				$ 5,503				$ 4,069

	For the Nine Months Ended September 30,							
	2001				2000			
	(In Thousands)							
	WSFS	C1FN	WNF	Total	WSFS	C1FN	WNF	Total
External customer revenues:								
Interest income	$ 78,285	$ 10,985	$ 2,411	$ 91,681	$ 92,113	$ 4,346	$ 554	$ 97,013
Other income	14,443	2,100	13,268	29,811	10,230	415	2,450	13,095
Total external customer revenues	92,728	13,085	15,679	121,492	102,343	4,761	3,004	110,108
Intersegment revenues:								
Interest income	1,475	-	55	1,530	-	-	62	62
Other income	360	-	-	360	195	-	-	195
Total Intersegment revenues	1,835	-	55	1,890	195	-	62	257
Total revenue	94,563	13,085	15,734	123,382	102,538	4,761	3,066	110,365
External customer expenses:								
Interest expense	37,850	7,733	2	45,585	44,896	3,149	379	48,424
Other expenses	35,709	7,750	10,345	53,804	32,345	5,540	5,075	42,960
Other depreciation and amortization	2,338	309	236	2,883	2,132	350	123	2,605
Total external customer expenses	75,897	15,792	10,583	102,272	79,373	9,039	5,577	93,989
Intersegment expenses:								
Interest expense	55	-	1,475	1,530	62	-	-	62
Other expenses	-	360	-	360	15	180	-	195
Total Intersegment expenses	55	360	1,475	1,890	77	180	-	257
Total expenses	75,952	16,152	12,058	104,162	79,450	9,219	5,577	94,246
Income (loss) before taxes and extraordinary item	$ 18,611	$ (3,067)	$ 3,676	$ 19,220	$ 23,088	$ (4,458)	$(2,511)	$ 16,119
Provision for income taxes				6,673				5,421

Loss from discontinued operations, net of taxes				-				(1,736)
Minority Interest				(1,382)				(2,867)
Cumulative effect of change in accounting principle				-				(1,256)
Consolidated net income				$ 13,929				$ 10,573
Segment assets	$1,572,993	$ 295,261	$ 52,162	$1,920,416	$1,632,384	$157,243	$ 20,383	$1,810,010
Elimination intersegment receivables				(57,250)				(28,038)
Consolidated assets				$1,863,166				$1,781,972
Capital expenditures	$ 1,196	$ 484	$ 436	$ 2,116	$ 2,616	$ 559	$ 304	$ 3,479

WSFS FINANCIAL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

WSFS Financial Corporation (Company or Corporation) is a savings and loan holding company headquartered in Wilmington, Delaware. Substantially all of the Corporation's assets are held by its subsidiary, Wilmington Savings Fund Society, FSB (WSFS). The long-term goal of the Corporation is to maintain its status as a high-performing financial services company by focusing on its core banking business while developing unique profitable niches in complementary businesses which may operate outside the WSFS geographical footprint. Founded in 1832, WSFS is one of the oldest financial institutions in the country. It has operated under the same name and charter serving the residents of Delaware for over 169 years. WSFS is the largest thrift institution headquartered in Delaware and among the four largest financial institutions 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 which is characterized by a diversified manufacturing and service economy.

WSFS provides residential and commercial real estate, commercial and consumer lending services, as well as cash management services funding these activities primarily with retail deposits and borrowings. The banking operations of WSFS are presently conducted from 27 retail banking offices located in northern Delaware and southeastern Pennsylvania. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Fully owned subsidiaries of WSFS include WSFS Credit Corporation (WCC), which is engaged primarily in indirect motor vehicle leasing; and 838 Investment Group, Inc., which markets various insurance products and securities through the WSFS branch system. An additional subsidiary, Star States Development Company, is currently inactive.

On December 21, 2000, the Board of Directors approved plans to discontinue the operations of WCC and as a result, has exited the indirect auto leasing business. As discussed in Note 3 of the financial statements, the results of WCC are presented as discontinued operations, retroactively restated for all periods presented.

