



838 Market Street, Wilmington, Delaware 19801

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

Contact: Stephen A. Fowle

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(302) 571-6833

### **WSFS ANNOUNCES INCREASED 2Q '06 EPS OF \$1.09**

WSFS Financial Corporation (NASDAQ/NMS: WSFS), the parent company of Wilmington Savings Fund Society, FSB, reported quarterly net income of \$7.5 million, or \$1.09 per diluted share. This compares to net income of \$6.6 million, or \$0.90 per share for the second quarter of 2005. Net income per share for the second quarter of 2006 improved \$0.19, or 21% over the same quarter last year. Earnings for the second quarter of 2005 were impacted by the refinancing of \$50 million of Trust Preferred Securities, resulting in a non-cash charge, net of taxes, of \$728,000, or \$0.10 per share.

Highlights for the second quarter of 2006 include: (i) an increase in total retail deposits of \$160.0 million, or 14%, over balances at June 30, 2005; (ii) continued strong growth in net loans of \$307.5 million, or 18%, over balances at June 30, 2005; (iii) growth in noninterest income of \$1.2 million, or 13% over the same quarter last year; and (iv), continued strong asset quality with the ratio of nonperforming assets (NPA) to total assets of only 11 basis points at June 30, 2006, and annualized net charge-offs of only 3 basis points for the quarter.

Marvin N. Schoenhals, Chairman and President of WSFS, said, "WSFS continues to enjoy strong deposit generation and even greater loan growth. Retail deposits grew by 14% over the same period last year and we grew our loan portfolio by 18% over the same period last year, led by commercial lending. While we continue to be challenged by rising rates and a flattening



838 Market Street, Wilmington, Delaware 19801

yield curve, this robust growth has helped us continue to increase our net interest income.” Mr. Schoenhals continued, “we have continued our expansion strategy and have already opened a new branch and renovated an existing site this year. In addition, we plan to have two to three new branches and several renovations completed by early next year”.

The following is a brief discussion of the second quarter 2006 results.

### **Net Interest Income**

Net interest income for the second quarter of 2006 was \$19.4 million. This compares to \$17.8 million reported for the same quarter in 2005 (the second quarter of 2005 was impacted by the refinancing of \$50 million of Trust Preferred Securities, resulting in a \$1.1 million (pre-tax) non-cash charge) and \$19.3 million reported for the first quarter of 2006. The net interest margin of 2.94% for the second quarter of 2006 declined 10 basis points from the first quarter of 2006. The net interest margin continues to be negatively impacted by rising interest rates and a flattening yield curve; the effects of the Company’s CashConnect (ATM) business (revenues related to cash outstanding for this business are recorded as fee income rather than interest income while the cost of funding these balances are charged to interest expense) and aggressive competition for deposits. In addition, during the second quarter of 2006, the Company’s income on reverse mortgages was \$236,000 less than the first quarter of 2006, negatively impacting the net interest margin by 4 basis points. The strong growth in lending has also continued to put pressure on funding costs, as higher-cost borrowings were required to fund incremental growth. However, overall balance sheet growth, fueled by growth in commercial lending, resulted in an increase in net interest income, despite the decrease in the net interest margin.

### **Loans and Asset Quality**

Net loans grew \$92.6 million, or 5%, during the second quarter of 2006 to \$2.0 billion at June 30, 2006. Net loans grew \$307.5 million, or 18%, compared to balances at June 30, 2005.



838 Market Street, Wilmington, Delaware 19801

The following table summarizes the current loan balances and composition as well as recent changes in balances and composition.

