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, 1998

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. ( )

The aggregate market value of the voting stock held by nonaffiliates of the registrant, based on the closing prices of the registrant's common stock as quoted on the National Association of Securities Dealers Automated Quotation System as of March 17, 1999 was $125,931,485. For purposes of this calculation only, affiliates are deemed to be directors, executive officers and beneficial owners of greater than 5% of the outstanding shares.

As of March 17, 1999, there were issued and outstanding 11,439,288 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 22, 1999 are incorporated by reference in Part III hereof.

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PART I

Item 1. Business

GENERAL

WSFS Financial Corporation (Company or Corporation) is a savings and loan holding company headquartered in Wilmington, Delaware. The Corporation has two subsidiaries, Wilmington Savings Fund Society, FSB (WSFS or Bank) and WSFS Capital Trust I. WSFS Capital Trust I was formed in 1998 to sell Trust Preferred Securities. The Trust invested all of the proceeds from the sale of the Trust Preferred Securities in Junior Subordinated Debentures of the Corporation. The Corporation used the proceeds from the Junior Subordinated Debentures for general corporate purposes, including the redemption of its 11% Senior Notes due 2005 on December 31, 1998.

Substantially, all of the Corporation's assets are held by its subsidiary, WSFS, the largest thrift institution headquartered in Delaware and among the four largest financial institutions in the state on the basis of total deposits acquired 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. The Bank provides residential real estate, commercial real estate, commercial and consumer lending services and funds these activities primarily with retail deposits and borrowings. The banking operations of WSFS are presently conducted from 20 retail banking offices located in Northern Delaware and Southeastern Pennsylvania. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Subsidiaries of the Bank include WSFS Credit Corporation (WCC), which is engaged primarily in indirect motor vehicle leasing; 838 Investment Group, Inc., which markets various insurance products and securities through the Bank's branch system; and Community Credit Corporation (CCC), which specializes in consumer loans secured by first and second mortgages. An additional subsidiary, Star States Development Company (SSDC), is currently inactive having sold its final parcel of land in 1998. In November 1994, the Bank acquired Providential Home Income Plan, Inc. (Providential), a San Francisco, California-based reverse mortgage lender. The management and operations of Providential were merged into the Bank in November 1996.

The long-term goal of the Corporation is maintaining its high-performing financial services company status, focusing on its core banking business while taking advantage of its intrastructure to develop unique niche businesses.

As a federally chartered savings institution, the Bank is subject to extensive regulation by the Office of Thrift Supervision (OTS), the FDIC and the Federal Reserve Board. This supervision and regulation is intended primarily for the protection of depositors. See the "Regulation" section for a further discussion of certain of these regulatory requirements.

Net income for the period ended December 31, 1998 was $16.5 million compared to $16.4 million for both 1997 and 1996. Net income for the last three years included the recognition of tax benefits. Income before extraordinary items and taxes increased $1.3 million between 1998 and 1997; and $3.4 million between 1997 and 1996.

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 Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) are incorporated herein by reference.

INVESTMENT ACTIVITIES

The Company's short-term investment portfolio is intended to provide collateral for borrowings and to meet liquidity requirements. 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,					
	1998		1997		1996	
	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars In Thousands)					
Held-to-Maturity:						
Corporate bonds	$ 6,059	0.4%	$12,030	1.0%	$15,038	1.1%
U.S. Government and agencies			15,000	0.8		
State and political subdivisions	1,583	0.1	1,534	0.1	2,642	0.2
	7,642	0.5	28,564	1.9	17,680	1.3
Available-for-Sale:						
U.S. Government and agencies	$30,219	1.9	50,091	3.3		
State and political subdivisions					1,253	0.1
	$30,219	1.9	50,091	3.3	1,253	0.1
Short-term investments:						
Federal funds sold and securities purchased under agreements to resell	$20,900	1.3	25,279	1.7	25,400	1.9
Interest-bearing deposits in other banks(1)	7,518	0.4	28,892	1.9	5,702	0.4
	28,418	1.7	54,171	3.6	31,102	2.3
	66,279	4.1%	$132,826	8.8%	$50,035	3.7%

(1) Interest-bearing deposits in other banks do not include deposits with a maturity greater than one year.

In 1998, the Bank purchased $20 million in U.S. Government securities, of which $10 million was classified as available-for-sale. In addition, there were sales and calls of U.S. Government securities totaling $20 million and $25 million, respectively. The reduction of corporate and political subdivision bonds since 1996 has been primarily due to maturities and calls. Also, the state and political subdivision bonds classified as available-for-sale in 1996 were reclassified as held-to-maturity in 1997, as there is no active market for these securities. In 1997, the Bank purchased $105 million in U.S. Government securities of which $90 million was classified as available for sale. Of these securities, $40 million was sold in 1997.

The following table sets forth the terms to maturity and related weighted average yields of investment securities and short-term investments at December 31, 1998. Substantially all of the related interest and dividends represent taxable income. Yields on tax-exempt investments are calculated on the basis of actual yields and not on a tax-equivalent basis, since the effect of the equivilization is immaterial.

	At December 31, 1998	
	Amount	Yield
	(Dollars in Thousands)	
Held-to-Maturity:		
Corporate bonds:		
Within one year	$ 200	5.45%
After one but within five years	2,533	6.93
After five but within ten years	2,136	6.26
After ten years	1,190	7.30
	6,059	6.72
State and political subdivisions (1):		
After ten years	1,583	7.61
Total debt securities, held-to-maturity	7,642	6.90
Available-for-Sale:		
U.S. Government and agencies:		
After one but within five years	30,219	6.12
Short-term investments:		
Interest-bearing deposits in other banks	7,518	4.78
Federal funds sold and securities purchased under agreements to resell	20,900	5.57
Total short-term investments	28,418	5.36
	$66,279	5.88%

(1) Yields on state and political subdivisions are not calculated on a tax-equivalent basis since the effect would be immaterial.

In addition to the foregoing investment securities, the Company has maintained an investment portfolio of mortgage-backed securities, which increased dramatically after 1993 as the Company implemented investment growth strategies during subsequent years. Purchases of mortgage-backed securities, including collateralized mortgage obligations, in 1998 totaled $355 million, of which $210 million was classified as available-for-sale and $145 million was classified as held-to-maturity. The Bank also sold $30 million in collateralized mortgage obligations. Reductions in the other categories, for all years, were due to principal repayments.

The following table sets forth the book values of mortgage-backed securities and their related weighted average stated rates at the end of the last three fiscal years.

	December 31,					
	1998		1997		1996	
	(Dollars in Thousands)					
	Stated Amount	Rate	Stated Amount	Rate	Stated Amount	Rate
Held-to-Maturity:						
Collateralized mortgage obligations	$175,619	6.78%	$151,982	7.30%	$165,516	7.38%
GNMA	1,044	6.93	1,299	7.16	1,496	7.16

FHLMC......................................	42,337	6.16	55,822	6.17	63,223	6.18
FNMA.......................................	40,881	6.26	53,134	6.26	62,754	6.26
Other......................................	5,977	7.36	12,663	7.50	20,340	8.07
	$265,858	6.61%	$274,900	6.88%	$313,329	6.96%
Available-for-Sale:						
Collateralized mortgage obligations	$168,997	6.54%	$ 57,374	7.26%	$ 37,482	7.44%
GNMA.......................................	24,229	6.11			14,441	6.15
	$193,226	6.49%	$ 57,374	7.26%	$ 51,923	7.08%

CREDIT EXTENSION ACTIVITIES

Traditionally, the majority of a typical thrift institution's loan portfolio has consisted of first mortgage loans on residential properties. However, as a result of various legislative and regulatory changes since 1980, the commercial and consumer lending powers of the Bank have increased substantially. Consequently, the Bank initiated a diversification strategy in fiscal year 1984 which included a significant increase in commercial real estate lending. Commercial real estate lending was temporarily discontinued in 1990 and only originations required by previous funding commitments were made. In 1994, the Bank began to originate small business and commercial real estate loans in its primary market area. The Bank's current lending activity is concentrated on lending to consumers and small businesses in the Mid-Atlantic Region of the United States.

The following table sets forth the composition of the Corporation's loan/lease portfolio by type of loan/lease at each of the dates indicated. Other than as disclosed below, the Company had no concentrations of loans/leases exceeding 10% of total loans/leases at December 31, 1998 :

	December 31,									
	1998		1997		1996		1995		1994	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Residential real estate(1)	$291,110	30.2%	$287,349	30.7%	$279,060	33.8%	$276,926	35.0%	$260,442	36.6%
Commercial real estate:										
Commercial mortgage	226,063	23.5	238,533	25.5	278,935	33.8	293,979	37.1	259,112	36.6
Construction	11,642	1.2	12,553	1.3	27,056	3.3	29,959	3.8	25,603	3.6
Total commercial real estate .	237,705	24.7	251,086	26.8	305,991	37.1	323,938	40.9	284,715	40.2
Commercial	97,524	10.1	94,686	10.1	28,602	3.5	23,894	3.0	25,188	3.5
Consumer	165,660	17.2	159,432	17.0	135,552	16.4	114,265	14.4	91,182	12.8
Finance leases................					60,985	7.4	98,840	12.5	89,095	12.5
Gross loans	791,999	82.2	792,553	84.6	810,190	98.2	837,863	105.8	750,622	105.6
Less:										
Unearned income	4,642	0.5	3,240	0.3	13,102	1.6	21,512	2.7	18,146	2.6
Allowance for loan losses	23,689	2.5	24,850	2.7	24,241	2.9	24,167	3.1	21,700	3.0
Net loans	763,668	79.2	764,463	81.6	772,847	93.7	792,184	100.0	710,776	100.0
Vehicles under operating leases, net..........................	199,967	20.8	172,115	18.4	52,036	6.3				
Net loans and vehicles under operating leases	$963,635	100.0%	936,578	100.0%	$824,883	100.0%	$792,184	100.0%	$710,776	100.0%

(1) Includes $3,103, $2,222, $773, $4,401, and $257 of residential mortgage loans held-for-sale at December 31, 1998, 1997, 1996, 1995 and 1994, respectively.

The following table sets forth information as of December 31, 1998 regarding the dollar amount of loans and leases maturing in the Company's portfolios, including scheduled repayments of principal, based on contractual terms to maturity. In addition, the table sets forth the dollar amount of loans maturing during the indicated periods, based on whether the loan has a fixed- or adjustable-rate as well as leases maturing during the indicated periods. Loans and leases having no stated maturity or repayment schedule are reported in the one year or less category.

	Less than One Year	One to Five Years	Over Five Years	Total
	(In Thousands)			
Real estate loans (1)	$ 42,401	$ 183,659	$ 288,010	$514,070
Construction loans	9,589	1,857	196	11,642
Commercial loans	25,802	25,591	46,131	97,524
Consumer loans	62,675	67,766	35,219	165,660
	$ 140,467	$ 278,873	$ 369,556	$ 788,896
Rate sensitivity:				
Fixed	$ 53,539	$ 159,693	$ 182,276	$ 395,508
Adjustable	86,928	119,180	187,280	393,388
	140,467	278,873	369,556	788,896
Vehicles under operating leases, net	43,017	156,950	0	199,967
Gross loans and net operating leases	$ 183,484	$ 435,823	$ 369,556	$ 988,863

(1) Includes commercial mortgage loans; does not include loans held-for-sale.

The above schedule does not include any prepayment assumptions. Although prepayments tend to be highly dependent upon the current interest rate environment, management believes that the actual repricing and maturity of the loan and lease portfolio is significantly shorter than is reflected in the above table as a result of prepayments.

Residential Real Estate Lending. WSFS originates residential mortgage loans with loan-to-value ratios up to 95%; however, the Bank generally requires private mortgage insurance for up to 30% of the mortgage amount on mortgage loans whose loan-to-value ratio exceeds 80%. The Bank does not have any significant concentrations of such insurance with any one insurer. On a very limited basis, the Bank originates loans with loan-to-value ratios exceeding 80% without a private mortgage insurance requirement. At December 31, 1998, the balance of all such loans was approximately $16.6 million of which $8.9 million related to lending intended to satisfy the requirements of the Community Reinvestment Act. Generally, residential mortgage loans originated or purchased are underwritten and documented in accordance with standard underwriting criteria published by FHLMC to assure maximum eligibility for subsequent sale in the secondary market; however, unless loans are specifically designated for sale, the Company holds newly originated loans in portfolio for long-term investment. Among other things, title insurance is required, insuring the priority of its lien, and fire and extended coverage casualty insurance for the properties securing the residential loans. All properties securing residential loans made by the Bank are appraised by independent appraisers selected by the Bank and subject to review in accordance with Bank standards.

The majority of residential real estate adjustable-rate loans currently originated have interest rates that adjust every year, with the change in rate limited to two percentage points at any adjustment date. The adjustments are generally based upon a margin (currently 2.75 percent) 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. The Bank generally underwrites adjustable-rate loans under standards consistent with private mortgage insurance and secondary market criteria. The Bank does not originate adjustable-rate mortgages with payment limitations that could produce negative amortization. Consistent with industry practice in its market area, the Bank has originated adjustable-rate mortgage loans with initially discounted interest rates. All such loans are underwritten at the fully-indexed rate.

The retention of adjustable-rate mortgage loans in the Bank's loan portfolio helps mitigate the Bank's risk to changes in interest rates. However, there are unquantifiable credit risks resulting from potential increased costs to the borrower as a result of the repricing of 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 the Bank to increase the sensitivity of its 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 the Bank's adjustable-rate mortgages will adjust sufficiently to compensate for increases in the Bank's cost of funds during periods of extreme interest rate increases.

The original contractual loan payment period for residential loans originated is normally 10 to 30 years. Because borrowers may refinance or prepay their loans without penalty, such loans normally remain outstanding for a substantially shorter period of time. First mortgage loans customarily include "due-on-sale" clauses on adjustable- and fixed-rate loans, which are provisions giving the institutions 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. The Bank enforces due-on-sale clauses through foreclosure and other legal proceedings to the extent available under applicable laws.

Commercial Real Estate and Commercial Lending. As a federal savings bank, the Bank is permitted to invest up to 400% of its consolidated capital in nonresidential real estate loans and up to 20% of its assets in commercial loans. Prior to 1994, the Bank had been operating under a Capital Plan and was subject to the terms and conditions of a Capital Directive. Consequently, WSFS had discontinued the origination of commercial real estate loans other than renewal of performing loans or funding outstanding commitments. Beginning in 1994, after the Plan and Directive were lifted, the Bank began to originate small business commercial and real estate loans in its primary market area.

WSFS has offered commercial real estate mortgage loans on multi-family and other commercial real estate. Generally, loan-to-value ratios for such loans do not exceed 80% of appraised value at origination. As a result of subsequent changes in the real estate market, however, current loan-to-value ratios on certain loans could effectively be in excess of 80%.

Prior to the restrictions noted above, the Bank offered commercial construction loans to developers. These loans were made as "construction/permanent" loans, which provided for disbursement of loan funds during construction and automatic conversion to permanent loans upon completion of construction. Such construction loans were made on a short-term basis, usually not exceeding two years, with interest rates indexed to the WSFS prime rate and adjusted periodically as the Bank's prime rate changed. The loan appraisal process includes the same criteria as required for permanent mortgage loans as well as completed plans, specifications, comparables and cost estimates. These items are used, prior to approval of the credit, as a basis to determine the appraised value of the subject property when completed. Policy requires that all appraisals are to be reviewed independently of the commercial lending area. Generally, the loan-to-value ratio for construction loans does not exceed 80%. The initial interest rate on the permanent portion of the financing is determined based upon the prevailing market rate at the time of conversion to the permanent loan. At December 31, 1998, $29.2 million was committed for construction loans, of which $11.5 million had been disbursed.