In addition, WSFS has majority control of two nonwholly-owned subsidiaries, CustomerOne Financial Network (C1FN) and Wilmington National Finance, Inc. (WNF). See Note 4 of the financial statements within, for a further discussion.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

Financial Condition

Total assets increased $123.9 million during the first nine months of 2001 to $1.863 billion at September 30, 2001. Asset growth included $75.4 million in net loans, (including held for sale). This included increases of $27.1 million in commercial real estate, $21.6 million in consumer loans and $16.3 million in commercial loans. Residential loans, excluding loans held-for-sale, decreased by

$9.6 million reflecting management's continued strategy to change the mix of loans to higher margin relationships. Loans held-for-sale increased $20.4 million, the result of higher volume at WNF. In addition, investment securities and short-term investments increased $55.4 million while mortgage-backed securities increased $49.0 million. The increase in investment securities and short-term investments was the result of placing available funds in liquid investments until they can be re-directed into higher yielding assets or used for other corporate purposes. These increases were partially offset by decreases of $59.7 million in net assets of discontinued operations, the effect of maturities and repayments of loans and leases at the Corporation's wholly owned indirect leasing subsidiary, WCC. In addition, stock in the Federal Home Loan Bank of Pittsburgh (FHLB) decreased by $7.0 million, mainly due to redemptions.

Total liabilities increased $124.7 million between December 31, 2000 and September 30, 2001, to $1.761 billion. Total retail deposits increased $140.4 million, including an increase of $102.9 million at C1FN/everbank. Deposits at C1FN totaled $286.1 million or approximately 26% of the Corporations retail deposit base. The remaining increase of $37.5 million in retail deposits occurred at WSFS, mainly in core deposit relationships (demand deposits, money market and savings accounts). This reflects management's continued strategy to increase core deposit relationships. Partially offsetting this increase was a $113.8 million decline in brokered deposits, due to maturities. During the first nine months of 2001 the Corporation replaced this funding source with borrowings from the FHLB, which increased $80.0 million and the previously mentioned core deposit growth.

Capital Resources

Stockholders' equity increased $440,000 between December 31, 2000 and September 30, 2001. This increase reflects net income of $13.9 million for the first nine months of 2001. In addition, other comprehensive income increased $3.3 million. These increases were partially offset by the purchase of 1,052,400 treasury shares for $15.8 million ($15.00 per share average). At September 30, 2001, the Corporation held in its treasury 5,677,169 shares of its common stock at a cost of $70.3 million.

The following table presents the WSFS consolidated capital position relative to the minimum regulatory requirements as of September 30, 2001 (dollars in thousands):

	Consolidated Bank Capital		For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	% of Assets	Amount	% of Assets	Amount	% of Assets
Total Capital (to Risk-Weighted Assets)	$146,577	12.06%	$97,269	8.00%	$121,587	10.00%
Core Capital (to Adjusted Tangible Assets)..................	137,041	7.34	74,632	4.00	93,290	5.00
Tangible Capital (to Tangible Assets)	137,041	7.34	27,987	1.50	N/A	N/A
Tier 1 Capital (to Risk-Weighted Assets)...........................	137,041	11.27	N/A	N/A	72,952	6.00

Under Office of Thrift Supervision (OTS) capital regulations, savings institutions such as WSFS must at a minimum 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 the WSFS' financial statements. At September 30, 2001 WSFS was in compliance with regulatory capital requirements and was deemed a "well-capitalized" institution.

Liquidity

In accordance with Thrift Bulletin 77, the OTS requires institutions, such as WSFS to maintain adequate liquidity to assure safe and sound operation. At September 30, 2001, WSFS' liquidity ratio of cash and qualified assets to net withdrawable deposits and borrowings due within one year was 11.1% compared to 6.4% at December 31, 2000. Management monitors liquidity daily and maintains funding sources to meet unforeseen changes in cash requirements. The Corporation's primary financing sources are deposits, repayments of loans and investment securities, sales of loans and borrowings. In addition, the Corporation's liquidity requirements can be maintained through the use of its borrowing capacity at the FHLB of Pittsburgh, the sale of certain securities and the pledging of certain loans and other lines of credit. Management believes these sources are sufficient to maintain the required and prudent levels of liquidity.