(Dollars in thousands)	At <u>Jun. 30, 2006</u>		At <u>Mar. 31, 2006</u>		At <u>Jun. 30, 2005</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Commercial and CRE	\$1,241,228	63%	\$1,170,919	62%	\$1,035,656	62%
Residential	495,715	25	476,791	25	432,518	26
Consumer	260,143	13	256,203	14	219,675	13
Allowance for loan losses	<u>(26,701)</u>	<u>(1)</u>	<u>(26,143)</u>	<u>(1)</u>	<u>(24,939)</u>	<u>(1)</u>
Net Loans	<u>\$1,970,385</u>	<u>100%</u>	<u>\$1,877,770</u>	<u>100%</u>	<u>\$1,662,910</u>	<u>100%</u>

The Company recorded a provision for loan losses of \$695,000 in the second quarter of 2006, compared to \$772,000 in the same period last year and \$688,000 for the prior quarter. This provision is the result of continued loan growth, despite continued strength in asset quality. The ratio of allowance for loan losses to total loans is 1.34%, compared to 1.37% at March 31, 2006.

Asset quality statistics remain strong. Nonperforming assets as a percentage of assets were 0.11% at June 30, 2006, a slight increase from 0.10% at March 31, 2006, and well below the 0.22% reported at June 30, 2005. Annualized net charge-offs in the second quarter of 2006 were 0.03% of average loans compared to annualized net recoveries of 0.02% for the first quarter of 2006 and annualized net charge-offs of 0.12% for the second quarter of 2005.

## Deposits

Total retail deposits (core deposits and retail time deposits) increased \$23.5 million, or 2%, during the second quarter to \$1.3 billion at June 30, 2006 and increased \$160.0 million, or 14% over June 30, 2005. WSFS achieved this growth despite the planned attrition, in the second quarter of 2006, of a \$24.9 million money market escrow account that had been opened in the



838 Market Street, Wilmington, Delaware 19801

third quarter of 2005.

The following table summarizes the current retail deposit balances and composition as well as recent changes in balances and composition.

(Dollars in thousands)	At <u>Jun. 30, 2006</u>		At <u>Mar. 31, 2006</u>		At <u>Jun. 30, 2005</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Non-interest demand	\$ 289,054	23%	\$ 274,983	22%	\$ 261,987	24%
Interest bearing demand	126,430	10	141,972	11	120,232	11
Savings	244,843	19	245,011	20	276,514	25
Money market	<u>218,719</u>	<u>17</u>	<u>238,003</u>	<u>19</u>	<u>167,854</u>	<u>15</u>
Total core deposits	879,046	69	899,969	72	826,587	75
Retail time	<u>388,209</u>	<u>31</u>	<u>343,762</u>	<u>28</u>	<u>280,652</u>	<u>25</u>
Total retail deposits	<u>\$1,267,255</u>	<u>100%</u>	<u>\$1,243,731</u>	<u>100%</u>	<u>\$1,107,239</u>	<u>100%</u>

### Noninterest Income

During the second quarter of 2006, the Company recorded noninterest income of \$9.9 million, which was \$842,000, or 9% greater than the first quarter of 2006 and \$1.2 million, or 13% greater than the second quarter of 2005. The increase over the second quarter 2005 was mainly attributable to increases of \$1.2 million in card and ATM income during the quarter and \$339,000 in increased deposit service charges. This increase in card and ATM income was primarily due to increased volumes of cash in non-owned ATMs and higher rates earned on this cash. Consistent with the year over year results, the improvement compared to the first quarter of 2006 was primarily due to an increase of \$698,000 in card and ATM income primarily at the CashConnect business and a seasonal increase of \$249,000 in deposit service charges.



838 Market Street, Wilmington, Delaware 19801

## **Noninterest Expenses**

Noninterest expenses for the second quarter of 2006 totaled \$16.9 million, which was \$690,000 greater than the first quarter of 2006. The increase over the prior quarter was primarily due to increases in compensation and marketing expenses resulting from the continued growth of the Company. In addition, professional fees recorded in the second quarter were \$248,000 higher than the first quarter of 2006. During the first quarter of 2006, the Company reduced a legal reserve that decreased expenses in this category by \$322,000. Without this reduction, professional expenses would have decreased by \$74,000 in the second quarter.