The Bank's commercial lending, excluding real estate loans, includes loans for the purpose of financing equipment acquisitions, expansion, working capital and other business purposes. These loans generally range in amounts up to approximately $5.0 million, and their terms range from less than one year to seven years. The loans generally carry variable interest rates indexed to the Bank's prime rate or LIBOR at the time of closing. The Bank intends to continue originating commercial loans to small businesses in its market area.

Commercial, commercial mortgages and construction lending entail significant risk as compared with residential mortgage lending. These loans typically involve larger loan balances concentrated in 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 thus may be subject to a greater extent to adverse conditions in the commercial real estate market or in the economy generally. The majority of the Bank's commercial and commercial real estate loans is concentrated in Delaware and surrounding areas. Construction loans involve risks attributable to the fact that loan funds are advanced upon the security of the project under construction, which, due to various factors, is of uncertain value prior to the completion of construction. Moreover, because of the uncertainties inherent in estimating construction costs, delays arising from labor problems, material shortages and other unpredictable contingencies, it is relatively difficult to accurately estimate the total loan funds required to complete a project and/or determine the related loan-to-value ratios.

Federal law limits the extensions of credit to any one borrower to 15% of unimpaired capital, or 25%, if the additional incremental 10% is secured by readily marketable collateral having a market value that can be determined by reliable and continually available pricing. A single large extension of credit by the Bank would be limited by this 15% of capital restriction, except if the extension of credit would be fully or partially secured by U.S. treasury securities. 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. In April 1997, the bank originated a $35.5 million loan to refinance an employee stock ownership plan ("ESOP") loan of a company. Approximately 80% of the loan is secured by discounted U.S. treasury securities. The portion of the loan that is secured by U.S. treasury securities is exempt from the above lending limits. At December 31, 1998, no borrower had collective outstandings exceeding the above limits.

Consumer Lending. Consumer loans (not including certain consumer loans such as home equity lines of credit and other residential real estate secured loans) may be made in an amount up to 35% of the Bank's assets. The Company intends to emphasize consumer lending in the future as a means of enhancing portfolio yields and capitalizing on existing customer relationships.

The primary consumer credit products, excluding leases, of the Company are equity secured installment loans and home equity lines of credit. With a home equity line of credit the borrower is granted a line of credit up to 100% of the appraised value (net of any senior mortgages) of the residence. This line of credit is secured by a mortgage on the borrower's property and can be drawn upon at any time. At December 31, 1998, the Bank had extended a total of $85.8 million in home equity lines of credit, of which $27.8 million had been drawn at the date. Home equity lines of credit offer federal income tax advantages (in certain circumstances the interest paid on a home equity loan can be deductible) and the convenience of checkbook access as well as revolving credit features. Over the past few years, however, home equity lines of credit have decreased as low interest rates offered on first and second mortgage loans have enabled consumers to refinance their mortgages and consolidate debt. Although home equity lines of credit expose the Company to the risk that falling collateral values may leave it inadequately secured, the Company has not had any significant adverse experience to date.

Since 1988, the focus of WSFS Credit Corporation (WCC), formerly Star States Leasing Corporation, has been to finance leases indirectly. These leases are secured by motor vehicles and originated through automobile dealerships. During 1998, WCC originated more than 2,032 leases, which approximated $76.9 million in new assets. At December 31, 1997, the Corporation reclassified approximately $172 million in leases originated by WCC to operating leases in accordance with Statement of Financial Accounting Standards No. 13. Approximately $52 million of leases as of December 31, 1996 have also been reclassified as operating leases herein. At December 31, 1999, WCC had $200.0 million in vehicles under operating leases.

The table below sets forth consumer loans by type, in dollar amounts and percentages, at the dates indicated.

December 31,					
1998		1997		1996	
(Dollars in Thousands)					
Amount	Percent	Amount	Percent	Amount	Percent

Equity secured installment loans	$87,503	52.8%	$78,975	49.6%	$ 63,803	47.1%
Home equity lines of credit....	27,799	16.8%	31,110	19.5	33,267	24.5
Automobile....................	32,729	19.8%	32,959	20.7	26,456	19.5
Unsecured lines of credit......	10,444	6.3%	9,466	5.9	7,448	5.5
Other.........................	7,185	4.3%	6,922	4.3	4,578	3.4
Total consumer loans	$165,660	100.0%	$159,432	100.0%	$135,552	100.0%

(Restubbed Table)

	1995		1994	
	Amount	Percent	Amount	Percent
Equity secured installment loans	$ 52,793	46.2%	$ 34,088	37.4%
Home equity lines of credit....	36,817	32.2	40,727	44.7
Automobile....................	12,701	11.1	1,951	2.1
Unsecured lines of credit......	7,017	6.2	3,683	4.0
Other.........................	4,937	4.3	10,733	11.8
Total consumer loans	$114,265	100.0%	$ 91,182	100.0%

Loan and Lease Originations, Purchase and Sales. WSFS has traditionally engaged in lending activities primarily in Delaware and contiguous areas of neighboring states although, as a federal savings bank, the Bank may originate, purchase and sell loans throughout the United States. WSFS has also purchased limited amounts of loans from outside its normal lending area when such purchases are deemed appropriate and consistent with the Bank's overall practices. The Bank originates fixed-rate and adjustable-rate residential real estate loans through banking offices. In addition, WSFS has established relationships with correspondent banks, mortgage brokers and real estate developers for loan referrals.

During 1998, WSFS originated $129 million of residential real estate loans compared to 1997 originations of $84 million. From time to time, the Bank has purchased whole loans and loan participations in accordance with its ongoing asset and liability management objectives. Purchases of residential real estate loans from correspondents and brokers primarily in the northeast region of the

United States totaled $10 million for years ended December 31, 1998 and 1997; and $13 million during 1996, respectively. Residential real estate loan sales totaled $75 million in 1998, $26 million in 1997 and $24 million in 1996. While the Bank generally intends to hold loans for the foreseeable future, WSFS, beginning in 1989, has undertaken to sell newly originated fixed-rate mortgage loans in the secondary market to control the interest sensitivity of its balance sheet. During the second half of 1993 the Corporation began to hold for investment certain of its fixed-rate mortgage loans, with terms under 30 years, consistent with current asset/liability management strategies.

The Bank serviced for others approximately $237 million of residential loans at December 31, 1998 compared to $207 million at December 31, 1997. The Company also services residential loans for its portfolio totaling $255 million and $251 million at December 31, 1998 and 1997.

The Bank originates commercial real estate and commercial loans through the Bank's commercial lending department. Commercial loans are made for the purpose of financing equipment acquisitions, expansion, working capital and other business purposes and also include business loans secured by nonresidential real estate. During 1998, the Bank originated $124 million of commercial and commercial real estate loans compared to $123 million in 1997. These amounts represent gross contract amounts and do not reflect amounts outstanding on such loans.

The Bank's consumer lending is conducted primarily through the branch offices and is supported by a consumer credit department credit investigation unit. WSFS originates a variety of consumer credit products, including home improvement loans, home equity lines of credit, automobile loans, unsecured lines of credit and other secured and unsecured personal installment loans. During 1998, such consumer loan originations aggregated $92 million compared to $105 million in 1997. Additionally, WSFS Credit Corporation originated approximately $78 million of operating leases in 1998 and $50 million in 1996. See "Consumer Lending" for a further discussion regarding consumer loan originations.

All loans to one borrower exceeding $750,000 in aggregate must be approved by a management loan committee. Minutes of the management loan committee meetings and individual loans exceeding $3.0 million approved by the management loan committee are subsequently reviewed by the Executive Committee and Board of Directors of WSFS, with separate approval needed for all loans to any borrower who has direct or indirect outstanding commitments in excess of $3.0 million or for any additional advances or extensions on loans previously classified by the Bank's regulatory authorities or the Bank's Asset Review Department. Officers of the Bank have authority to approve smaller loans in graduated amounts, depending upon their experience and management position.

Fee Income from Lending Activities. The Bank realizes interest and loan fee income from lending activities, including fees for originating loans and for servicing loans and loan participations sold. The institution also receive commitment fees for making commitments to originate construction, residential and commercial real estate loans. Additionally, loan fees related to existing loans are received, which include prepayment charges, late charges and assumption fees.

The Bank offers a range of loan commitments for which fees are charged depending on lengths of the commitment periods. As part of the loan application, the borrower also pays the Bank for out-of-pocket costs in reviewing the application, whether or not the loan is closed. The interest rate charged on the mortgage loan is normally the prevailing rate at the time the loan application is approved.

Loan fees that are considered adjustments of yield in accordance with generally accepted accounting principles are reflected in interest income and represented an immaterial amount of interest income during the three years ended December 31, 1998. Loan fees other than those considered adjustments of yield are reported as loan fee income, a component of other income.

LOAN AND LEASE LOSS EXPERIENCE, PROBLEM ASSETS AND DELINQUENCIES

The Company's 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 ultimate collectibility of principal and interest.

The Company endeavors to manage its portfolios to identify problem loans and leases as promptly as possible and take actions immediately which will minimize losses. To accomplish this, the Bank's Asset Review Department monitors the asset quality of the Company's loan, lease and investment in real estate portfolios and reports such information to the Credit Policy Committee and the Audit Committee of the Board of Directors.

SUBSIDIARIES

The Corporation has two subsidiaries, Wilmington Savings Fund Society, FSB (WSFS or Bank) and WSFS Capital Trust I. WSFS Capital Trust I was formed in 1998 to sell Trust Preferred Securities. The Trust invested all of the proceeds from the sale of the Trust Preferred Securities in Junior Subordinated Debentures of the Corporation. The Corporation used the proceeds from the Junior Subordinated Debentures for general corporate purposes, including the redemption of its 11% Senior Notes due 2005 on December 31, 1998.

At December 31, 1998, WSFS had four wholly-owned, first-tier subsidiaries which were engaged in leasing, consumer finance, insurance investment products, and securities sales, as well as real estate development. WSFS is the sole investor in and primary lender to its non-bank subsidiaries. At December 31, 1998, it had $3.3 million invested in the equity of these companies and had lent them an additional $253.3 million.

WSFS Credit Corporation (WCC) which commenced operations in 1974, provides leasing for consumer and business motor vehicles and equipment as well as consumer loans. Prior to 1988, its business had been concentrated in the northern Delaware area, but in 1988 it began expanding its motor vehicle leasing base by originating leases through automobile dealerships in Pennsylvania, New Jersey and Maryland as well as Delaware. In 1996 WCC expanded its market area to parts of western Maryland and West Virginia. WCC underwrites all leases originated through automobile dealers in accordance with underwriting criteria generally consistent with those of the Bank and the leasing industry. WCC's total assets at December 31, 1998 and 1997 were $226.3 million and $203.5 million, respectively.

838 Investment Group, Inc. (formerly Star States Financial Services, Inc.) was formed in 1989. This subsidiary markets various investment and insurance products, such as single-premium annuities and whole life policies, and securities to Bank customers primarily through the Bank's branch system.

Community Credit Corporation (CCC), a consumer finance subsidiary, was formed in June 1994 to provide fixed-rate and adjustable-rate consumer loans secured by first and second mortgages. Loans made by CCC are most often used by the borrower to consolidate debt, including an existing mortgage, or fund home improvements. The type of borrower targeted by CCC has a credit history that may limit their access to credit, given the relatively rigid lending guidelines used by most financial institutions. The first office of CCC was opened August 1994 in Delaware. CCC's total assets at December 31, 1998 and 1997 were $22.1 million and $19.0 million, respectively.

Star States Development Company was formed in March 1985 with the objective of engaging in residential real estate projects through either wholly-owned subsidiaries or investments in joint ventures. Star States Development Company's investments in the projects were in the form of nonrecourse, first mortgage loans, in return for which Star States Development Company was entitled to receive repayment of principal and interest, and to share, at an agreed upon percentage, in the profits of the project. In 1998, Star States Development Company sold its remaining parcel of land and is currently inactive.

Providential Home Income Plan, Inc. (Providential) was a San Francisco-based reverse mortgage lender. The Bank acquired Providential in November 1994 for approximately $24.4 million. The acquisition was accounted for by the purchase method of accounting; accordingly, Providential's results are included in the Corporation's consolidated statement of operations for the period in which it is owned. The management and operations of Providential were merged into the Bank in November 1996.

SOURCES OF FUNDS

The Bank funds operations through retail and wholesale deposit growth as well as through various borrowing sources, including repurchase agreements, federal funds purchased and advances from the Federal Home Loan Bank (FHLB) of Pittsburgh. Loan repayments and investment maturities also provide sources of funds. Loan repayments and investment maturities provide a relatively stable source of funds while certain deposit flows tend to be more susceptible to market conditions. Borrowings are used to fund wholesale asset growth, short-term funding of lending activities when loan demand exceeds projections, or when deposit inflows or outflows are less than or greater than expected. On a long-term basis, borrowings may be used to match against specific loans or support business expansion.

Deposits. The Bank offers various deposit programs to its customers, including savings accounts, demand deposits, interest-bearing demand deposits, money market deposit accounts and certificates of deposits. The Bank also offers Christmas clubs, Individual Retirement Accounts and Keogh Accounts. In addition, the Bank accepts negotiable rate certificates with balances in excess of $100,000 from individuals, businesses and municipalities in Delaware.

The Bank is the second largest independent banking institution headquartered and operating in Delaware. It primarily attracts deposits through its system of 20 branches. Sixteen of these branches are located in northern Delaware's New Castle County, the Bank's primary market. These branches maintain approximately 135,000 total account relationships with approximately 42,400 total households, or 25% of all households in New Castle County, Delaware. The seventeenth branch is in the state capital, Dover, located in central Delaware's Kent County. The three remaining branches are located in Southern Pennsylvania.

The following table sets forth the amount of certificates of deposit of $100,000 or more by time remaining until maturity at the period indicated.

Maturity Period	December 31, 1998
	(In Thousands)
Less than 3 months.....................	$39,972
Over 3 months to 6 months..............	21,401
Over 6 months to 12 months.............	20,467
Over 12 months.........................	8,448
	$90,288

Borrowings. The Company utilizes several sources of borrowings to fund operations. As a member of the FHLB of Pittsburgh, the Bank is authorized to apply for advances on the security of their capital stock in the FHLB and certain of their residential mortgages and other assets (principally securities which are obligations of or guaranteed by the United States Government), provided certain standards related to creditworthiness have been met. As a member institution, the Bank is required to hold capital stock in the FHLB of Pittsburgh in an amount at least equal to 1% of the aggregate unpaid principal of their home mortgage loans, home purchase contracts, and similar obligations at the beginning of each year, or 5% of their outstanding advances, whichever is greater.

The Bank also sells securities under agreements to repurchase with various brokers as an additional source of funding. When entering into these transactions, the Bank is generally required to pledge either government securities or mortgage-backed securities as collateral for the borrowings.

In 1998, the Company issued $50.0 million in trust preferred securities due December 11, 2028, part of which was used to pay down the $29.1 million in 11% Senior Notes. See Note 9 of the Consolidated Financial Statements for a further discussion of the Notes.

REGULATION

Regulation of the Company

General. The Company is a registered savings and loan holding company and is subject to Office of Thrift Supervision (OTS) regulation, examination, supervision and reporting requirements. As a subsidiary of a holding company, the Bank is subject to certain restrictions in its dealings with the Company and other affiliates.