NONPERFORMING ASSETS

The following table sets forth the Corporation's nonperforming assets, restructured loans and past due loans at the dates indicated. Past due loans are loans contractually past due 90 days or more as to principal or interest payments but which remain on accrual status because they are considered well secured and in the process of collection.

	September 30, 2001	December 31, 2000
	(Dollars in Thousands)	
Nonaccruing loans:		
Commercial	$ 2,447	$ 2,766
Consumer	285	383
Commercial mortgage	2,906	2,272
Residential mortgage	2,907	2,704
Construction	354	210
Total nonaccruing loans	8,899	8,335
Assets acquired through foreclosure	533	630
Total nonperforming assets	$ 9,432	$ 8,965
Past due loans:		
Residential mortgages	$ 300	$ 449
Commercial and commercial mortgages	1,215	790
Consumer	99	199
Total past due loans	$ 1,614	$ 1,438
Ratios:		
Nonperforming loans to total loans (1)	0.88%	0.87%
Allowance for loan losses to total gross Loans (1)	2.11	2.22
Nonperforming assets to total assets	.51	.52
Loan loss allowance to nonaccruing loans (2)	234.03	248.81
Loan and foreclosed asset allowance to total Nonperforming assets (2)	223.27	234.01

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

Nonperforming assets increased $467,000 between December 31, 2000 and September 30, 2001. During the third quarter of 2001 a $1.1 million commercial mortgage loan was placed on nonaccrual status. The net increase in nonaccruing loans was $564,000 between December 31, 2000 and September 30, 2001. An analysis of the change in the balance of nonperforming assets is presented on the following page.

Analysis of change in nonperforming assets:

	Nine Months Ended September 30, 2001	Year Ended December 31, 2000
	(In Thousands)	
Beginning balance	$ 8,965	$ 8,159
Additions	5,230	8,332
Collections/sales	(2,631)	(4,323)
Transfers to accrual/restructured status	(1,169)	(1,227)
Charge-offs / write-downs	(963)	(1,976)
Ending balance	$ 9,432	$ 8,965

The timely identification of problem loans is a key element in the Corporation's strategy to manage its loan portfolios. Timely identification enables the Corporation to take appropriate action and, accordingly, minimize losses. An asset review system established to monitor the asset quality of the Corporation's loans and investments in real estate portfolios facilitates the identification of problem assets. In general, this system utilizes guidelines established by federal regulation; however, there can be no assurance that the levels or the categories of problem loans and assets established by WSFS are the same as those which would result from a regulatory examination.

INTEREST SENSITIVITY

The matching of maturities or repricing periods of interest rate-sensitive assets and liabilities to ensure a favorable interest rate spread and mitigate exposure to fluctuations in interest rates is the Corporation's primary focus for achieving its asset/liability management strategies. Management regularly reviews interest-rate sensitivity of the Corporation and adjusts sensitivity within acceptable tolerance ranges established by management. Interest rate-sensitive assets of the Corporation exclude cash flows that relate to the discontinued operations (WCC), however, funding of $142 million for these assets have been included. At September 30, 2001, interest-bearing liabilities exceeded interest-earning assets that mature within one year (interest-sensitive gap) by $10.5 million. The Corporation's interest-sensitive assets as a percentage of interest-sensitive liabilities within the one-year window increased to 98.77% at September 30, 2001 compared to 75.88% at December 31, 2000. Likewise, the one-year interest-sensitive gap as a percentage of total assets increased to a negative .56% at September 30, 2001 from a negative 12.66% at December 31, 2000. The change is the result of the Corporation's continuing effort to effectively manage interest rate risk.