The increase in noninterest expenses for the second quarter of 2006 was \$1.3 million, or 9% higher than the same quarter last year. This was primarily due to increases in compensation and other operating expenses, mainly the result of the Company's continued growth efforts (the number of full-time equivalent Associates increased from 516 in the second quarter of 2005 to 554 in the second quarter of 2006). However, the increase in salaries, benefits and other compensation also includes \$358,000 (pre-tax), or \$0.04 (after-tax) per share, of expenses related to stock options due to the implementation of Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (FAS 123R), this year. The Company adopted FAS 123R using the Modified Prospective Application Method which recognizes expenses related to stock options as compensation costs only in periods beginning after January 1, 2006. Without this newly recognized expense, noninterest expense for the second quarter of 2006 would have been \$16.6 million, an increase of 6% over the same period in 2005.

## **Capital Management**

During the second quarter of 2006, the Company did not repurchase any shares of common stock. For the year the Company has repurchased 12,500 shares of common stock at an average price of \$61.22 per share. At June 30, 2006, the Company had 637,500 shares

remaining under its current share repurchase authorization, or 9.6% of its 6.7 million outstanding shares.

The ratio of tangible equity to assets was 6.23% at June 30, 2006. The Tier 1 capital ratio was 11.94%, which is almost double the 6.00% level required to be considered “well-capitalized” under regulatory definitions. Tangible book value per share was \$28.43 at June 30, 2006.

WSFS Financial Corporation is a \$3.0 billion financial services company. At June 30, 2006, its principal subsidiary, Wilmington Savings Fund Society, FSB, operated 25 retail banking offices in all three counties in Delaware, as well as Chester and Delaware Counties in Pennsylvania. Other operating subsidiaries include: WSFS Investment Group, Inc., Montchanin Capital Management, Inc. and WSFS Reit, Inc. For more information, please visit the Bank’s website at [www.wsfsbank.com](http://www.wsfsbank.com).

\* \* \*

*Statements contained in this news release which are not historical facts, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, factors discussed in documents filed by WSFS Financial Corporation with the Securities and Exchange Commission from time to time. The Corporation does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Corporation.*

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(More)

**WSFS FINANCIAL CORPORATION**  
**FINANCIAL HIGHLIGHTS**  
**STATEMENT OF OPERATIONS**

(Dollars in thousands, except per share data)  
 (Unaudited)