Activities Restrictions. The Company currently operates as a unitary savings and loan holding company. There generally are no restrictions on the activities of a unitary holding company. If the Company were to acquire another thrift and operate it as a separate entity, it would become subject to the activities restrictions on multiple holding companies. Among other things, no multiple savings and loan holding company or subsidiary thereof which is not a savings association may commence, or continue after a limited period of time after becoming a multiple savings and loan holding company or subsidiary thereof, any business activity other than: (i) furnishing or performing management services for a subsidiary savings association; (ii) conducting an insurance agency or escrow business; (iii) holding, managing, or liquidating assets owned by or acquired from a subsidiary savings institution; (iv) holding or managing properties used or occupied by a subsidiary savings institution; (v) acting as trustee under deeds of trust; (vi) those activities authorized by regulation as of March 5, 1987 to be engaged in by multiple holding companies; or (vii) unless the Director of OTS by regulation prohibits or limits such activities for savings and loan holding companies, those activities authorized by the Federal Reserve Board as permissible for bank holding companies. Those activities described in (vii) above also must be approved by the Director of OTS prior to being engaged in by a multiple savings and loan holding company.

Transactions with Affiliates; Tying Arrangements 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 is any company or entity which controls, is controlled by or is under common control with the savings association. In a holding company context, the parent holding company of a savings association (such as the Company) 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, except for any affiliate which engages only in activities which are permissible 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.

Restrictions on Acquisitions. Savings and loan holding companies are prohibited from acquiring, without prior approval of the Director of OTS, (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. Under certain circumstances, a savings and loan holding company is permitted to acquire, with the approval of the Director of OTS, up to 15% of the voting shares of an under-capitalized savings association pursuant to a "qualified stock issuance" without that savings association being deemed controlled by the holding company. 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 Director of 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 the Bank 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 ss.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 the Bank

General. As a federally chartered savings institution, the Bank is subject to extensive regulation by the OTS. 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 as the insurer of deposits. The Bank must file reports with OTS describing its activities and financial condition. The Bank is also subject to certain reserve requirements promulgated by the Federal Reserve Board. This supervision and regulation is intended primarily for the protection of depositors. Certain of these regulatory requirements are referred to below or appear elsewhere herein.

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 and purchased credit card relationships. 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 rights. 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 "nonincludable" 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.

Adjusted total assets for purposes of the core and tangible capital requirements are a savings institution's total assets as determined under generally accepted accounting principles, increased by certain goodwill amounts and by a prorated portion of the assets of unconsolidated includable subsidiaries in which the savings institution holds a minority interest. Adjusted total assets are reduced by the amount of assets that have been deducted from capital, the savings institution's minority investments in unconsolidated includable subsidiaries and, for purposes of the core capital requirement, qualifying supervisory goodwill. At December 31, 1998, the Bank was in compliance with both the core and tangible capital requirements.

The risk-based capital requirement is measured against risk-weighted assets, which equal the sum of each on-balance-sheet asset and the credit-equivalent amount of each off-balance-sheet item after being multiplied by an assigned risk weight. Under the OTS risk-weighting system, cash and securities backed by the full faith and credit of the U.S. government are given a 0% risk weight. Mortgage-backed securities that qualify under the Secondary Mortgage Enhancement Act, including those issued, or fully guaranteed as to principal and interest, by the FNMA or FHLMC, are assigned a 20% risk weight. Single-family first mortgages not more than 90 days past due with loan-to-value ratios not exceeding 80%, fixed-rate multi-family first mortgages not more than 90 days past due with loan-to-value ratios not exceeding 80% (75% if rate is adjustable, and annual net operating income equal to not less than 120% of debt service (115% if loan is adjustable) and certain qualifying loans for the construction of one- to four-family residences pre-sold to home purchasers are assigned a risk weight of 50%. Consumer loans, non-qualifying residential construction loans and commercial real estate loans, repossessed assets and assets more than 90 days past due, as well as all other assets not specifically categorized, are assigned a risk weight of 100%. The portion of equity investments not deducted from core or supplementary capital is assigned a 100% risk-weight.

In determining compliance with the risk-based capital requirement, a savings institution is allowed to 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, nonwithdrawable accounts and pledged deposits that do not qualify as core capital, certain approved subordinated debt, certain other capital instruments and a portion of the savings institution's general loan and lease loss allowances. The OTS risk-based capital standards require savings institutions with more than a "normal" level of interest rate risk to maintain additional total capital. A savings institution's interest rate risk is measured in terms of the sensitivity of its "net portfolio value" to changes in interest rates. A savings association with more than normal interest rate risk is required to deduct an interest rate risk component equal to one-half of the excess of its measured interest rate risk over the normal level from its total capital for purposes of determining its compliance with the OTS risk-based capital guidelines. At December 31, 1998, the Bank was in compliance with the OTS risk-based capital requirements.

Loans to Directors, Officers and 10% Stockholders. Under Section 22(h) of the Federal Reserve Act, loans to an executive officer or director or to a greater than 10% stockholder of a savings association and certain affiliated interests of either, may not exceed, together with all other outstanding loans to such person and affiliated interests, the association's loans to one borrower limit (generally equal to 15% of the institution's unimpaired capital and surplus) and all loans to all such persons may not exceed the institution's unimpaired capital and unimpaired surplus. Section 22(h) also prohibits loans, above amounts prescribed by the appropriate federal banking agency, to directors, executive officers and greater than 10% stockholders of a savings association, and their respective affiliates, unless such loan is approved in advance by a majority of the board of directors of the association with any "interested" director not participating in the voting. The Federal Reserve Board has prescribed the loan amount (which includes all other outstanding loans to such person), as to which such prior board of director approval if required, as being the greater of $25,000 or 5% of capital and surplus (up to $500,000). Further, loans to directors, executive officers and principal stockholders must be made on terms substantially the same as offered in comparable transactions to other persons unless the loan is made pursuant to a compensation or benefit plan that is widely available to employees and does not discriminate in favor of insiders. Section 22(h) also prohibits a depository institution from paying the overdrafts of any of its executive officers or directors. Savings associations are subject to the requirements and restrictions of Section 22(g) of the Federal Reserve Act which requires that loans to executive officers of depository institutions not be made on terms more favorable than those afforded to other borrowers, requires approval for such extensions of credit by the board of directors of the institution, and imposes reporting requirements for and additional restrictions on the type, amount and terms of credits to such officers. Section 106 of the Bank Holding Company Act (BHCA) prohibits extensions of credit to executive officers, directors, and greater than 10% stockholders of a depository institution by any other institution which has a correspondent banking relationship with the institution, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

Dividend Restrictions. Savings associations must submit notice to the OTS prior to making a capital distribution (which includes cash dividends, stock repurchases and payments to shareholders of another institution in a cash merger) if (a) they would not be well capitalized after the distribution, (b) the distribution would result in the retirement of any of the association's common or preferred stock or debt counted as its regulatory capital, or (c) the association is a subsidiary of a holding company. 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.

Deposit Insurance. The Bank may be charged semi-annual premiums by the FDIC for federal insurance on its insurable deposit accounts up to applicable regulatory limits. The FDIC may establish an assessment rate for deposit insurance premiums which protects the insurance fund and considers the fund's operating expenses, case resolution expenditures, income and effect of the assessment rate on the earnings and capital of members.

The assessment rate for an insured depository institution depends on the assessment risk classification assigned to the institution by the FDIC which is determined by the institution's capital level and supervisory evaluations. Institutions are assigned to one of three capital groups -- well-capitalized, adequately-capitalized or undercapitalized -- using the same percentage criteria as in the prompt corrective action regulations. See "Prompt Corrective Action." Within each capital group, institutions will be assigned to one of three subgroups on the basis of supervisory evaluations by the institution's primary supervisory authority and such other information as the FDIC determines to be relevant to the institution's financial condition and the risk posed to the deposit insurance fund.

Because the Bank Insurance Fund (BIF) achieved its statutory reserve ratio of 1.25% of insured deposits, the FDIC has eliminated deposit insurance premiums for most BIF members. The FDIC, however, continues to assess BIF member institutions to fund interest payments on certain bonds issued by the Financing Corporation (FICO), an agency of the federal government established to help fund takeovers of insolvent thrifts. Until December 31, 1999, BIF members will be assessed at the rate of 1.3 basis points on deposits for FICO payments while Savings Association Insurance Fund (SAIF) members will be assessed at the rate of 6.5 basis points on deposits. After December 31, 1999, BIF and SAIF members will be assessed at the same rate.

Prompt Corrective Action. Under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), federal banking regulators are required to take prompt corrective action if an institution fails to satisfy certain minimum capital requirements, including a leverage limit, a risk-based capital requirement, and any other measure deemed appropriate by the federal banking regulators for measuring the capital adequacy of an insured depository institution. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees that would cause the institution to become undercapitalized. An institution that fails to meet the minimum level for any relevant capital measure (an "undercapitalized institution") generally is: (i) subject to increased monitoring by the appropriate federal banking regulator; (ii) required to submit an acceptable capital restoration plan within 45 days; (iii) subject to asset growth limits; and (iv) required to obtain prior regulatory approval for acquisitions, branching and new lines of businesses. "Significantly undercapitalized" institutions and their holding companies may become subject to more severe sanctions including limitations on asset growth, restrictions on capital distributions by the holding company and possible divestiture requirements. Institutions generally must be placed in receivership within specified periods of time after they become "critically undercapitalized".

Under the OTS regulations implementing the prompt corrective action provisions of FDICIA, the OTS measures a savings institution's capital adequacy on the basis of its total risk-based capital ratio (the ratio of its total capital to risk-weighted assets), Tier 1 risk-based capital ratio (the ratio of its core capital to risk-weighted assets) and leverage ratio (the ratio of its core capital to adjusted total assets). A savings institution that is not subject to an order or written directive to meet or maintain a specific capital level is deemed "well capitalized" if it also has: (i) a total risk-based capital ratio of 10% or greater; (ii) a Tier 1 risk-based capital ratio of 6.0% or greater; and (iii) a leverage ratio of 5.0% or greater. An "adequately capitalized" savings institution is a savings institution that does not meet the definition of well capitalized and has: (i) a total risk-based capital ratio of 8.0% or greater; (ii) a Tier 1 capital risk-based ratio of 4.0% or greater; and (iii) a leverage ratio of 4.0% or greater (or 3.0% or greater if the savings institution has a composite 1 CAMEL rating). An "undercapitalized institution" is a savings institution that has (i) a total risk-based capital ratio less than 8.0%; or (ii) a Tier 1 risk-based capital ratio of less than 4.0%; or (iii) a leverage ratio of less than 4.0% (or 3.0% if the institution has a composite 1 CAMELS rating). A "significantly undercapitalized" institution is defined as a savings institution that has: (i) a total risk-based capital ratio of less than 6.0%; or (ii) a Tier 1 risk-based capital ratio of less than 3.0%; or (iii) a leverage ratio of less than 3.0%. A "critically undercapitalized" savings institution is defined as a savings institution that has a ratio of tangible equity to total assets of less than 2.0%.

Federal Home Loan Bank System. The Bank is a member of the FHLB System, which consists of 12 district FHLBs subject to supervision and regulation by the Federal Housing Finance Board (FHFB). The FHLBs provide a central credit facility primarily for member institutions. As a member of the FHLB of Pittsburgh, the Bank is required to acquire and hold shares of capital stock in the FHLB of Pittsburgh in an amount at least equal to 1% of the aggregate unpaid principal of its home mortgage loans, home purchase contracts, and similar obligations at the beginning of each year, or 1/20 of its advances (borrowings) from the FHLB of Pittsburgh, whichever is greater. WSFS was in compliance with this requirement with an investment in FHLB of Pittsburgh stock at December 31, 1998, of $23.0 million. The FHLB of Pittsburgh offers advances to members in accordance with policies and procedures established by the FHFB and the Board of Directors of the FHLB of Pittsburgh. Long term advances may only be made for the purpose of providing funds for residential housing finance.

Liquidity Requirements. The Bank is required to maintain average daily balances of liquid assets (cash, certain time deposits, bankers' acceptances, highly rated corporate debt and commercial paper, securities of certain mutual funds, and specified United States government, state or federal agency obligations) equal to the monthly average of not less than a specified percentage (currently 4%) of its net withdrawable savings deposits plus short-term borrowings. The Bank is also required to maintain average daily balances of short-term liquid assets at a specified percentage (currently 1%) of the total of its net withdrawable savings accounts and borrowings payable in one year or less. Monetary penalties may be imposed for failure to meet liquidity requirements. The Bank was in compliance with applicable liquidity requirements at December 31, 1998.

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 $46.5 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 be to reduce the amount of the institution's interest-earning assets. As of December 31, 1998, the Bank met its reserve requirements.

TAXATION

Federal 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". Thrift institutions, such as the Bank, are generally subject to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), in the same general manner as other corporations.

As of December 31, 1998, the Company had available net operating loss (NOL) carryforwards for federal and state tax purposes of approximately $31.1 million and $66.5 million, respectively, which can be used to reduce future income taxes. There are annual restrictions on approximately $16.6 million of the NOL carryforwards attributable to Providential Home Income Plan, Inc., formerly a 100% wholly-owned subsidiary of WSFS. Because Section 382 of the Code restricts the annual amount of NOL carryforwards being utilized, a portion of the Providential NOL carryforwards could expire before being fully utilized.

The Corporation has recently completed an audit of its 1993 and 1994 Federal income tax returns. As a result of this audit a $106,000 tax liability was determined, however, the Corporation has deemed these adjustments as not being significant. Because of their timing nature, substantially all of these adjustments will reverse within the coming year.

The Corporation analyzes its projections of taxable income on an ongoing basis and makes adjustments to its provision for income taxes accordingly. See Note 12 to the Consolidated Financial Statements, incorporated herein by reference, for further information on recorded taxes.

State Income Taxation

As a Delaware corporation, the Company is subject to an annual franchise tax which is based on the number of shares of common and preferred stock authorized by its Board of Directors. The Bank is also subject to Delaware's annual franchise tax which is based upon its financial pretax net income.

The Bank and its subsidiaries each file separate tax returns. An operating subsidiary of the Bank, WSFS Credit Corporation, conducts business in several surrounding states and, as such, is subject to taxation in those states.

A tax clearance certificate has been issued to WSFS Credit Corporation on the recent completion of an audit by the State of New Jersey, where no additional tax was assessed. Also, no exceptions were noted during the recently completed Motor Vehicle Sales Finance examination conducted by the office of the Delaware State Bank Commissioner.

Item 2. Properties

The following table sets forth the location and certain additional information regarding the Company's offices and other material properties at December 31, 1998.