Market risk is the risk of loss from adverse changes in the 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 OTS-regulated institutions, is the test specified by OTS Thrift Bulletin No. 13A "Management of Interest Rate Risk, Investment Securities and Derivative Activities." This test measures the impact on the net portfolio value ratio of an immediate change in interest rates in 100 basis point increments. The net portfolio value ratio is defined as the net present value of assets minus liabilities, plus or minus off-balance sheet contracts, divided by the net present value of assets. The chart on the following page shows the estimated impact of immediate changes in interest rates on net interest margin and the net portfolio value ratio at the specified levels at September 30, 2001 and 2000, calculated in compliance with Thrift Bulletin No. 13A:

	September 30,			
	2001		2000	
Change in	% Change in		% Change in	

Interest Rate (Basis Points)	Net Interest Margin (1)	Net Portfolio Value Ratio(2)	Net Interest Margin (1)	Net Portfolio Value Ratio (2)
+300	7%	8.68%	7%	6.01%
+200	4%	8.72%	4%	6.17%
+100	2%	8.79%	2%	6.37%
0	0%	8.86%	0%	6.57%
-100	-2%	8.84%	-2%	6.83%
-200	-5%	8.89%	-4%	7.28%
-300	-7%	8.92%	-6%	7.98%

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

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

The Company's primary objective in managing interest 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.

COMPARISON FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

Results of Operations

The Corporation recorded net income of $5.5 million or $.58 per diluted share for the third quarter of 2001. This compares to $4.1 million or $.39 per diluted share for the same quarter last year. Financial results for the third quarter of 2000 included income from discontinued operations of $31,000, net of taxes. Income from continuing operations for the three months ended September 30, 2000 was $4.0 million or $.39 per diluted share.

The strong results for the third quarter of 2001 are due primarily to the growth in net interest income, which increased $1.0 million between quarters. This increase reflects deposit growth affected by a continued declining rate environment offset, in part, by slightly lower yields on the reverse mortgage portfolio. In addition financial results were favorably affected by the significantly improved performance of WNF which earned $720,000, after tax, for the quarter compared to an after tax loss of $393,000 for the third quarter of last year.

Net income for the nine months ended September 30, 2001 was $13.9 million or $1.42 per diluted share. This compares to $10.6 million or $.98 per share for the comparable period last year. Financial results for the first nine months of 2000 included an after tax charge of $1.7 million for losses from discontinued operations. Income from continuing operations for the nine months ended September 30, 2000 was $12.3 million or $1.14 per diluted share.

The increase in net income for the nine months ended September 30, 2001 compared to the same period in 2000 reflect $1.7 million in net income from WNF compared to an after tax loss of $1.3 million for the same period of 2000. In addition, the results for the nine months ended September 30, 2000 included a $4.7 million pretax loss on the sale of $127 million in securities and loans as part of the Company's deleveraging program. Net income growth between periods was partially offset by a $2.5 million decline in net interest income. Net interest income was affected by reverse mortgage income, which decreased $7.2 million between comparable periods due to considerably larger yield adjustments recorded in the first nine months of 2000. Reverse mortgage yields can vary significantly between periods as they are affected by actual and estimated housing prices and the timing of cash flows. The reverse mortgage impact on net interest income was partially offset by deposit growth and the declining interest rate environment. Earnings for the nine months ended September 30, 2001 also included a $1.1 million pretax charge for the exiting of six in-store branches in southeastern Pennsylvania.

Net Interest Income

The following tables provide information concerning the balances, yields and rates on interest-earning assets and interest-bearing liabilities during the periods indicated.