	Three months ended			Six months ended	
	June 30, 2006	Mar 31, 2006	June 30, 2005	June 30, 2006	June 30, 2005
<b>Interest income:</b>					
Interest and fees on loans	\$ 35,332	\$ 32,096	\$ 25,447	\$ 67,428	\$ 48,604
Interest on mortgage-backed securities	7,471	7,332	6,444	14,803	12,318
Interest and dividends on investment securities	388	635	639	1,023	1,394
Other interest income	677	414	356	1,091	735
	<u>43,868</u>	<u>40,477</u>	<u>32,886</u>	<u>84,345</u>	<u>63,051</u>
<b>Interest expense:</b>					
Interest on deposits	10,113	8,177	4,662	18,290	8,749
Interest on Federal Home Loan Bank advances	12,004	10,743	7,263	22,747	13,450
Interest on trust preferred borrowings	1,106	1,017	1,967	2,123	2,679
Interest on other borrowings	1,259	1,237	1,216	2,496	2,282
	<u>24,482</u>	<u>21,174</u>	<u>15,108</u>	<u>45,656</u>	<u>27,160</u>
Net interest income	19,386	19,303	17,778	38,689	35,891
Provision for loan losses	695	688	772	1,383	1,351
Net interest income after provision for loan losses	<u>18,691</u>	<u>18,615</u>	<u>17,006</u>	<u>37,306</u>	<u>34,540</u>
<b>Noninterest income:</b>					
Credit/debit card and ATM income	4,858	4,160	3,665	9,018	6,868
Deposit service charges	2,826	2,577	2,487	5,403	4,665
Investment advisory income	618	630	619	1,248	1,227
Bank owned life insurance income	522	488	527	1,010	1,023
Loan fee income	413	421	569	834	995
Mortgage banking activities, net	61	22	37	83	181
Securities losses	(41)	-	-	(41)	-
Other income	623	740	810	1,363	1,611
	<u>9,880</u>	<u>9,038</u>	<u>8,714</u>	<u>18,918</u>	<u>16,570</u>
<b>Noninterest expenses:</b>					
Salaries, benefits and other compensation	9,421	9,192	8,494	18,613	17,316
Occupancy expense	1,347	1,300	1,263	2,647	2,539
Equipment expense	1,075	982	954	2,057	1,937
Data processing and operations expense	889	857	998	1,746	1,909
Marketing expense	728	613	828	1,341	1,353
Professional fees	505	257	498	762	1,051
Other operating expenses	2,967	3,041	2,568	6,008	4,468
	<u>16,932</u>	<u>16,242</u>	<u>15,603</u>	<u>33,174</u>	<u>30,573</u>
Income before minority interest and taxes	11,639	11,411	10,117	23,050	20,537
Less minority interest	15	16	37	31	74
Income before taxes	11,624	11,395	10,080	23,019	20,463
Income tax provision	4,126	4,054	3,514	8,180	7,107
<b>Net income</b>	<u>\$ 7,498</u>	<u>\$ 7,341</u>	<u>\$ 6,566</u>	<u>\$ 14,839</u>	<u>\$ 13,356</u>
<b>Diluted earnings per share:</b>					
Net income	\$ 1.09	\$ 1.06	\$ 0.90	\$ 2.15	\$ 1.80
Weighted average shares outstanding for diluted EPS	6,905,922	6,904,774	7,313,355	6,905,230	7,412,573
<b>Performance Ratios (continuing operations only):</b>					
Return on average assets (a)	1.01 %	1.03 %	0.99 %	1.02 %	1.03 %
Return on average equity (a)	15.82	15.75	13.52	15.78	13.59
Net interest margin (a)(b)	2.94	3.04	3.03	2.98	3.13
Efficiency ratio (c)	57.31	56.75	58.28	57.04	57.66
Noninterest income as a percentage of total revenue (b)	33.44	31.58	32.55	32.53	31.25

See "Notes"

**WSFS FINANCIAL CORPORATION**  
**FINANCIAL HIGHLIGHTS (Continued)**  
**SUMMARY STATEMENT OF CONDITION:**

(Dollars in thousands)  
 (Unaudited)

	<u>June 30,</u> <u>2006</u>	<u>Mar 31,</u> <u>2006</u>	<u>June 30,</u> <u>2005</u>
<b>Summary Statement of Condition:</b>			
<b><u>Assets:</u></b>			
Cash and due from banks	\$ 71,237	\$ 58,589	\$ 56,776
Cash in non-owned ATMs	171,174	159,042	137,203
Investment securities (d)(e)	48,428	58,694	98,091
Other investments	50,461	46,693	46,606
Mortgage-backed securities (d)	599,933	630,187	586,259
Net loans (f)(g)	1,970,385	1,877,770	1,662,910
Loans held for sale (f)	1,752	1,503	1,429
Bank owned life insurance	55,203	54,681	53,213
Other assets	68,057	65,702	57,359
Total assets	<u>\$ 3,036,630</u>	<u>\$ 2,952,861</u>	<u>\$ 2,699,846</u>
<b><u>Liabilities and Stockholders' Equity:</u></b>			
Noninterest-bearing deposits	\$ 289,054	\$ 274,983	\$ 261,987
Interest-bearing deposits	978,201	968,748	845,252
Total retail deposits	1,267,255	1,243,731	1,107,239
Jumbo CD's - non retail	73,946	79,122	35,930
Brokered CD's	241,623	244,301	203,400
Total deposits	<u>1,582,824</u>	<u>1,567,154</u>	<u>1,346,569</u>
Federal Home Loan Bank advances	1,051,458	998,533	902,943
Other borrowings	183,764	176,379	236,916
Other liabilities	27,151	26,374	20,047
Total liabilities	<u>2,845,197</u>	<u>2,768,440</u>	<u>2,506,475</u>
Minority interest	69	72	184
Stockholders' equity	<u>191,364</u>	<u>184,349</u>	<u>193,187</u>
Total liabilities, minority interest and stockholders' equity	<u>\$ 3,036,630</u>	<u>\$ 2,952,861</u>	<u>\$ 2,699,846</u>
<b>Capital Ratios:</b>			
Equity to asset ratio	6.30 %	6.24 %	7.16 %
Tangible equity to asset ratio	6.23	6.17	7.10
Core capital (h) (required: 4.00%; well-capitalized: 5.00%)	8.53	8.51	9.15
Tier 1 Capital (h) (required: 4.00%; well-capitalized: 6.00%)	11.94	12.18	13.40
Risk-based capital (h) (required: 8.00%; well-capitalized: 10.00%)	13.02	13.18	14.31
<b>Asset Quality Indicators (continuing operations only):</b>			
<b>Nonperforming Assets:</b>			
Nonaccruing loans	\$ 3,189	\$ 2,891	\$ 5,602
Assets acquired through foreclosure	61	44	372
Total nonperforming assets	<u>\$ 3,250</u>	<u>\$ 2,935</u>	<u>\$ 5,974</u>
Past due loans (i)	\$ 527	\$ 277	\$ 370
Allowance for loan losses	\$ 26,701	\$ 26,143	\$ 24,939
Ratio of nonperforming assets to total assets	0.11 %	0.10 %	0.22 %
Ratio of allowance for loan losses to total gross loans (j)	1.34	1.37	1.48
Ratio of allowance for loan losses to nonaccruing loans (k)	800	863	424
Ratio of quarterly net (recoveries) charge-offs to average gross loans (a)(f)	0.03	(0.02)	0.12