Location	Owned/ Leased	Date Lease Expires	Net Book Value of Property or Leasehold Improvements(2)	Deposits
			(In Thousands)	
WSFS:				
Main Office (1)(2) 9th & Market Streets Wilmington, DE 19899	Owned		$1,537	$242,021
Union Street Branch 3rd & Union Streets Wilmington, DE 19805	Leased	2003	43	58,198
Trolley Square Branch 1711 Delaware Avenue Wilmington, DE 19806	Leased	2001	14	20,115
Fairfax Shopping Center Branch 2005 Concord Pike Wilmington, DE 19803	Leased	2003	15	78,159
Branmar Plaza Shopping Center Branch	Leased	2003	21	64,116

1812 Marsh Road Wilmington, DE 19810				
Prices Corner Shopping Center Branch 3202 Kirkwood Highway Wilmington, DE 19808	Leased	2003	17	88,094
Pike Creek Shopping Center Branch New Linden Hill & Limestone Roads Wilmington, DE 19808	Leased	2000	30	58,752
Tri-State Mall Branch I-95 & Naamans Road Claymont, DE 19803	Leased	1999	6	18,520
Claymont Branch 3512 Philadelphia Pike Claymont, DE 19703	Owned		87	20,076
University Plaza Shopping Center Branch I-95 & Route 273 Newark, DE 19712	Leased	2003	30	38,150
College Square Shopping Center Branch(3) Route 273 & Liberty Avenue Newark, DE 19711	Leased	2007	336	60,658
Airport Plaza Shopping Center Branch 144 N. DuPont Hwy. New Castle, DE 19720	Leased	2013	33	63,853

Location	Owned/ Leased	Date Lease Expires	Net Book Value of Property or Leasehold Improvements(2)	Deposits
			(In Thousands)	
Stanton Inside ShopRite at First State Plaza 1600 W. Newport Pike Wilmington, DE 19804	Leased	2001	228	7,152
Glasgow Inside Genaurdi's at Peoples Plaza Routes 40 and 896, Newark, DE 19702	Leased	2003	247	6,646
Middletown Square Shopping Center Inside Parkers Thriftway 701 N. Broad St. Middletown, DE 19709	Leased	1999	99	13,104
Dover (4) Inside Metro Food Market Rt 13 & White Oak Road Dover, DE 19901	Leased	2000	180	17,459
Pottstown Inside Genaurdi's Family Market 1400 North Charlotte St. Pottstown, PA 19461	Leased	2003	975	12
Royersford Inside Genuardi's Family Markets Limerick Square 70 Buckwater Rd., Suite 211 Royersford, PA 19468	Leased	2003	231	28
Glen Mills Inside Genaurdi's Family Market 475 Glen Eagle Square Glen Mills, PA 19342	Leased	2003	121	544
University of Delaware-Trabant University Center 17 West Main Street Newark, DE 19716	Leased	2003	209	1,680
Operations Center 2400 Philadelphia Pike Wilmington, DE 19703	Owned		1,152	N/A
Community Credit Corporation	Leased	1999	4	N/A
10 Penn Mart Shopping Center New Castle, DE 19720				
WSFS Credit Corporation				
30 Blue Hen Drive Suite 200 Newark, DE 19713	Leased	2002	311	
				$858,300

(1) Includes location of executive offices and approximately $65.5 million in brokered deposits.
(2) The net book value of all the Company's investment in premises and equipment totaled $12.0 million at December 31, 1998.
(3) Includes the Company's Education and Development Center.
(4) In February 1996, the Bank acquired $10.5 million of deposits from another financial institution located in Dover, Delaware. These deposits were transferred to the Bank's branch located inside the Metro Food Market in

Dover.

Item 3. Legal Proceedings

There are no material legal proceedings to which the Company or the Bank is a party or to which any of its property is subject except as discussed in Note 14 to the Consolidated Financial Statements.

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, 1998 through the solicitation of proxies or otherwise.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

WSFS Financial Corporation's Common Stock is traded on The Nasdaq Stock Market(SM) under the symbol WSFS. At December 31, 1998, the Corporation had 2,307 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. The Corporation paid dividends of $.09 per share in 1998. Prior to 1998, there were no dividends declared or paid on the Common Stock since the first quarter of 1990.

The closing market price of the common stock at December 31, 1998 was $16 7/8.

		Stock Price Range	
		Low	High
1998	1st	$17 5/8	$22
	2nd	20 1/4	24 1/8
	3rd	15 3/8	21 7/8
	4th	12 3/8	18 1/2
1997	1st	$10 1/8	$12 1/8
	2nd	10 5/8	14 1/8
	3rd	13 1/2	19 1/4
	4th	16	21 7/8

Item 6. Selected Financial Data

	1998	1997	1996	1995	1994
	(Dollars in Thousands, Except Per Share Data)				
At December 31,					

Total assets....................................	$1,635,710	$1,515,217	$1,357,635	$1,218,826	$1,195,686
Net loans (1)...................................	763,668	764,463	772,847	792,184	710,776
Vehicles under operating leases, net............	199,967	172,115	52,036		
Investment securities (2).......................	37,861	78,655	18,933	28,772	64,144
Investment in reverse mortgages, net............	31,293	32,109	35,796	35,614	32,172
Other investments...............................	51,418	74,523	47,337	52,128	44,249
Mortgage-backed securities (2)..................	459,084	330,274	365,252	237,132	262,748
Deposits	858,300	766,966	744,886	724,030	809,707
Borrowings (3)..................................	622,409	615,578	489,819	370,795	295,244
Senior notes....................................		29,100	29,100	29,850	32,000
Trust Preferred Borrowings......................	50,000				
Stockholders' equity	85,752	86,759	75,788	73,546	45,274
Number of full-service branches (4).............	20	16	16	14	16
For the Year Ended December 31,					
Interest income.................................	$108,232	$109,935	$ 101,223	$ 99,936	$ 80,666
Interest expense................................	71,114	69,817	58,862	58,067	44,652
Other income	24.693	19,616	11,193	22,615	7,210
Other expenses	36,443	35,236	32,345	37,341	34,483
Income before taxes and extraordinary item	24,288	22,965	19,522	25,740	7,058
Income before extraordinary item................	17,973	16,389	16,356	27,008	8,070
Loss on extinguishment of debt, net of $787,000 tax credits	1,461	0	0		
Net income	16,512	16,389	16,356	27,008	8,070
Earnings per share:					
Basic:					
Income before extraordinary item.............	1.46	1.31	1.18	1.86	.56
Loss on extinguishment of debt	(0.12)				
Net income	1.34				
Diluted:					
Income before extraordinary item.............	1.44	1.29	1.16	1.84	.55
Loss on extinguishment of debt	(0.12)				
Net income	1.32				
Interest rate spread............................	2.96%	3.10%	3.22%	3.14%	3.11%
Net interest margin.............................	2.88	3.13	3.56	3.57	3.39
Return on average equity........................	19.24	20.25	21.19	45.68	19.64
Return on average assets........................	1.16	1.11	1.28	2.21	.73
Average equity to average assets................	6.03	5.48	6.06	4.84	3.69

(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 municipal bond repurchase obligations. The municipal bond repurchase obligation was called in 1996.
(4) During 1995, the WSFS wholly-owned subsidiary, Fidelity Federal, sold the deposits of four branches resulting in a net pre-tax gain of $14.2 million and an after-tax gain of $12.4 million. The remaining assets, liabilities and equity were merged into WSFS. Additionally, during 1995 WSFS opened two new branches with deposits acquired from other institutions. During 1996, and 1998, WSFS opened two and four new branches, respectively.

Item 7. 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. The Corporation has two subsidiaries, Wilmington Savings Fund Society, FSB and WSFS Capital Trust I. WSFS Capital Trust I was formed in 1998 to sell Trust Preferred Securities. The Trust invested all of the proceeds from the sale of the Trust Preferred Securities in Junior Subordinated Debentures of the Corporation. The Corporation used the proceeds from the Junior Subordinated Debentures for general corporate purposes, including the redemption of its 11% Senior Notes due 2005 on December 31, 1998.

Substantially, all of the Corporation's assets are held by its subsidiary, Wilmington Savings Fund Society, FSB (the Bank or WSFS) the largest thrift institution headquartered in Delaware and among the four largest financial institutions in the state on the basis of total deposits acquired 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. The Bank provides residential real estate, commercial real estate, commercial and consumer lending services and funds these activities primarily with retail deposits and borrowings. The banking operations of WSFS are presently conducted from 20 retail banking offices located in Northern Delaware and Southeastern Pennsylvania. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Subsidiaries of the Bank include WSFS Credit Corporation (WCC), which is engaged primarily in indirect motor vehicle leasing; 838 Investment Group, Inc., which markets various insurance products and securities through the Bank's branch system; and Community Credit Corporation (CCC), which specializes in consumer loans secured by first and second mortgages. An additional subsidiary, Star States Development Company (SSDC), is currently inactive having sold its final parcel of land in 1998. In November 1994, the Bank acquired Providential Home Income Plan, Inc. (Providential), a San Francisco, California-based reverse mortgage lender. The management and operations of Providential were merged into the Bank in November 1996.

The long-term goal of the Corporation is maintaining its high-performing financial services company status, focusing on its core banking business while taking advantage of its intrastructure to develop unique niche businesses.

The following discussion focuses on the major components of the Company's operations and presents an overview of the significant changes in the Corporation's results of operations for the past three fiscal years and financial condition during the past two fiscal years. This discussion should be reviewed in conjunction with the Consolidated Financial Statements and Notes thereto presented elsewhere in this Annual Report.

RESULTS OF OPERATIONS

The Corporation recorded net income of $16.5 million for the year ending December 31, 1998, compared to $16.4 million for both 1997 and 1996. Earnings for 1998 were impacted by an extraordinary charge of $1.5 million, net of tax, on the early extinguishment of $29.1 million in 11% senior notes. Income before the extraordinary item increased $1.6 million or 10% over 1997.

Net Interest Income. Net interest income is the most significant component of operating income to the Corporation. Net interest income is dependent upon the levels of interest-earning assets and interest-bearing liabilities and the difference or "spread" between the respective yields earned and rates paid. The interest rate spread is influenced by regulatory, economic and competitive factors that affect interest rates, loan demand and deposit flows. The level of nonperforming loans can also impact the interest rate spread by reducing the overall yield on the loan portfolio.

At December 31, 1997, the Corporation reclassified approximately $172 million in leases originated by its vehicle leasing subsidiary to operating leases in accordance with Statement of Financial Accounting Standards No. 13. Accordingly, income on these leases, which previously would have been classified as interest income, has been presented as other income, consistent with the operating lease treatment. Prior period amounts have also been restated to conform their presentation. This reclassification did not result in a material effect on reported net income of any year herein. In 1996, only approximately 50% of leases and their associated income were accounted for as operating leases.

Net interest income decreased to $37.1 million in 1998 compared with $40.1 million and $42.4 million in 1997 and 1996, respectively. Total interest income decreased $1.7 million, between 1998 and 1997 primarily due to a decline in average loan balances and a declining interest rate environment. Average loan balances which were $22.4 million lower than the previous year due to the commercial real estate loan portfolio in the first half of 1998, were more than offset by the growth in mortgage-backed securities of $35.8 million. However, the average yield on mortgaged-backed securities of 6.44% was 267 basis points below the average yield on total loans of 9.11%. In addition, the declining interest rate environment of 1998 resulted in the repricing of both interest-earning assets and interest-bearing liabilities, however, the assets generally repriced more rapidly resulting in a 23 basis point reduction in yields, but only a 7 basis point reduction in average rates paid on interest-bearing liabilities.

Total interest expense increased $1.3 million, between 1998 and 1997 mainly as a result of the growth in interest-bearing deposits by an average of $32.5 million. This was partially offset by a 7 basis point drop as the average rate paid on deposits declined to 4.63% from 4.70% due to the overall decline in interest rates during 1998. The increased interest expense associated with an increase of $15.2 million in average borrowed funds in 1998 over the previous year was essentially offset by the decline in rates paid for those funds relative to 1997. Although the Company reduced long-term borrowing rates by issuing $50 million in lower-cost trust preferred securities as replacement financing for its 11% Senior Notes, the timing of the transaction had minimal impact in 1998. Finally, net lease volume increased by an average of $44.0 million during 1998 resulting in increased interest expense to fund the growth, however, as previously noted, the incremental income is classified as other income and not interest income.

Between 1997 and 1996, interest income and expense increased $8.7 million and $11.0 million, respectively. The primary increase in interest income was related to the growth in mortgage-backed securities of $90.2 million. Subsequent increases in average borrowings of $187.7 million over the same period contributed to the increase in interest expense.

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 changes 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); and (iii) net change. 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,					
	1998 vs. 1997			1997 vs. 1996		
	Volume	Rate	Net	Volume	Rate	Net
	(Dollars In Thousands)					
Interest income:						
Real estate loans (1)	$(5,824)	$ (961)	$(6,785)	$ (937)	$(1,110)	$(2,047)
Commercial loans	2,543	(437)	2,106	2,687	(580)	2,107
Consumer loans	1,195	(334)	861	(1,665)	678	(987)
Loans held-for-sale	98	-	98	(154)	17	(137)
Mortgage-backed securities	2,357	(1,450)	907	6,149	234	6,383
Investment securities	218	13	231	801	(184)	617
Other	(95)	974	879	836	1,940	2,776
	492	(2,195)	(1,703)	7,717	995	8,712
Interest expense:						
Deposits:						
Money market and interest-bearing demand	70	(48)	22	87	-	87
Savings	845	503	1,348	154	386	540
Time	110	(445)	(335)	(278)	(87)	(365)
FHLB of Pittsburgh advances	1,747	(560)	1,187	4,767	(248)	4,519
Senior notes	562	(129)	433	(17)	-	(17)
Other borrowed funds	(1,191)	(167)	(1,358)	6,148	43	6,191
	2,143	(846)	1,297	10,861	94	10,955
Net change, as reported	(1,651)	(1,349)	(3,000)	(3,144)	901	(2,243)
Tax-equivalent effect(2)	329	(31)	298	425	501	926
Net change, tax-equivalent basis	$(1,322)	$(1,380)	$(2,702)	$(2,719)	$ 1,402	$(1,317)

(1) Includes commercial mortgage loans.
(2) The tax-equivalent income adjustment relates primarily to a commercial loan.

The following table, in thousands except yield and rate data, provides information regarding the averages balances of and yields and rates on interest-earning assets and interest-bearing liabilities during the periods indicated.

	Year Ended December 31,					
	1998			1997		
	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)..............	$509,422	$ 45,389	8.91%	$ 574,596	$ 52,174	9.08%
Commercial loans	89,330	6,887	9.08	58,661	4,781	9.73
Consumer loans.....................	161,969	15,810	9.76	149,855	14,949	9.98
Total loans...................	760,721	68,086	9.11	783,112	71,904	9.30
Mortgage-backed securities (5)..........	415,141	26,736	6.44	379,315	25,829	6.81
Loans held-for-sale (3)................	2,935	233	7.94	1,698	135	7.95
Investment securities (5)..............	47,430	3,016	6.36	43,968	2,785	6.33
Other interest-earning assets...........	104,485	10,161	9.72	102,043	9,282	9.10
Total interest-earning assets.......	1,330,712	108,232	8.23	1,310,136	109,935	8.46
Allowance for loan losses..............	(24,541)			(24,145)		
Cash and due from banks................	29,040			17,552		
Vehicles under operating leases, net ...	179,844			135,848		
Other noninterest-earning assets........	33,576			36,123		
Total assets.......................	$1,548,631			$1,475,514		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Money market and interest-bearing demand	$ 60,746	$ 1,528	2.52%	$ 57,918	$ 1,506	2.60%
Savings............................	189,744	5,965	3.14	162,041	4,617	2.85
Time	451,483	25,026	5.54	449,555	25,361	5.64
Total interest-bearing deposits	701,973	32,519	4.63	669,514	31,484	4.70
FHLB of Philadelphia advances...........	419,849	23,785	5.67	388,866	22,598	5.81
Senior notes and trust preferred........	34,201	3,748	10.96	29,100	3,315	11.39
Other borrowed funds...................	193,315	11,062	5.72	214,310	12,420	5.80
Total interest-bearing liabilities..	1,349,338	71,114	5.27	1,301,790	69,817	5.36
Noninterest-bearing demand deposits.....	84,631			71,950		
Other noninterest-bearing liabilities...	21,246			20,850		
Stockholders' equity...................	93,416			80,924		
Total liabilities and stockholders' equity	$1,548,631			$1,475,514		
Excess (deficit) of interest-earning assets over interest-bearing liabilities........................	$ (18,626)			$ 8,346		
Net interest and dividend income........		$ 37,118			$ 40,118	
Interest rate spread...................			2.96%			3.10%
Interest rate margin...................			2.88%			3.13%
Net interest and dividend income to total average assets................			2.48%			2.78%

(RESTUBBED TABLE)

	Year Ended December 31,		
	1996		
	Average Balance	Interest	Yield/ Rate(1)

Assets			
Interest-earning assets:			
Loans (2) (3):			
Real estate loans (4)..............	$ 584,711	$ 54,221	9.27%
Commercial loans	26,678	2,674	10.02
Consumer loans.....................	166,733	15,936	9.56
Total loans....................	778,122	72,831	9.36
Mortgage-backed securities (5)..........	289,158	19,446	6.73
Loans held-for-sale (3)................	3,649	272	7.45
Investment securities (5)..............	31,504	2,168	6.88
Other interest-earning assets...........	86,104	6,506	7.56
Total interest-earning assets.......	1,188,537	101,223	8.52
Allowance for loan losses..............	(24,073)		
Cash and due from banks................	22,911		
Vehicles under operating leases, net ...	44,674		
Other noninterest-earning assets........	42,347		
Total assets.......................	$1,274,396		
Liabilities and Stockholders' Equity			
Interest-bearing liabilities:			
Interest-bearing deposits:			
Money market and interest-bearing demand	$ 54,582	$ 1,419	2.60%
Savings............................	156,337	4,077	2.61
Time	454,654	25,726	5.66
Total interest-bearing deposits	665,573	31,222	4.69
FHLB of Philadelphia advances...........	307,180	18,079	5.89
Senior notes and trust preferred........	29,251	3,332	11.39
Other borrowed funds....................	108,140	6,229	5.76
Total interest-bearing liabilities..	1,110,144	58,862	5.30
Noninterest-bearing demand deposits.....	66,823		
Other noninterest-bearing liabilities...	20,224		
Stockholders' equity...................	77,205		
Total liabilities and stockholders' equity	$1,274,396		
Excess (deficit) of interest-earning assets over interest-bearing liabilities........................	$ 78,393		
Net interest and dividend income........		$ 42,361	
Interest rate spread....................			3.22%
Interest rate margin....................			3.56%
Net interest and dividend income to total average assets................			3.32%

(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.