	Three Months Ended September 30,					
	2001			2000		
	Average Balance	Interest	Yield/ Rate(1)	Average Balance	Interest	Yield/ Rate(1)
	(Dollars in thousands)					
Assets						
Interest-earning assets:						
Loans (2) (3):						
Real estate loans (4)..............	$ 650,460	$ 12,371	7.61%	$ 631,118	$ 13,047	8.27%
Commercial loans	164,580	2,978	7.76	126,292	2,579	8.88
Consumer loans.....................	191,494	4,307	8.92	168,987	4,226	9.65
Total loans......................	1,006,534	19,656	7.93	926,397	19,852	8.70
Mortgage-backed securities (5)..........	396,079	5,777	5.83	376,969	6,610	7.01
Loans held-for-sale (3).................	39,560	1,120	11.32	15,459	432	11.18
Investment securities (5)...............	16,147	290	7.16	54,773	883	6.45
Investment in reverse mortgages..........	35,058	3,324	37.93	34,481	3,742	43.41
Other interest-earning assets	77,373	881	4.52	40,201	783	7.75
Total interest-earning assets.......	1,570,751	31,048	7.98	1,448,280	32,302	9.00
Allowance for loan losses...............	(21,657)			(22,475)		
Cash and due from banks..................	84,424			53,858		
Net assets of discontinued operations....	150,537			226,569		
Other noninterest-earning assets.........	54,199			45,070		
Total assets.......................	$1,838,254			$ 1,751,302		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Money market and interest-bearing demand....................	$ 313,281	2,118	2.68	$ 190,313	2,017	4.22
Savings............................	310,820	1,720	2.20	278,351	2,878	4.11
Retail time deposits	306,170	3,795	4.92	280,604	3,598	5.10
Jumbo certificates of deposits	35,885	407	4.50	27,725	374	5.37
Brokered certificates of deposit....	34,283	571	6.61	189,679	3,220	6.75
Total interest-bearing deposits...	1,000,439	8,611	3.41	966,672	12,087	4.97
FHLB of Pittsburgh advances.............	417,033	5,887	5.60	347,804	5,321	6.09
Trust preferred borrowings..............	50,000	1,280	10.16	50,000	1,142	8.94
Other borrowed funds....................	99,972	1,412	5.65	142,207	2,238	6.20
Cost of funding discontinued operations..		(2,192)			(3,537)	
Total interest-bearing liabilities..	1,567,444	14,998	3.83	1,506,683	17,251	4.58
Noninterest-bearing demand deposits......	145,506			122,276		
Other noninterest-bearing liabilities....	21,629			21,561		
Minority interest	4,484			3,190		
Stockholders' equity....................	99,191			97,592		
Total liabilities and stockholders' equity..........................	$1,838,254			$ 1,751,302		
Excess (deficit) of interest-earning assets over interest-bearing liabilities.........................	$ 3,307			$ (58,403)		
Net interest and dividend income.........		$ 16,050			$ 15,051	
Interest rate spread....................			4.15%			4.42%
Net interest margin.....................			4.16%			4.24%
Net interest and dividend income to total average assets...............			3.55%			3.50%

(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 commercial mortgage loans.
(5) Includes securities available-for-sale.