See "Notes"



**WSFS FINANCIAL CORPORATION  
FINANCIAL HIGHLIGHTS (Continued)**
**AVERAGE BALANCE SHEET**

(Dollars in thousands)

(Unaudited)

	Three months ended								
	June 30, 2006			Mar 31, 2006			June 30, 2005		
	Average Balance	Interest	Yield/ Rate (a)(b)	Average Balance	Interest	Yield/ Rate (a)(b)	Average Balance	Interest	Yield/ Rate (a)(b)
<b>Assets:</b>									
Interest-earning assets:									
Loans: (f) (l)									
Commercial real estate loans	\$ 638,645	\$ 12,860	8.05 %	\$ 605,189	\$ 11,760	7.77 %	\$ 572,714	\$ 9,576	6.69 %
Residential real estate loans	484,000	6,621	5.47	466,329	6,279	5.39	429,787	5,524	5.14
Commercial loans	573,853	11,146	7.88	525,339	9,645	7.55	434,056	6,686	6.35
Consumer loans	257,930	4,687	7.29	250,856	4,406	7.12	218,328	3,633	6.67
Total loans	1,954,428	35,314	7.28	1,847,713	32,090	7.01	1,654,885	25,419	6.21
Mortgage-backed securities (d)	617,553	7,471	4.84	623,551	7,332	4.70	583,785	6,444	4.42
Loans held-for-sale (f)	1,284	18	5.61	594	6	4.04	2,107	28	5.32
Investment securities (d)(e)	54,366	388	2.85	58,060	635	4.37	97,459	639	2.62
Other interest-earning assets	52,402	677	5.18	48,690	414	3.45	49,434	356	2.89
Total interest-earning assets	2,680,033	43,868	6.59	2,578,608	40,477	6.32	2,387,670	32,886	5.56
Allowance for loan losses	(26,397)			(25,515)			(24,842)		
Cash and due from banks	55,424			51,364			51,945		
Cash in non-owned ATMs	157,655			144,436			127,760		
Bank owned life insurance	54,860			54,365			52,877		
Other noninterest-earning assets	62,156			59,986			53,919		
Total assets	\$ 2,983,731			\$ 2,863,244			\$ 2,649,329		
<b>Liabilities and Stockholders' Equity:</b>									
Interest-bearing liabilities:									
Interest bearing deposits:									
Interest-bearing demand	\$ 122,917	\$ 162	0.53	\$ 123,805	\$ 140	0.46	\$ 110,565	\$ 66	0.24
Money market	228,493	1,978	3.47	226,229	1,714	3.07	162,934	747	1.84
Savings	239,474	444	0.74	247,152	511	0.84	280,668	280	0.40
Retail time deposits	364,669	3,497	3.85	322,184	2,688	3.38	278,253	1,882	2.71
Total interest-bearing retail deposits	955,553	6,081	2.55	919,370	5,053	2.23	832,420	2,975	1.43
Jumbo certificates of deposit-nonretail	84,353	1,033	4.91	60,081	663	4.48	39,081	280	2.87
Brokered certificates of deposit	245,213	2,999	4.91	226,022	2,461	4.42	182,220	1,407	3.10
Total interest-bearing deposits	1,285,119	10,113	3.16	1,205,473	8,177	2.75	1,053,721	4,662	1.77
FHLB of Pittsburgh advances	1,037,132	12,004	4.58	1,003,350	10,743	4.28	889,641	7,263	3.23
Trust preferred borrowings	67,011	1,106	6.53	67,011	1,017	6.07	66,161	1,967	11.76
Other borrowed funds	113,190	1,259	4.45	121,822	1,237	4.06	177,090	1,216	2.75
Total interest-bearing liabilities	2,502,452	24,482	3.91	2,397,656	21,174	3.53	2,186,613	15,108	2.76
Noninterest-bearing demand deposits	269,060			257,963			252,134		
Other noninterest-bearing liabilities	22,566			21,022			16,061		
Minority interest	65			154			195		
Stockholders' equity	189,588			186,449			194,326		
Total liabilities and stockholders' equity	\$ 2,983,731			\$ 2,863,244			\$ 2,649,329		
Excess of interest-earning assets over interest-bearing liabilities	\$ 177,581			\$ 180,952			\$ 201,057		
Net interest and dividend income		\$ 19,386			\$ 19,303			\$ 17,778	
Interest rate spread			2.68%			2.79%			2.80%
Net interest margin			2.94%			3.04%			3.03%