Provision for Loan Losses. The Corporation considers, among other things, identifiable and inherent risks in its loan portfolio in periodically establishing the amount of the provision for loan losses and the amount of the allowance for loan losses. Such risks are determined based upon an ongoing review of the loan portfolio, which includes the identification and assessment of adverse situations that may affect borrowers' debt servicing ability, an analysis of overall portfolio quality and prior loan loss experience as well as an appraisal of current and expected economic trends and conditions. Accordingly, the allowance for loan losses is maintained at a level which management deems adequate to provide for potential losses.

The provision for loan losses decreased from $1.5 million in 1997 to $1.0 million in 1998. The Corporation's continued efforts to resolve and collect problem loans, including nonaccrual and restructured loans have and may continue to favorably impact provision requirements. The allowance for loan losses was $23.7 million at December 31, 1998, a 4.67% decrease from the level reported at December 31, 1997. The loan loss allowance as a percentage of total loans was 3.00% in 1998 versus 3.14% in 1997.

During 1999, the Corporation will continue to adjust the provision for loan losses periodically as necessary to maintain the allowance at what is deemed to be an adequate level, based on the previously discussed criteria. As the provision is primarily a function of credit quality, changes in the provision for loan losses are contingent upon the economic conditions of the Corporation's market area and the economic prospects of borrowers.

Other Income. Other income increased $5.1 million during 1998 to $24.7 million. Other income included increases of $2.8 million in operating lease revenue and $1.2 million in debit/credit card and ATM income. These increases resulted from a 16% growth in the average operating lease portfolio, and the expansion of the Bank's ATM network.

Other income increased $8.4 million between 1997 and 1996. Consistent with 1998 results, this increase was largely attributable to growth in the Corporation's average operating lease portfolio during 1997. As a result, the net rental income from operating leases increased $6.0 million during the year. In addition, the Corporation modified its deposit fee schedule at the beginning of the year, resulting in a $1.4 million increase in service charges on deposits.

Other Expenses. Other expenses increased $1.2 million during 1998 to $36.4 million. Expense rose primarily due to increases in salaries excluding stock appreciation rights (SARs), equipment, data processing and operating expenses, occupancy and other operating expenses. These increases were associated with the continued investment in new retail banking offices, our ATM network and technological enhancements. As part of this investment the Corporation added four new branch offices and 36 new owned-and-operated ATMs as well as established a large number of relationships with independent service organizations to provide funding for ATMs nationwide. These increases in expenses were offset in part by expenses associated SARs, which declined $2.8 million during the year. SARs are similar to stock options, but, unlike stock options, accounting for SARs requires a change in operating expenses as the stock price changes above the exercise price. This decline largely reflects the lower stock price at December 31, 1998 as compared to December 31, 1997. In addition, other expenses were favorably affected by lower costs associated with foreclosed assets. This decrease was attributable to an improvement in the level of nonperforming assets during the year.

Other expenses increased $2.9 million during 1997 to $35.2 million. The primary reason for the increase was expenses associated with SARs which increased $2.1 million during the year. The SAR expense in 1997 resulted from a 96% rise in the stock price during 1997.

The comparability between periods of certain expense line items has been affected by the strategic technology alliance entered into on March 1, 1997, between WSFS and ALLTEL, the company which has been managing WSFS data processing for eight years. Under the new five year agreement, ALLTEL will also employ certain on-site back office personnel as well as manage deposit and loan operation functions. As a result, certain costs, most of which previously would have been classified as salaries, are now classified as data processing and operations expenses.

Income Taxes. The Corporation recorded a $5.5 million tax provision for the year ended December 31, 1998 compared to a tax provision of $6.6 million and

$3.2 million for the year ended December 31, 1997 and 1996, respectively. The

year 1998 includes a $6.3 million tax provision on continuing operations and a $787,000 tax benefit from the extraordinary loss on the extinguishment of debt. The provision for income taxes includes federal, state, and local income taxes that are currently payable and those currently deferred because of temporary differences between the financial reporting bases and the tax reporting bases of assets and liabilities. The years 1998, 1997, and 1996 include $2.7 million, $1.8 million, and $3.4 million in tax benefits, respectively, resulting from the merger of a former subsidiary into WSFS. As a result of this merger, certain tax benefits, which were previously offset by a valuation allowance, are now recognizable based upon the continued profitability of the WSFS consolidated group.

Approximately $21 million in gross deferred tax assets of the Corporation at December 31, 1998 is related to write-downs and income on reverse mortgages attributable to a former subsidiary, Providential. Management has continued to assess substantial valuation allowances on these deferred tax assets due to limitations imposed by the Internal Revenue Code and uncertainties, including the timing of settlement on these assets for their realization. As historical data accumulates, management obtains more information on which to base the potential recognition of these assets.

The Corporation analyzes its projection of taxable income on an ongoing basis 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 12 to the Consolidated Financial Statements.

FINANCIAL CONDITION

Total assets grew $120.5 million or 8.0% during 1998 to $1.6 billion. This growth occurred predominantly in mortgage-backed securities and vehicles under operating leases, partially offset by a decline in investment securities. Total liabilities grew $121.5 million during the year to $1.5 billion at December 31, 1998. This increase occurred primarily in deposits and borrowings. Stockholders' equity decreased $1.0 million to $85.8 million at December 31, 1998. This decrease resulted primarily from the purchase of treasury stock offset by retained earnings for the year.

Investments. Between December 31, 1997 and 1998, investment securities decreased $40.8 million. This decline included the sale from the available-for-sale category of $20.0 million in US Treasury notes, $10.0 million in notes issued by the Student Loan Marketing Association and the net reduction of $15.0 million in Federal Home Loan Bank notes. These declines were offset in part by the purchase of $10.0 million in FNMA notes. Other interest earning assets increased $4.5 million during the year, as a result of an increase in liquidity.

Mortgage-backed Securities. Investments in mortgage-backed securities grew $128.8 million during 1998. This increase reflected the purchase of $325.2 million in collateralized mortgage obligations (CMOs) and $30.4 million in GNMA pass through securities, offset in part by principal repayments of approximately $197.8 million and the sale of $29.9 million in CMOs available-for-sale.

Loans. Net loans, including loans held for sale, decreased $795,000 between December 31, 1997 and 1998. During the year, six large commercial real estate loans totaling $31.2 million were refinanced at other institutions. This attrition resulted from the Bank's pricing discipline and had the desired effects of reducing commercial real estate loan concentrations and improving the overall risk profile of the company.

Vehicles Under Operating Leases. Vehicles under operating leases grew $27.9 million during 1998. This increase resulted primarily from originations during the year.

Deposits. Deposits grew $91.3 million during 1998 to $858.3 million. This growth was largely attributable to a net inflow of deposits of $66.9

million in 1998 and interest credited to deposits of $24.4 million in 1998. The table below depicts the changes in deposits over the last three years.

	Year Ended December 31,		
	1998	1997	1996
		(In Millions)	
Beginning balance	$ 767.0	$ 744.9	$ 724.0
Interest credited	24.4	23.7	22.9
Deposit inflows (outflows), net	66.9	(1.6)	(12.4)
Deposit acquired, net	-	-	10.4
Ending balance	$ 858.3	$ 767.0	$ 744.9

Borrowings. Total borrowings increased $27.7 million between December 31, 1997 and 1998. Approximately $60.0 million in borrowings from the Federal Home Loan Bank were added during the year. Additionally, in November, the corporation issued $50.0 million in trust preferred securities due December 1, 2028. The securities were issued with a floating rate of 250 basis points over 3-month LIBOR and reprice quarterly. The current rate of the trust preferred securities is 7.75%. Coincident with this transaction, to hedge against uses in interest rates the Corporation purchased an interest rate cap which creates an effective ceiling of 6.0% on 3-month LIBOR for 10 years. These securities were issued by a newly formed subsidiary of the Corporation, WSFS Capital Trust I, a Delaware statutory trust which invested the proceeds in junior subordinated debentures issued by the Corporation. A portion of the proceeds were used to extinguish $29.1 million in 11% senior notes.

Stockholders' Equity. Stockholders' equity decreased $1.0 million to $85.8 million at December 31, 1998. During 1998, the Corporation purchased 1,030,160 treasury shares at a cost of $16.5 million. Additionally, the Corporation declared and paid $1.1 million in dividends to stockholders. These decreases in stockholders' equity were partially offset by $16.5 million in net income for the year.

ASSET/LIABILITY MANAGEMENT

The primary asset/liability management goal of the Corporation is to manage and control its interest rate risk, thereby reducing its exposure to fluctuations in interest rates, and achieving sustainable growth in net interest income over the long term. Other objectives of asset/liability management include: (1) ensuring adequate liquidity and funding, (2) maintaining a strong capital base and (3) maximizing net interest income opportunities.

In general, 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. 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, 1998 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)	$ 261,455	$ 131,340	$ 132,918	$ 525,713
Commercial loans	49,715	8,888	38,921	97,524
Consumer loans and leases	62,839	67,603	35,218	165,660
Vehicles under operating leases	51,031	186,191	-	237,222
Mortgage-backed securities	283,718	128,747	46,619	459,084
Loans held-for-sale	3,103	-	-	3,103
Investment in reverse mortgages	1,457	6,882	22,954	31,293
Investment securities	30,419	2,533	4,909	37,861
Other investments	51,418	-	-	51,418
	795,155	532,184	281,539	1,608,878
Interest-rate sensitive liabilities:				
Money market and interest-bearing demand deposits	14,047	-	54,161	68,208
Savings deposits	49,463	-	168,871	218,334
Time deposits	359,070	101,084	3,186	463,340
FHLB advances	315,000	145,000	-	460,000
Senior notes	50,000	-	-	50,000
Other borrowed funds	27,409	135,000	-	162,409
	814,989	381,084	226,218	1,422,291
Excess of interest-rate sensitive assets over interest-rate sensitive liabilities ("interest-rate sensitive gap")	$ (19,834)	$ 151,100	$ 55,321	$ 186,587
Interest-rate sensitive assets/interest-rate sensitive liabilities	97.57%			
Interest-rate sensitive gap as a percent of total assets	(1.21)%			

(1) Includes commercial mortgage loans.

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 30% of money market and interest-bearing demand deposits are sensitive to interest rate changes and that 12% 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 years category. Deposit products with interest rates based on a particular index are classified according to the specific repricing characteristic of the index.

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

In November 1998, the corporation purchased an interest rate cap in order to limit its exposure on $50.00 million of variable rate trust preferred securities issued in November 1998. This derivative instrument caps 3-month LIBOR (the base rate of the trust preferred) at 6.00%. The trust preferred is classified in the less than one-year category reflecting the variable rate feature of the instrument. The trust preferred will remain in the less than one-year category unless the interest rate cap goes into effect at which time the trust preferred will be transferred to the appropriate maturity category.

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. 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.

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 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 assets, liabilities, and off-balance sheet contracts. The chart below is the estimated impact of immediate changes in interest rates on net interest margin and net portfolio value at the specified levels at December 31, 1998 and 1997, calculated in compliance with Thrift Bulletin No. 13A:

	December 31,			
	1998		1997	
Change in Interest Rate (Basis Points)	% Change in Net Interest Margin (1)	% Change in Net Portfolio Value (2)	% Change in Net Portfolio Value (2)	% Change in Net Portfolio Value (2)
+300	3%	-27%	3%	-22%
+200	2	-19	2	-15
+100	1	-10	1	- 8
-100	-1	10	-1	9
-200	-3	21	-3	19
-300	-5	33	-5	29

(1) This column represents 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) This column represents the percentage difference between net portfolio value of the Company in a stable interest rate environment and the net portfolio value as projected in the various rate increments.

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 they yield/cost spread on the Company's asset/liability structure. The Company relies primarily on its asset/liability structure to control interest rate risk.

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 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 non-performing assets, restructured loans and past due loans and leases at the dates indicated.

	December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands)				
Nonaccruing loans/nonperforming leases:					
Commercial	$ 2,182	$ 1,216	$ 550	$ 563	$ 1,485
Consumer	381	194	224	291	593
Commercial mortgages	2,383	3,919	3,243	2,527	9,886
Residential mortgages	3,068	3,710	3,790	3,568	4,620
Construction	-	38	3,529	3,588	3,182
Total nonaccruing loans/nonperforming leases	8,014	9,077	11,336	10,537	19,766
Nonperforming investments in real estate	76	989	1,500	1,252	2,738
Assets acquired through foreclosure	2,993	3,826	6,441	11,614	18,936
Total nonperforming assets	$ 11,083	$ 13,892	$ 19,277	$ 23,403	$ 41,440
Restructured loans	$ -	$ 4,740	$ 10,967	$ 17,393	$ 13,775
Past due loans/leases:					
Residential mortgages	$ 247	$ 315	$ 328	$ 111	$ 152
Commercial and commercial mortgages	2,654	1,909	832	789	240
Consumer	86	261	510	143	102
Total past due loans	$ 2,987	$ 2,485	$ 1,670	$ 1,043	$ 494
Ratio of nonaccruing loans/lease to total loans/leases (1)	0.81%	.95%	1.34%	1.30%	2.70%
Ratio of allowance for loan/lease losses to gross loans/leases(1)	2.49	2.61	2.84	2.90	2.89
Ratio of nonperforming assets to total assets	0.68	.92	1.42	1.92	3.47
Ratio of loan loss/lease allowance to nonaccruing loans/leases (2)	307.97	273.06	197.04	201.84	97.79
Ratio of loan/loss lease and foreclosed asset allowance to total nonperforming assets (2)	225.05	178.50	120.22	94.87	51.17

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

Total nonperforming assets decreased by $2.8 million between 1997 and 1998 and by $5.4 million between 1996 and 1997. In 1998, $17.0 million in collections of such assets, $1.7 million in charge-offs/writedowns, and $2.9 million in transfers to accrual/restructured status contributed to the reduction in nonperforming assets. Such decreases were offset by the addition of $18.8 million of assets that were not previously classified as nonperforming assets. The decrease in the levels of nonperforming assets reflect management's continued efforts to identify and resolve problem assets, and the effects of the current economic environment.