Nine Months Ended September 30,

	2001			2000		
	Average Balance	Interest	Yield/ Rate(1)	Average Balance	Interest	Yield/ Rate(1)
			(Dollars in thousands)			
Assets						
Interest-earning assets:						
Loans (2)(3):						
Real estate loans (4)	$ 639,799	$ 37,885	7.90%	$ 618,717	$ 38,104	8.21%
Commercial loans	155,511	8,934	8.30	120,464	7,257	8.85
Consumer loans	181,445	12,644	9.32	163,800	12,001	9.79
Total loans	976,755	59,463	8.23	902,981	57,362	8.60
Mortgage-backed securities (5)	384,191	17,867	6.20	369,710	18,705	6.75
Loans held-for-sale (3)	33,591	2,613	10.37	15,211	850	7.45
Investment securities (5)	20,062	1,094	7.27	47,691	2,433	6.80
Investment in reverse mortgages	34,066	8,258	32.32	32,641	15,461	63.16
Other interest-earning assets	63,666	2,386	5.01	41,284	2,202	7.12
Total interest-earning assets	1,512,331	91,681	8.16	1,409,518	97,013	9.26
Allowance for loan losses	(21,611)			(22,580)		
Cash and due from banks	74,492			53,665		
Net assets of discontinued operations	170,566			233,751		
Other noninterest-earning assets	50,343			38,948		
Total assets	$1,786,121			$1,713,302		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Money market and interest-bearing demand	$ 286,026	6,873	3.21	$ 136,615	3,798	3.71
Savings	305,592	6,330	2.77	268,707	7,698	3.83
Retail time deposits	304,178	11,657	5.12	274,815	9,958	4.84
Jumbo certificates of deposits	34,033	1,285	5.05	31,848	1,334	5.60
Brokered certificates of deposit	78,309	3,940	6.73	159,421	7,719	6.47
Total interest-bearing deposits	1,008,138	30,085	3.99	871,406	30,507	4.68
FHLB of Pittsburgh advances	368,399	15,991	5.80	410,290	17,967	5.85
Trust preferred borrowings	50,000	3,048	8.04	50,000	3,520	9.25
Other borrowed funds	96,554	4,251	5.87	144,903	6,741	6.20
Cost of funding discontinued operations		(7,790)			(10,311)	
Total interest-bearing liabilities	1,523,091	45,585	3.99	1,476,599	48,424	4.37
Noninterest-bearing demand deposits	138,357			118,657		
Other noninterest-bearing liabilities	19,804			17,063		
Minority interest	4,829			3,997		
Stockholders' equity	100,040			96,986		
Total liabilities and stockholders' equity	$1,786,121			$1,713,302		
Deficit of interest-earning assets over interest-bearing liabilities	$ (10,760)			$ (67,081)		
Net interest and dividend income		$ 46,096			$ 48,589	
Interest rate spread			4.17%			4.89%
Net interest margin			4.14%			4.68%
Net interest and dividend income to total average assets			3.50%			3.85%

(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 commercial mortgage loans.
(5) Includes securities available-for-sale.

Net interest income for the three months ended September 30, 2001 increased $1.0 million compared to the same period in 2000. However, the net interest margin for the three months ended September 30, 2001 was 4.16% compared to 4.24% in the third quarter of 2000, as total interest-earning assets averaged $122.5 million more in 2001. Total interest income decreased $1.3 million between comparable quarters. While the average assets increased from the third quarter of 2000, yields in most asset categories decreased significantly due to a series of Federal Reserve rate decreases. The yield on interest earning assets declined 102 basis points between comparable quarters, decreasing from 9.00% in 2000 to 7.98% in 2001, as short-term and maturing assets were replaced at lower rates.

Total interest expense for the three months ended September 30, 2001 decreased $2.3 million compared to the third quarter of 2000. The decrease was mainly the result of the lower deposit yields resulting from the series of Federal Reserve interest rate decreases and the maturities of higher yielding brokered CDs. The yield on interest-bearing liabilities declined 75 basis points between periods.

Net interest income for the nine months ended September 30, 2001 decreased $2.5 million compared to the same period in 2000. The decrease was due primarily to $8.2 million in additional interest income adjustments in the reverse mortgage portfolio in 2000, which yielded 63.16% in 2000 compared to 32.32% in 2001. Management expects the long-term yield of reverse mortgages in the future to be closer to 25%. However, as in the past, returns on reverse mortgages can vary significantly between periods as they are affected by actual and estimated housing prices and the timing of cash flows. The net interest margin for the nine months ended September 30, 2001 was 4.14%, compared to 4.68% for the nine months ended September 30, 2000. Total interest income decreased $5.3 million between comparable periods. This change is attributed to the previously mentioned reverse mortgage adjustment, partially offset by the increase in average loans and loans-held-for-sale of $92.2 million. Total interest expense decreased $2.8 million in comparing the nine months ended September 30, 2001 with the same period in 2000. The decrease was a result of the lower cost of deposits and borrowings due to the series of Federal Reserve interest rate reductions and a decrease in average borrowings of $90.2 million from September 30, 2000. This was offset partially by an increase in average interest-bearing deposits of $136.7 million between comparable periods, however higher yielding brokered CDs actually decreased by $81.1 million, while money market and interest-bearing demand accounts increased on average by $149.4 million. Savings deposits also increased $36.9 million between 2000 and 2001. The yield on interest-bearing liabilities decreased 38 basis points between comparable periods.