See "Notes"

**WSFS FINANCIAL CORPORATION**  
**FINANCIAL HIGHLIGHTS (Continued)**

(Dollars in thousands, except per share data)

(Unaudited)

	Three months ended			Six months ended	
	June 30, 2006	Mar 31, 2006	June 30, 2005	June 30, 2006	June 30, 2005

**Stock Information:**

Market price of common stock:

High	\$ 64.65	\$ 64.50	\$ 55.91	\$ 64.65	\$ 59.91
Low	58.24	60.00	49.80	58.24	49.80
Close	61.45	62.83	54.71	61.45	54.71
Book value per share	28.77	27.91	28.16		
Tangible book value per share	28.43	27.56	27.92		
Number of shares outstanding (000s)	6,650	6,606	6,860		

**Other Financial Data:**

One-year repricing gap to total assets (m)	(1.65) %	0.04 %	0.50 %
Weighted average duration of the MBS portfolio	3.3 years	3.2 years	2.7 years
Number of associates (FTEs)	554	529	516
Number of branch offices	25	25	24
Number of WSFS owned ATMs	318	263	268

**Notes:**

- (a) Annualized.
- (b) Computed on a fully tax-equivalent basis.
- (c) Noninterest expense divided by (tax-equivalent) net interest income and noninterest income.
- (d) Includes securities available-for-sale.
- (e) Includes reverse mortgages.
- (f) Net of unearned income.
- (g) Net of allowance for loan losses.
- (h) Represents capital ratios of Wilmington Savings Fund Society, FSB and subsidiaries.
- (i) Accruing loans which are contractually past due 90 days or more as to principal or interest.
- (j) Excludes loans held-for-sale.
- (k) Includes general reserves only.
- (l) Nonperforming loans are included in average balance computations.
- (m) The difference between projected amounts of interest-sensitive assets and interest-sensitive liabilities repricing within one year divided by total assets, based on a current interest rate scenario.