An analysis of the change in the balance of nonperforming assets during the last three fiscal years is presented below.

	Year Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Beginning balance	$ 13,892	$ 19,277	$ 23,403
Additions	18,809	20,090	11,010
Collections	(17,029)	(23,337)	(7,631)
Transfers to accrual/restructured status	(2,880)	(2,122)	(2,194)
Transfers to investment in real estate	-	-	(5,619)
Charge-offs/write-downs	(1,709)	(16)	308
Ending balance	$ 11,083	$ 13,892	$ 19,277

The level of nonaccruing loans and the nonperforming leases to total loans/leases ratio decreased from .95% in 1997 to .81% in 1998. The nonperforming assets to total assets ratio decreased from .92% in 1997 to .68% in 1998. The continued reduction in nonaccruing loans and nonperforming assets and, to a lesser extent, the increase in total loans/leases and assets, resulted in the improved ratios.

In 1998, nonaccruing loan reductions of $1.5 million in the commercial mortgage category and a $900 thousand decrease in nonperforming investments in real estate accounted for the majority of the decrease in total nonperforming assets.

Allowance for Loan/Lease Losses. The Corporation maintains allowances for credit losses and charges losses to these allowances when such losses are considered probable. The allowances for losses are maintained at a level which management considers adequate to provide for potential 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 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.

Additionally, each quarter, management evaluates the collectibility of each loan and lease in the nonperforming portfolio and the fair value of each asset in the assets acquired through foreclosure category. The most frequent forms of collateral for loans and foreclosed assets are income-producing properties, business-owned real estate and personal residences. The value of such collateral is frequently verified through the use of outside appraisals. Appraisals of collateral, together with the value of guarantees and the worth of other collateral, are combined to recognize current losses, write-downs of foreclosed assets, and to reserve for potential future losses.

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

	Year Ended December 31,				
	1998	1997	1996	1995	1994
	(Dollars in Thousands)				
Beginning balance	$24,850	$24,241	$24,167	$21,700	$23,613
Provision for loan losses	1,080	1,533	1,687	1,403	1,683
Balance at acquisition for discounted commercial mortgages	-	-	-	2,600	-
Reclass to allowance for vehicles under operating lease	-	(259)	-	-	-
Reclass from allowance for ORE losses	-	848	-	-	-
Charge-offs:					
Residential real estate	210	193	185	154	24
Commercial real estate (1)	608	520	416	814	3,168
Commercial	648	169	605	404	1,021
Consumer (2)	1,153	859	607	826	514
Total charge-offs	2,619	1,741	1,813	2,198	4,727
Recoveries:					
Residential real estate	12	2	15	1	29
Commercial real estate (1)	123	95	4	293	486
Commercial	74	22	15	169	322
Consumer (2)	169	109	166	199	294
Total recoveries	378	228	200	662	1,131
Net charge-offs	2,241	1,513	1,613	1,536	3,596
Ending balance	$23,689	$24,850	$24,241	$24,167	$21,700
Net charge-offs to average gross loans outstanding, net of unearned income	.29%	.19%	.21%	.20%	.51%

(1) Includes commercial mortgage and construction loans.
(2) Includes finance-type leases.

The table below represents a summary of changes in the allowance for operating lease losses during the periods indicated (dollars in thousands).

	1998	1997	1996(1)
Beginning balance	$1,097	$ 499	$ -
Provision for losses on vehicles under operating leases	547	976	328
Reclass from allowance for loan losses	-	259	-
Transfer from residual reserve	-	-	362
Charge-offs	909	791	273
Recoveries	257	154	82
Net charge-offs	652	637	191
Ending balance	$ 992	$ 1,097	$ 499

(1) Operating-lease activity began in 1996.

The provision for loan losses decreased $452,000 between 1997 and 1998. This decrease reflects a general improvement in the quality of the loan portfolio. The provision for losses on vehicles under operating leases decreased $428,000 between 1997 and 1998. This decrease brings the allowance in line with acceptable levels.

Net charge-offs increased $729,000 between 1997 and 1998. The most substantial charge-offs occurring in 1998 included a $314,000 charge-off of a commercial real estate loan secured by an office building facility and a $216,000 charge-off of a commercial loan secured by both real estate and business assets. Net charge-offs remained relatively stable between 1995 and 1997. The high level of charge-offs in 1994 was due to the deterioration in the credit quality of certain commercial and commercial real estate loans. During 1994, the most significant charge-off in the commercial real estate category was a $2.7 million partial charge-off of a nonaccruing commercial mortgage loan, which was subsequently transferred to assets acquired through foreclosure.

The allowance for credit losses is allocated by major portfolio type. As these portfolios have matured, 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. 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 outstandings in each category to total gross outstandings at such dates follow:

	December 31,									
	1998		1997		1996		1995		1994	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)									
Residential real estate	$ 229	36.5%	$ 525	36.0%	$ 326	34.4%	$ 409	32.7%	$ 506	34.7%
Commercial real estate	10,398	30.1	11,280	31.8	12,697	37.8	13,663	38.8	14,273	37.9
Commercial	11,751	12.4	11,663	12.0	10,068	3.5	9,180	2.9	5,844	3.4
Consumer (1)	1,311	21.0	1,382	20.2	1,150	24.3	915	25.6	1,077	24.0
Total loans	$23.689	100.0%	$24,850	100.0%	$24,241	100.0%	$24,167	100.0%	$21,700	100.0%
Operating leases	$ 992	100.0%	$ 1,097	100.0%	$ 499	100.0%				

(1) Includes finance-type leases.

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LIQUIDITY

As required by the OTS, institutions under its supervision must maintain a 4.0% minimum liquidity ratio of cash and qualified assets to net withdrawable deposits and borrowings due within one year. The liquidity ratios of the Bank were 10.6% and 10.2% at December 31, 1998 and 1997, respectively.

Management monitors liquidity daily and maintains funding sources to meet unforeseen changes in cash requirements. It is the policy of the Bank to maintain cash and investments at least slightly above required levels. 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 accomplished through the use of its borrowing capacity from the FHLB of Pittsburgh, the sale of certain securities and the pledging of certain loans for other lines of credit. Management believes these sources are sufficient to maintain the required and prudent levels of liquidity. At December 31, 1998 and 1997, the Bank had outstanding FHLB advances of $460.0 and $400.0 million, respectively.

The Corporation routinely enters into commitments requiring the future outlay of funds. Effective March 1, 1997, the Bank entered into a new 5-year agreement with its data processing facilities management company. Under the terms of this agreement, an average minimum payment of approximately $4.7 million in 1999 and $4.5 million for 2000 and 2001 has been committed. The aforementioned commitment, as well as loan commitments, are expected to be met through traditional funding sources, such as deposits, short-term borrowings, advances from the FHLB and principal repayments on loans and investments.

During 1998, operating and financing activities provided cash and cash equivalents of $20.8 and $98.6 million, respectively, while investing activities used $95.3 million. The cash provided by financing activities resulted primarily from additional borrowings from the FHLB, increases in demand and time deposits, and the issuance of trust preferred securities. This cash was used to fund the purchase of investment securities and mortgage-backed securities, as well as the repayment of other borrowings, and a net increase in vehicles under operating leases.

In 1997, operating and financing activities provided $15.7 million and $141.9 million of cash and cash equivalents, respectively, while investing activities used $155.0 million. The funds provided by financing activities reflect additional FHLB advances and securities sold under agreements to repurchase. This cash was utilized to fund the purchase of investment securities and mortgage-backed securities, as well as the repayment of other borrowings, and a net increase in assets leased to others. During 1996, the operating and financing activities provided $17.4 million and $124.3 million of cash and cash equivalents, respectively, while investing activities used $154.2 million. The funds provided by financing activities reflect the additional FHLB advances and securities sold under agreement to repurchase. This cash was used to fund the purchase of mortgage-backed securities and for the repayment of other borrowings.

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 the Bank 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, 1998, the Bank is classified as well-capitalized and is in compliance with all regulatory capital requirements. Management anticipates that the Bank will continue to be classified as well-capitalized. For additional information concerning the Bank's regulatory capital compliance see Note 10 to the Consolidated Financial Statements.

As part of capital management, the corporation from time to time purchases its own shares of common stock to be included in its treasury. Since 1996, the Board of Directors has approved four separate stock repurchase programs to reacquire 10%, 5%, 10% and 10% of the common stock outstanding. As part of these programs, the Corporation acquired 1.6 million shares in 1996, 507,000 shares in 1997 and 1.1 million shares in 1998. At December 31, 1998, the Corporation held 3.2 million shares of its common stock in the treasury. The Corporation may continue repurchasing shares in 1999.

IMPACT OF INFLATION AND CHANGING PRICES

The Corporation's Consolidated Financial Statements have been prepared in accordance with 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.

ACCOUNTING DEVELOPMENTS

In June 1998 the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of derivatives depends on the derivative and the resulting designation. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of certain foreign currency exposures. This Statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Earlier adoption is permitted. The Company has not yet determined the impact, if any, of this Statement, including its provisions for the potential reclassifications of investment securities, on operations, financial condition or equity.

YEAR 2000

Banking, by its nature, is a very data processing intensive industry. Year 2000 issues result from the inability of many computer programs or computerized equipment to accurately calculate, store or use a date after December 31, 1999. These potential shortcomings could result in a system failure or miscalculations causing disruptions of operation, including among other things, a temporary inability to process transactions, calculate interest payments, track important customer information, provide convenient access to this information, or engage in normal business operations.

WSFS is subject to the regulation and supervision of various banking regulators, whose oversight includes providing specific timetables, programs and guidance regarding Year 2000 issues. Regulatory examination of the

WSFS' Year 2000 programs are conducted periodically and reports are submitted by the Bank to the banking regulators and the Board of Directors on a periodic basis.

WSFS has completed an assessment of its core financial and operational software systems and has found them already in compliance, or has developed a plan that is directed toward bringing non-complaint systems into compliance. Our Year 2000 Project Plan is in place and is progressing on schedule with all of our major systems Year 2000 compliant by the end of 1998. A full year of intensive testing scheduled during 1999. As of January 31, 1999 all of our internally maintained mission-critical systems have been renovated, tested, and all but one installed in production, and 85% of our significant impact systems have also been renovated and testing is well underway. We have also taken a proactive approach in working with several financial services industry providers, such as ATM networks and card processors, to help increase the probability that WSFS customers will have uninterrupted service into the Year 2000.

From a technology perspective, WSFS uses application software systems and receives technical support from one of the world's largest data processing providers to financial institutions, for nearly all of its critical customer accounting applications. This company has extensive resources dedicated at their corporate level to assist their financial institution customers, including WSFS, in the effort to become Year 2000 compliant. WSFS has installed system fixes for all of its major customer applications including Year 2000 compliant versions of its software. In addition, WSFS has replaced or upgraded all of its personal computers and tested this hardware for Year 2000 compliance.

Plans have been developed and are being implemented to address and track compliance in other areas of the organization. The infrastructure plan addresses physical facilities, for example: building security systems, fire alarm systems, heating and air conditioning and business equipment, for example: fax machines, copiers, vaults, ATMs, postage machines and forms.

Systems outside of the direct control of WSFS, such as ATM networks, credit card processors, and the Fed Wire System, pose a more problematic issue. A theoretical problem scenario could involve a temporary inability of customers to access their funds through automated teller machines, point of service terminals at retailer locations, or other shared networks. For this reason alone, banks and their governing agencies are closely scrutinizing the progress of our major industry service providers.

WSFS plans include a review of the Year 2000 efforts of our suppliers, vendors and other business relationships to encourage the timely resolution of product or service compliance issues.

WSFS is currently developing contingencies for various Year 2000 problem scenarios. These contingency plans range from converting from third-party providers that we do not feel are adequately prepared for the Year 2000, to the temporary manual processing of certain critical applications, if necessary. Detailed remediation contingency plans for core applications were in place by the end of 1998.

From a cost perspective, WSFS was already involved in upgrading its technology infrastructure and therefore, many potential Year 2000 issues were avoided by the replacement of old systems with new technology. As of December 31, 1998, WSFS has incurred expenses of $2.2 million related to the Year 2000 issue. WSFS anticipates spending an additional $1.0 million in future periods. A large portion of costs associated with Year 2000 issues will be met from existing resources through a reprioritization of the technology department initiatives with the remainder representing incremental costs.

WSFS believes the costs or the consequences of incomplete or untimely resolution of its Year 2000 issues do not represent a known material event or uncertainty that is reasonably likely to affect its future financial results, or cause its reported financial information not to be necessarily indicative of future operating results or future financial

condition. However, if compliance is not achieved in a timely manner by WSFS or any of its significant related third-parties, be it a supplier of services or customer, the Year 2000 issue could possibly have a material effect on the Company's results of operations and financial position.

Successful and timely completion of the Year 2000 project is based on management's best estimates, which were derived from numerous assumptions of future events, which are inherently uncertain, including the availability of certain resources, third party modification plans, and other factors. Many of the factors that would guarantee Year 2000 success are beyond the control of WSFS. These factors include availability of vendor compliant products, interface system partner compliance, government activity and client readiness. Because of the interconnectedness of the Year 2000 situation, WSFS cannot realistically offer any certifications, representations or guarantees. Nevertheless, WSFS has devoted substantial resources to the problem and describes its plan in this corporate statement. WSFS' Year 2000 initiative is an ongoing process. The information available in this document may be periodically updated and is subject to change without notice. This statement about WSFS' Year 2000 readiness is intended to supercede every statement that has been made previously Year 2000 readiness issues.

FORWARD LOOKING STATEMENTS

Within this annual report and financial statements 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 and annual report. 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, the 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 8. Financial Statements and Supplementary Data

(a) The following audited consolidated financial statements and related documents are set forth in this Annual Report on Form 10-K on the following pages:

(b) The following supplementary data is set forth in this Annual Report on Form 10-K on the following page:

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of WSFS Financial Corporation

We have audited the accompanying consolidated statement of condition of WSFS Financial Corporation and subsidiaries (the Corporation) as of December 31, 1998 and 1997, 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, 1998. 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 generally accepted auditing standards. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31,1998 in conformity with generally accepted accounting principles.

/s/ KPMG LLP

January 20, 1999
Philadelphia, Pennsylvania

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

To Our Stockholders:

The management of WSFS Financial Corporation (the Corporation) is responsible for the preparation, integrity and fair presentation of its published financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and, as such, include amounts that are based on judgments and estimates of management.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control structure can only provide reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the degree of effectiveness of an internal control structure may vary over time.

Management assessed the Corporation's internal control structure over financial reporting presented in conformity with generally accepted accounting principles. This assessment was based on criteria for effective internal control over financial reporting described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes the Corporation maintained an effective internal control structure over financial data, presented in accordance with generally accepted accounting principles.

Management is also responsible for compliance with the federal laws and regulations concerning dividend restrictions and loans to insiders designated by the Office of Thrift Supervision and the Federal Deposit Insurance Corporation as safety and soundness laws and regulations.

The Corporation assessed its compliance with the designated laws and regulations relating to safety and soundness. Based on this assessment, management believes that WSFS Financial Corporation complied, in all material respects, with the designated laws and regulations related to safety and soundness for the year ended December 31, 1998.