Allowance for Loan Losses

The Corporation maintains allowances for loan losses and charges losses to these allowances when such losses are realized. The allowances for losses are maintained at a level which management considers adequate to provide for losses based upon an evaluation of known and inherent risks in the portfolios. Management's evaluation is based upon a continuing review of the portfolios which include factors such as the identification of adverse situations that may affect the borrower's ability to repay, a review of overall portfolio quality, prior loss experience and an assessment of current and expected economic conditions. Changes in economic conditions and economic prospects of debtors can occur quickly, and as a result, impact the estimates made by management.

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

	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000
	(Dollars in Thousands)	
Beginning balance	$21,423	$22,223
Provision for loan losses	1,591	672
Balance at acquisition for purchased credit card portfolio	-	175
Charge-offs:		
Residential real estate	99	125
Commercial real estate (1)	195	156
Commercial	706	507
Consumer	765	775
Total charge-offs	1,765	1,563

Recoveries:		
Residential real estate	1	5
Commercial real estate (1)	61	243
Commercial	88	57
Consumer	102	280
Total recoveries	252	585
Net charge-offs	1,513	978
Ending balance	$21,501	$22,902
Net charge-offs to average gross loans outstanding, net of unearned income (2)	0.21%	0.14%

(1) Includes commercial mortgages and construction loans.
(2) Ratio for the nine months ended September 30, 2001 and 2000 is annualized.

Other Income

Other income for the three months ended September 30, 2001 was $11.7 million compared to $6.0 million for the third quarter of 2000. This improvement was mainly due to a $4.3 million increase in gains on the sale of loans, which was predominantly attributable to WNF. Credit/debit card and ATM income grew $532,000 due to the continued expansion of WSFS' ATM network and customer card usage. Deposit service charges increased $344,000 in 2001, in comparison to the corresponding period in 2000, mainly due to a 22% increase in retail deposits.

Other income for the nine months ended September 30, 2001 was $29.8 million compared to $13.1 million for the same period in 2000. Consistent with the quarter, this improvement was mainly due to a $10.8 million increase in gains on the sale of loans, which was mainly attributable to WNF. In addition, there were no securities losses during the first nine months of 2001 compared to a $2.3 million loss during the first nine months of 2000. Credit/debit card and ATM income grew $1.5 million due to the continued expansion of WSFS' ATM network and customer card usage. Deposit service charges increased $1.3 million in 2001, in comparison to the corresponding period in 2000, mainly due to increased retail deposits.

Other Expenses

Other expenses for the quarter ended September 30, 2001 were $18.6 million or $2.4 million above the third quarter of 2000. This increase was mainly due to expected higher expenses from the Corporation's two newer initiatives, WNF and C1FN. These two subsidiaries added $2.4 million in additional expenses to the consolidated results compared to the third quarter of 2000. Excluding these two initiatives, expenses were relatively flat in the third quarter of 2001 in comparison to the same period in the prior year.

Other expenses for the nine months ended September 30, 2001 were $55.1 million compared to $44.9 million for the same period of 2000. This increase, as previously discussed for the quarter, was mainly due to higher expenses from the Corporation's two newer initiatives, WNF and C1FN. These two subsidiaries added $7.5 million in additional expenses to the consolidated results compared to the first nine months of 2000. In addition, other expenses for the nine months ended September 30, 2001 included a non-cash charge of $1.1 million in connection with a planned exit of six in-store branch offices in southeastern Pennsylvania.

Income Taxes

The Corporation and its subsidiaries file a consolidated federal income tax return and separate state income tax returns. Income taxes are accounted for in accordance with SFAS No. 109, which requires the recording of deferred income taxes for tax consequences of "temporary differences". The Corporation recorded a provision for income taxes during the three and nine months ended September 30, 2001 of $2.8 million and $6.7 million, respectively, compared to an income tax provision of $1.3 million and $4.3 million, respectively, for the comparable periods of 2000. The effective tax rates for the three and nine months ended September 30, 2001 were 34% and 33%, respectively, compared to 25% for each of the comparable periods in 2000. Excluding the impact of the loss from discontinued operations, the effective rates for the three and nine months ended September 30, 2000 were 25% and 27%, respectively. The effective rates for the three and nine months ended September 30, 2001 have increased from the comparable periods of 2000 primarily due to certain reductions in the deferred tax valuation allowances made in 2000 that are not applicable in 2001. For 2001, management has determined that the remaining portion of deferred tax valuation allowances are appropriate with regards to the current IRS examination.

The effective tax rates in the financial statements reflect the recognition of certain tax benefits, including the acquisition and subsequent merger of a reverse mortgage lender into the Corporation; and the fifty-percent interest income exclusion on an ESOP loan.

The Corporation analyzes its projections of taxable income on an ongoing basis and makes adjustments to its provision for income taxes accordingly.

Cumulative Effect of a Change in Accounting Principle

On January 1, 2000, the Corporation adopted SFAS 133, Accounting for Derivative Instruments and Hedging Activities. A provision of SFAS 133 affords the opportunity to reclassify investment securities between held-to-maturity, available-for-sale and trading. At adoption, the corporation reclassified $131.0 million in investments and mortgage-backed securities from held-to-maturity to available-for-sale. Of the $131.0 million transferred, $55.4 million was sold at a loss of $1.3 million, net of tax. In accordance with SFAS No. 133, this loss was included in the statement of operations as a cumulative effect of a change in accounting principle.

In addition, at January 1, 2000 the difference between the fair value and carrying value of $1.8 million, net of tax, relating to an interest rate cap is included in comprehensive income as a cumulative change in accounting principle.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued Statement No. 141, Business Combinations. The Statement addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, Business Combinations, and FASB Statement No. 38, Accounting for Preacquisition Contingencies of Purchased Enterprises. All business combinations in the scope of the Statement are to be accounted for using the purchase method.

The provisions of the Statement apply to all business combinations initiated after June 30, 2001. The Statement also applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. There was no impact on earnings, financial condition, or equity as a result of the adoption of Statement No. 141.

In June 2001, the FASB issued Statement No. 142, Goodwill and Other Intangible Assets. The Statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. The Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements.

The provisions of the Statement are required to be applied starting with fiscal years beginning after December 15, 2001, except that goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the nonamortization and amortization provisions of the Statement. Early application is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements have not previously been issued. The Statement is required to be applied at the beginning of an entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements at that date. Management has not fully assessed the impact of adopting this standard, however, management does not expect a material impact on earnings, financial condition, or equity upon adoption of Statement No. 142.

In June 2001, the FASB issued Statement No. 143, Accounting for Asset Retirement Obligations. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement applies to all entities. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. This Statement is effective for fiscal years beginning after June 15, 2002. Management has not yet determined the impact, if any, to earnings, financial condition or equity upon adoption of this statement.

In August 2001, the FASB issued Statement No. 144, Accounting for Impairment or Disposal of Long-Lived Assets. This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. This Statement also amends ARB No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. Management has not yet determined the impact, if any, to earnings, financial condition or equity upon adoption of this statement.

FORWARD LOOKING STATEMENTS

Within this discussion and analysis we have included certain "forward looking statements" concerning the future operations of the Corporation. 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" contained in our financial statements. We have used "forward looking statements" to describe the future plans and strategies including our expectations of the Corporation's 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, mid-atlantic region and the country as a whole, loan delinquency rates, and changes in federal and state regulation, among others. These factors should be considered in evaluating the "forward looking statements", and undue reliance should not be placed on such statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Incorporated herein by reference from Item 2, of this quarterly report on Form 10-Q

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) None.

SIGNATURES

Pursuant to the requirements 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: November 9, 2001

/s/ MARVIN N. SCHOENHALS

Marvin N. Schoenhals
Chairman, President and
Chief Executive Officer

Date: November 9, 2001

/s/ MARK A. TURNER

Mark A. Turner
Chief Operating Officer
and Chief Financial Officer