/s/ MARVIN N. SCHOENHALS	/s/ MARK A. TURNER
Marvin N. Schoenhals	Mark A. Turner
Chairman, President &	Senior Vice President
Chief Executive Officer	& Chief Financial Officer

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31,		
	1998	1997	1996
	(Dollars In Thousands, Except Per Share Data)		
Interest income:			
Interest and fees on loans	$ 68,319	$ 72,039	$ 73,103
Interest on mortgage-backed securities	26,736	25,829	19,446
Interest and dividends on investment securities	3,016	2,785	2,168
Other interest income	10,161	9,282	6,506
	108,232	109,935	101,223
Interest expense:			
Interest on deposits	32,519	31,484	31,222
Interest on Federal Home Loan Bank advances	23,785	22,598	18,079
Interest on federal funds purchased and securities sold under agreements to repurchase	10,686	12,040	5,869
Interest on senior notes and trust preferred borrowings	3,748	3,315	3,332
Interest on other borrowings	376	380	360
	71,114	69,817	58,862
Net interest income	37,118	40,118	42,361
Provision for loan losses	1,080	1,533	1,687
Net interest income after provision for loan losses	36,038	38,585	40,674
Other income:			
Loan and lease servicing fee income	3,440	3,165	3,255
Rental income on operating leases, net	11,911	9,089	3,043
Deposit service charges	4,371	4,248	2,877
Credit/debit card and ATM income	2,724	1,531	1,125
Securities gains (losses)	305	165	(243)
Other income	1,942	1,418	1,136
	24,693	19,616	11,193
Other expense:			
Salaries and other compensation	11,911	13,700	13,959
Employee benefits and other personnel expenses	3,847	3,373	3,518
Equipment expense	2,093	1,452	1,260
Data processing and operations expense	5,179	4,540	2,346
Occupancy expense	3,000	2,793	2,493
Marketing expense	1,288	1,212	678
Professional fees	1,581	1,374	1,614
Net costs of assets acquired through foreclosure	737	1,056	1,375
Other operating expenses	6,807	5,736	5,102
	36,443	35,236	32,345
Income before taxes and extraordinary item	24,288	22,965	19,522
Income tax provision	6,315	6,576	3,166
Income before extraordinary item	17,973	16,389	16,356
Loss on extinguishment of debt, net of $787,000 in income tax	1,461	--	--
Net income	$ 16,512	$ 16,389	$ 16,356
Earnings per share:			
Basic:			
Income before extraordinary item	$ 1.46	$ 1.31	$ 1.18
Loss on extinguishment of debt	(0.12)	--	--
Net income	$ 1.34	$ 1.31	$ 1.18
Diluted:			
Income before extraordinary item	$ 1.44	$ 1.29	$ 1.16
Loss on extinguishment of debt	(0.12)	--	--
Net income	$ 1.32	$ 1.29	$ 1.16

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

CONSOLIDATED STATEMENT OF CONDITION

December 31,	
1998	1997
(In thousands)	

Assets

Cash and due from banks	$ 55,848	$ 27,467
Federal funds sold and securities purchased under agreements to resell	20,900	25,279
Interest-bearing deposits in other banks	7,518	28,992
Investment securities held-to-maturity (market value: 1998-$8,050, 1997-$28,905)	7,642	28,564
Investment securities available-for-sale	30,219	50,091
Mortgage-backed securities held-to-maturity (market value: 1998-$266,797, 1997-$273,320)	265,858	272,900
Mortgage-backed securities available-for-sale	193,226	57,374
Investment in reverse mortgages, net	31,293	32,109
Loans held-for-sale	3,084	2,183
Loans, net of allowance for loan losses of $23,689 at December 31, 1998 and $24,850 at December 31, 1997	760,584	762,280
Vehicles under operating leases, net of allowance for lease losses of $992 at December 31, 1998 and $1,097 at December 31, 1997	199,967	172,115
Stock in Federal Home Loan Bank of Pittsburgh, at cost	23,000	20,252
Assets acquired through foreclosure	2,993	3,826
Premises and equipment	11,919	9,001
Accrued interest and other assets	21,659	22,784
Total assets	$1,635,710	$1,515,217

Liabilities and Stockholders' Equity

Liabilities:

Deposits:		
Noninterest-bearing demand	$ 108,418	$ 85,509
Money market and interest-bearing demand	68,208	61,453
Savings	218,334	168,284
Time	463,340	451,720
Total deposits	858,300	766,966
Federal funds purchased and securities sold under agreements to repurchase	153,505	207,699
Federal Home Loan Bank advances	460,000	400,000
Senior notes and trust preferred borrowings	50,000	29,100
Other borrowed funds	8,904	7,879
Accrued expenses and other liabilities	19,249	16,814
Total liabilities	1,549,958	1,428,458

Commitments and contingencies

Stockholders' Equity:

Serial preferred stock $.01 par value, 7,500,000 shares authorized; 10% Convertible Preferred Stock, Series 1, 2,000,000 shares authorized; none issued and outstanding,	--	--
Common stock $.01 par value, 20,000,000 shares authorized; issued 14,695,688 at December 31, 1998, and 14,622,588 at December 31, 1997	147	146
Capital in excess of par	57,696	57,469
Accumulated other comprehensive income	236	379
Retained earnings	64,657	49,252
Treasury stock at cost, 3,192,769 shares at December 31, 1998 and 2,162,609 shares at December 31, 1997	(36,984)	(20,487)
Total stockholders' equity	85,752	86,759
Total liabilities and stockholders' equity	$1,635,710	$1,515,217

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	Accumulated Other comprehensive income	Retained earnings	Treasury stock	Total stockholders' equity
			(In Thousands)			
Balance, January 1, 1996	$ 145	$57,136	$ (242)	$16,507	$ --	$73,546
Comprehensive income:						
Net income	--	--	--	16,356	--	16,356
Other comprehensive income	--	--	408	--	--	408
Total comprehensive income (1)	--	--	--	--	--	16,764
Exercise of common stock options	1	153	--	--	--	154
Treasury Stock at cost, 1,655,200 shares	--	--	--	--	(14,676)	(14,676)
Balance, December 31, 1996	146	57,289	166	32,863	(14,676)	75,788

Comprehensive income:						
Net income..........................	--	--	--	16,389	--	16,389
Other comprehensive income (1)........	--	--	213	--	--	213
Total comprehensive income................	--	--	--	--	--	16,602
Exercise of common stock options	--	180	--	--	--	180
Treasury Stock at cost, 507,409 shares.....	--	--	--	--	(5,811)	(5,811)
Balance, December 31, 1997	146	57,469	379	49,252	(20,487)	86,759
Comprehensive income:						
Net income..........................	--	--	--	16,512	--	16,512
Other comprehensive income (1)	--	--	(143)	--	--	(143)
Total comprehensive income................	--	--	--	--	--	16,369
Cash Dividend, $.03 per share.............	--	--	--	(1,107)	--	(1,107)
Exercise of common stock options	1	227	--	--	--	228
Treasury Stock at cost, 1,030,160 shares(2)	--	--	--	--	(16,497)	(16,497)
Balance, December 31, 1998	$ 147	$57,696	$ 236	$64,657	$(36,984)	$85,752

(1) Other Comprehensive Income:

	1998	1997	1996
Net unrealized holding gains on securities available-for-sale arising during the period	$ 162	$ 378	$ 165
Less: reclassification adjustment for gains (losses) included in income	305	165	(243)
Other comprehensive income (loss)......................	$(143)	$ 213	$ 408

(2) Net of reissuances of 4,800 shares

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating activities:			
Net income..	$ 16,512	$ 16,389	$ 16,356
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan, lease and residual value losses	2,313	2,509	2,015
Provision for losses on assets acquired through foreclosure.............	--	--	400
Depreciation, accretion and amortization	2,875	(861)	(376)
Decrease (increase) in accrued interest receivable and other assets......	1,496	4,703	(108)
Origination of loans held-for-sale	(58,398)	(27,605)	(27,766)
Proceeds from sales of loans held-for-sale..............................	58,008	26,509	31,262
Increase (decrease) in accrued interest payable and other liabilities....	2,236	(1,908)	(3,204)
Increase in reverse mortgage capitalized interest, net	(5,525)	(4,372)	(2,158)
Loss on extinguishment of debt..	2,248	--	--
Other, net	(994)	372	966
Net cash provided by operating activities.................................	20,771	15,736	17,387
Investing activities:			
Net (increase) decrease of interest-bearing deposits in other banks......	21,474	(23,190)	(1,034)
Maturities of investment securities	41,070	5,528	4,595
Sales of investment securities available-for-sale.......................	20,059	40,030	60,328
Purchases of investment securities held-to-maturity.....................	(10,000)	(15,046)	--
Purchases of investment securities available-for-sale...................	(10,000)	(89,956)	(54,615)
Sales of mortgage-backed securities available-for-sale	29,875	13,295	--
Repayments of mortgage-backed securities available-for-sale.............	44,344	8,205	2,123
Repayments of mortgage-backed securities held-to-maturity	151,661	92,029	44,382
Purchases of mortgage-backed securities held-to-maturity	(145,178)	(52,131)	(135,809)
Purchases of mortgage-backed securities available-for-sale..............	(210,288)	(26,651)	(38,763)
Repayments on reverse mortgages...	16,603	19,023	13,151
Disbursements for reverse mortgages.....................................	(10,058)	(10,546)	(11,091)
Sales of loans..	16,781	7,556	6,456
Purchase of loans	(10,479)	(11,030)	(13,351)
Net decrease (increase) in loans	(8,007)	8,422	17,047
Net increase in operating leases..	(39,979)	(125,863)	(52,036)
Net increase in stock of Federal Home Loan Bank of Pittsburgh	(2,748)	(4,117)	(275)
Disbursement for real estate held for investment........................	--	--	505
Receipts (purchases) from investments in real estate	1,252	--	(1,362)
Sales of assets acquired through foreclosure, net	12,996	13,819	6,263
Premises and equipment, net	(4,720)	(4,325)	(764)
Other, net..	--	(2)	--
Net cash used for investing activities....................................	(95,342)	(154,950)	(154,250)

(Continued on next page)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Year Ended December 31,		
	1998	1997	1996
		(In Thousands)	
Financing activities:			
Net increase in demand and savings deposits	80,739	25,350	11,518
Net increase (decrease) in time deposits	11,328	(3,506)	12,084
Repayment of municipal bond repurchase obligations	--	--	(2,689)
Receipts from FHLB borrowings	884,000	765,000	125,000
Repayments of FHLB borrowings	(824,000)	(687,699)	(109,507)
Receipts from reverse repurchase agreements	259,771	543,157	285,940
Repayments of reverse repurchase agreements	(313,965)	(494,762)	(182,795)
Dividends paid on common stock	(1,107)	--	--
Issuance of common stock	228	180	154
Extinguishment of senior notes	(30,548)	--	(750)
Proceeds from issuance of trust preferred borrowings, net of costs	48,624	--	--
Purchase treasury stock, net of reissuance	(16,497)	(5,811)	(14,676)
Net cash provided by financing activities	98,573	141,909	124,279
Increase (decrease) in cash and cash equivalents	24,002	2,695	(12,584)
Cash and cash equivalents at beginning of period	52,746	50,051	62,635
Cash and cash equivalents at end of period	$ 76,748	$ 52,746	$ 50,051
Supplemental Disclosure of Cash Flow Information:			
Cash paid in interest during the year	$ 72,048	$ 68,611	$ 58,864
Cash paid (refund) in income taxes, net	2,233	(538)	4,820
Loans transferred to assets acquired through foreclosure	9,704	9,655	5,885
Net change in unrealized gains (losses) on securities available-for-sale, net of tax	(143)	213	408
Assets acquired through foreclosure transferred to investment in real estate, net	--	--	4,806

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

NOTES TO THE 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 (WSFS or Bank), is a federal savings bank organized under the laws of the United States which conducts operations from 20 retail banking offices located in Northern Delaware and Southeastern Pennsylvania.

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. The material estimates that are particularly susceptible to significant change in the near term relate to the determination of the adequacy of the allowances for loan and lease losses and the valuations of other real estate owned, deferred tax assets, investment in reverse mortgages and contingencies.

Basis of Presentation

The consolidated financial statements include the accounts of the parent company, WSFS Capital Trust I, the Bank and its wholly-owned subsidiaries, WSFS Credit Corporation (WCC), 838 Investment Group, Inc., Community Credit Corporation (CCC) and Star States Development Company (SSDC). Also included in the consolidated financial statements are the operations of Providential Home Income Plan, Inc. (Providential), a separate subsidiary until November 1996 when the management and operations were merged into WSFS.

Providential was a California-based reverse mortgage lender which was acquired by the Bank in 1994.

WSFS Capital Trust I was formed in 1998 to sell Trust Preferred Securities. The Trust invested all of the proceeds from the sale of the Trust Preferred Securities in Junior Subordinated Debentures of the Corporation. The Corporation used the proceeds from the Junior Subordinated Debentures for general corporate purposes, including the redemption of its 11% Senior Notes due 2005 on December 31, 1998.

WCC is engaged primarily in indirect motor vehicle leasing. The related leases are accounted for as operating leases or direct financing leases. 838 Investment Group, Inc. markets various insurance and securities products to Bank customers through the Bank's branch system. CCC is a consumer finance subsidiary specializing in consumer loans primarily secured by first and second mortgages. SSDC was originally formed to acquire, develop and market improved and unimproved real estate either through wholly-owned subsidiaries or investments in joint ventures. SSDC sold its remaining parcel of land in 1998 and is currently inactive. All significant intercompany transactions are eliminated in consolidation.

Certain reclassifications have been made to the prior years' financial statements to conform them to the current year's presentation.

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 ninety 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:

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

There were no investment and mortgage-backed securities classified as "trading" during 1998, 1997 and 1996.

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.

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. 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.

Loans

Loans are stated net of deferred fees and costs and unearned discounts. Loan interest income is accrued using various methods which 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.

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 and commercial construction portfolios. The Company'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 and/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 Loss

The allowances for loan and lease losses are maintained at a level which management considers adequate to provide for potential losses based upon an evaluation of known and inherent risks in the loan and lease portfolios. Management's evaluation is based upon a continuing review of each portfolio which includes factors such as identification of adverse situations that may affect the borrower's ability to repay, a review of overall portfolio quality, prior loan loss experience and an assessment of current and expected economic conditions. 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. Consideration is also given to examinations performed by regulatory authorities.

Changes in economic conditions and economic prospects of borrowers can occur quickly, and as a result, impact the estimates made by management. These estimates are continually reviewed, and as adjustments become necessary, they are included in operations in the period in which they become known. Identified losses on specific loans, investments in real estate or assets acquired through foreclosure are charged against the applicable allowance.

Loans Held-for-Sale

Loans held-for-sale are carried at the lower of cost or market.

Vehicles Under Operating Leases

Vehicles under operating leases are stated at cost less accumulated depreciation and estimated credit losses. Depreciation expense is computed on a straight-line basis over the life of the lease, excluding estimated residual value. Accelerated methods are used in depreciating certain assets for income tax purposes.

Assets Acquired Through Foreclosure

Assets acquired through foreclosure are recorded at the lower of the recorded investment in the loan 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" includes 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 the 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. Accelerated methods are used in depreciating certain assets for income tax purposes.

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.

Income Taxes

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

Earnings Per Share

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

	1998	1997	1996
Numerator:			
Income before extraordinary item	$17,973	$16,389	$16,356
Loss on extinguishment of debt	1,461	-	-
Net Income	$16,512	$16,389	$16,356
Denominator:			
Denominator for basic earnings per share - weighted average shares	12,317	12,508	13,910
Effect of dilutive securities:			
Employee stock options	186	196	168
Denominator for diluted earnings per share - adjusted weighted average shares and assumed exercise	12,503	12,704	14,078
Earnings per share:			
Basic:			
Income before extraordinary item	$ 1.46	$ 1.31	$ 1.18
Loss on extinguishment of debt	(0.12)	-	-
Net income	$ 1.34	$ 1.31	$ 1.18
Diluted:			
Income before extraordinary item	$ 1.44	$ 1.29	$ 1.16
Loss on extinguishment of debt	(0.12)	-	-
Net income	$ 1.32	$ 1.29	$ 1.16

2. INVESTMENT SECURITIES

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Available-for-sale securities:				
December 31, 1998:				
U.S. Government and agencies	$ 30,000	$ 219	$ -	$30,219
December 31, 1997:				
U.S. Government and agencies	$ 50,029	$ 62	$ -	$50,091
Held-to-maturity:				
December 31, 1998:				
Corporate bonds	$ 6,059	$ 55	$ 12	$ 6,102
State and political subdivisions	1,583	365	-	1,948
	$ 7,642	$ 420	$ 12	$ 8,050
December 31, 1997:				
Corporate bonds	$12,030	$ 96	$ 40	$12,086
U.S. Government and agencies	15,000	5	-	15,005
State and political subdivisions	1,534	360	80	1,814
	$28,564	$ 461	$ 120	$28,905

Securities with book values aggregating $24,175,000 at December 31, 1998 are pledged as collateral for securities sold under agreements to repurchase and the Bank's treasury, tax and loan account with the Federal Reserve. Accrued interest receivable relating to investment securities was $609,000 and $1,123,000 at December 31, 1998 and 1997, respectively. Substantially, all of the interest and dividends on investment securities represented taxable income.

The scheduled maturities of investment securities held-to-maturity and securities available-for-sale at December 31, 1998 were as follows (in thousands):

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year	$ 200	$ 200	$ -	$ -
After one year but within five years	2,533	2,542	30,000	30,219
After five but within ten years	2,136	2,144	-	-
After ten years	2,773	3,164	-	-
	$ 7,642	$ 8,050	$30,000	$30,219

Proceeds from the sales of investments available-for-sale during 1998 were $20.1 million. Gains of $30,000 were realized on these sales. During 1997, the $1.3 million in state and political subdivision bonds, previously classified as available-for-sale, were reclassified as held-to-maturity due to the lack of an active market in these securities and the difficulty in obtaining timely market valuations for these securities. There were no sales of securities classified as held-to-maturity nor other transfers between categories of investment securities during 1998, 1997 and 1996.

Proceeds from the sale of investments during 1997 and 1996 were $40.0 and $60.3 million, respectively. Gains of $91,000 and $218,000 in 1997 and 1996, respectively, and a loss of $353,000 in 1996, were realized on these sales.

3. MORTGAGE-BACKED SECURITIES

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Available-for-sale securities:				
December 31, 1998:				
Collateralized mortgage obligations	$168,637	$ 583	$ 223	$ 168,997
GNMA..	24,444	-	215	24,229
	$193,081	$ 583	$ 438	$ 193,226
Weighted average yield........................	6.49%			
December 31, 1997:				
Collateralized mortgage obligations...........	$56,852	$ 719	$ 197	$ 57,374
Weighted average yield........................	7.26%			
Held-to-maturity securities:				
December 31, 1998:				
Collateralized mortgage obligations...........	$175,619	$ 1,497	$ 149	$176,967
FNMA..	40,881	-	258	40,623
GNMA..	1,044	26	-	1,070
FHLMC...	42,337	29	36	42,330
Other...	5,977	-	170	5,807
	$265,858	$ 1,552	$ 613	$266,797
Weighted average yield........................	6.61%			
December 31, 1997:				
Collateralized mortgage obligations...........	$151,982	$ 1,518	$ 11	$ 153,489
FNMA..	53,134	-	593	52,541
GNMA..	1,299	37	-	1,336
FHLMC	53,822	32	604	53,250
Other...	12,663	41	-	12,704
	$272,900	$ 1,628	$ 1,208	$273,320
Weighted average yield........................	6.88%			

At December 31, 1998, mortgage-backed securities with book values aggregating $399.8 million were pledged as collateral for retail customer repurchase agreements, Federal Home Loan Bank Advances and securities sold under agreements to repurchase. Accrued interest receivable relating to mortgage-backed securities was $2.6 and $2.0 million at

December 31, 1998 and 1997, respectively. In 1998, the Bank sold $29.6 million in collateralized mortgage obligations, classified as available-for-sale, resulting in a gain of $235,000. In 1997, the Bank sold $12.7 million in adjustable-rate GNMA securities, classified as available-for-sale, resulting in a gain of $64,000. There were no sales of mortgage-backed securities in 1996, nor transfers between categories of mortgage-backed securities during 1998, 1997 and 1996.

4. LOANS

	December 31, 1998	December 31, 1997
	(In Thousands)	
Real estate mortgage loans:		
Residential (1-4 family)	$288,007	$285,127
Other	227,624	243,408
Real estate construction loans.............	24,534	17,269
Commercial loans...........................	100,526	97,268
Consumer loans.............................	165,660	159,432
	806,351	802,504

Less:		
Loans in process	17,455	12,173
Unearned income	4,623	3,201
Allowance for loan losses	23,689	24,850
	$760,584	$762,280

The Corporation had impaired loans at December 31, 1998 of $874,000 compared to approximately $6.9 million at December 31, 1997. The average recorded investment in impaired loans was $5.4 million, $8.6 million and $16.3 million during 1998, 1997 and 1996, respectively. The allowance for losses on impaired loans was $131,000 at December 31, 1998, as compared to $1.2 million at December 31, 1997. The Corporation recognizes interest income on a cash basis method on impaired loans. Total interest income recognized on impaired loans totaled $465,000 for the year ended December 31, 1998 and $652,000 and $1.3 million for the years ended December 31, 1997 and 1996, respectively.

The total amounts of loans serviced for others were $237.9, $207.8 and $196.4 million at December 31, 1998, 1997 and 1996, respectively.

Accrued interest receivable on loans outstanding was $4.4, $5.1 and $4.5 million at December 31, 1998, 1997 and 1996, respectively.

Nonaccruing loans aggregated $8.0, $9.1 and $11.3 million at December 31, 1998, 1997 and 1996, respectively. If interest on all such loans had been recorded, net interest income would have increased by $767,000 in 1998, $922,000 in 1997 and $993,000 in 1996.

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

	Year Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Beginning balance	$24,850	$24,241	$24,167
Transfer to allowance for vehicles under operating leases.................	-	(259)	-
Transfer from assets acquired through foreclosure reserve	-	848	-
Provision for loan losses..	1,080	1,533	1,687
Loans charged-off	(2,619)	(1,741)	(1,813)
Recoveries...	378	228	200
Ending balance	$23,689	$24,850	$24,241

5. VEHICLES UNDER OPERATING LEASES

The Corporation leases motor vehicles through its indirect auto leasing subsidiary, WSFS Credit Corporation. Vehicles are leased through a network of auto dealerships primarily in Delaware, Pennsylvania, New Jersey, and Maryland. At December 31, 1998 and 1997, substantially all leased assets were accounted for using the operating lease method.

	Year Ended December 31,	
	1998	1997
	(In Thousands)	
Motor vehicles under operating lease, gross...............................	$233,866	$186,304
Less:		
Allowance for lease credit losses...	(992)	(1,097)
Accumulated depreciation..	(32,907)	(13,092)

	$199,967	$172,115
	=======	=======
Motor vehicles held-for-sale or lease (net)...............................	$ 939	$ 602
	=======	=======

Minimum future rentals under operating leases at December 31, 1998 are as follows (in thousands):

1999.................................	$40,145
2000	29,692
2001.................................	15,788
2002.................................	3,795
2003.................................	425

Total............................	$89,845
	========

A summary of changes in the allowance for lease credit losses follows:

	Year Ended December 31,		
	1998	1997	1996(1)
Beginning balance..	$1,097	$ 499	$ -
Provision for losses on vehicles under operating leases	547	976	328
Reclass from allowance loan losses	-	259	-
Transfer from lease residual reserve	-	-	362
Net charge-offs...	(652)	(637)	(191)
	------	-------	------
Ending balance..	$ 992	$ 1,097	$ 499
	======	=======	======

(1) Operating type lease activity began in 1996.

6. ASSETS ACQUIRED THROUGH FORECLOSURE

	December 31,	
	1998	1997
	(In Thousands)	
Real estate	$ 2,978	$ 3,103
Other	405	734
	-------	-------
	3,383	3,837
Less:		
Allowance for losses........................	390	11
	-------	-------
	$ 2,993	$ 3,826
	=======	=======

A summary of changes in the allowance for losses follows:

Year Ended December 31,

	1998	1997	1996
		(In Thousands)	
Beginning balance	$ 11	$ 1,925	$ 2,756
Provision for losses	(258)	-	400
Net (charge-offs) recoveries	126	(555)	(231)
Transfer to/from investment in real estate	511	(511)	(1,000)
Transfer to allowance for loan losses	-	(848)	-
Ending balance	$ 390	$ 11	$ 1,925

7. PREMISES AND EQUIPMENT

	December 31, 1998	December 31, 1997
	(In Thousands)	
Land	$ 720	$ 720
Buildings	6,598	6,279
Leasehold improvements	4,088	2,933
Furniture and equipment	13,854	10,795
	25,260	20,727
Less:		
Accumulated depreciation	13,341	11,726
	$11,919	$ 9,001

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. Accordingly, lease costs are expensed as incurred. Rent expense was $1,207,000 in 1998, $1,032,000 in 1997, and $965,000 in 1996. Future minimum payments under these leases at December 31, 1998 are (in thousands):

1999	$1,334
2000	1,210
2001	1,080
2002	969
Thereafter	2,700
Total future minimum lease payments	$7,293

8. DEPOSITS

Time deposits include certificates of deposit in denominations of $100,000 or more which aggregate $90,287,516 and $61,663,000 at December 31, 1998 and 1997, respectively.

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

	December 31, 1998	December 31, 1997
	(In Thousands)	
Money market and demand:		
Noninterest-bearing demand.................	$ 108,418	$ 85,509
Money market and interest-bearing demand ...	68,208	61,453
Total money market and demand	176,626	146,962
Savings	218,334	168,284
Time certificates by maturity (1):		
Less than one year	337,808	283,624
One year to two years	85,926	113,938
Two years to three years	27,276	40,848
Three years to four years.................	5,091	7,409
Four years to five years..................	4,053	2,211
Over five years...........................	3,186	3,690
Total time certificates	463,340	451,720
Total deposits	$ 858,300	$766,966

(1) Includes $64.5 and $64.4 million of brokered certificates of deposit at December 31, 1998 and 1997, respectively.

Interest expense by category follows:

	Year Ended December 31, 1998	1997	1996
Money market and interest-bearing demand	$ 1,528	$ 1,506	$ 1,419
Savings	5,971	4,623	4,084
Time	25,020	25,355	25,719
	$32,519	$ 31,484	$ 31,222

9. BORROWED FUNDS

	Balance End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding at Month End During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period
	(Dollars in Thousands)				
1998					
FHLB advances..	$460,000	5.32%	$460,000	$419,849	5.67%
Senior notes and trust preferred borrowings.............	50,000	8.32	73,100	34,201	10.96
Federal funds purchased and securities sold under agreements to repurchase	153,505	5.60	210,000	184,310	5.80
Other borrowings	8,904	4.10	11,160	9,005	4.18
1997					

FHLB Advances...	$400,000	5.65%	$435,152	$388,866	5.81%
Senior notes..	29,100	11.39	29,100	29,100	11.39
Federal funds purchased and securities sold under agreements to repurchase	207,699	5.83	238,000	205,565	5.86
Other borrowings	7,879	4.25	11,877	8,745	4.25

Federal Home Loan Bank Advances

Advances from the Federal Home Loan Bank (FHLB) of Pittsburgh with fixed rates ranging from 4.62% to 6.60% at December 31, 1998 are due as follows (dollars in thousands):

	Amount	Weighted Average Rate
1999..............................	$105,000	5.07%
2000..............................	85,000	5.42
2001..............................	10,000	5.82
	$200,000	

Also outstanding at December 31, 1998 are advances of $40,000,000 and $30,000,000, maturing in 2000 and 2002, respectively, which reprice quarterly based upon the 3-month LIBOR rate. The Bank also has four additional advances, totaling $150,000,000 which are convertible on a quarterly basis (at the discretion of the FHLB) to variable rate advances based upon the 3-month LIBOR rate, after an initial fixed term, and a $40,000 advance which is fixed at 5.55%, unless 3-month LIBOR is greater than 6.50%, in which case, the advance becomes variable on a quarterly basis at 3-month LIBOR plus 3 basis points. The Bank has the option to prepay these advances at predetermined times or rates. Pursuant to collateral agreements with the FHLB, advances are secured by qualifying first mortgage loans, collateralized mortgage obligations, FHLB stock and an interest-bearing demand deposit account with the FHLB.

As a member of the FHLB of Pittsburgh, the Bank is required to acquire and hold shares of capital stock in the FHLB of Pittsburgh in an amount at least equal to 1% of the aggregate unpaid principal of its home mortgage loans, home purchase contracts, and similar obligations at the beginning of each year, or 5% of its advances (borrowings) from

the FHLB of Pittsburgh, whichever is greater. WSFS was in compliance with this requirement with an investment in FHLB of Pittsburgh stock at December 31, 1998, of $23.0 million.

Senior Notes and Trust Preferred Borrowings

In December 1993, the Corporation issued $32.0 million of 11% Senior Notes (the Notes). The Corporation repurchased and extinguished $750,000 and $2.2 million of the notes outstanding during 1996 and 1995, respectively. In 1998, the Corporation repurchased and extinguished $29.1 million in senior notes recording an extraordinary loss on extinguishment of debt of $1.5 million, net of $787,000 in tax benefit.

On November 20, 1998, the Corporation issued $50.0 million of trust preferred securities, due at December 1, 2028, pursuant to a shelf registration under the Securities Act of 1933 under which the Corporation may sell, from time to time, up to $75.0 million in aggregate purchase price of trust preferred securities. These securities were issued at a floating rate of 250 basis points over 3-month LIBOR, repricing quarterly. The maturity date on these securities may be shortened to a date not earlier than December 1, 2003 if certain conditions are met.

The trust preferred securities were issued by a specially formed subsidiary of the Corporation, a Delaware statutory trust, which invested the proceeds in junior subordinated debentures to be issued by the Corporation. The net proceeds from the sale of trust preferred securities were used as replacement financing for the early retirement of the Corporation's 11% Senior

Notes, due 2005. The Corporation expects to benefit from significantly reduced long-term financing costs and the flexibility of additional Bank regulatory capital.

The Corporation also entered into an agreement to limit the interest rate exposure in the trust preferred securities by purchasing an interest rate cap, which provides a ceiling on 3-month LIBOR of 6.00% for the first ten years. This will limit the interest rate exposure on the trust preferred securities to no more than 8.50% through the first ten years. The cost of this interest rate cap was $2.4 million, which will be amortized over the ten-year period as a yield adjustment.

Securities Sold Under Agreements to Repurchase

During 1998, the Bank sold securities under agreements to repurchase as a short-term funding source. At December 31, 1998, securities sold under agreements to repurchase had fixed rates ranging from 5.10% to 6.05%. The underlying securities are mortgage-backed securities and U.S. Government and agency securities with book and market

values aggregating $162.8 million and $162.7 million, respectively, at December 31, 1998. Securities sold under agreements to repurchase with the corresponding carrying and market values of the underlying securities are due as follows (dollars in thousands):

			Collateral		
	Borrowing	Rate	Carrying Value	Market Value	Accrued Interest
1998					
30 to 90 days	$ 18,505	5.10%	$ 21,453	$ 21,318	$ 122
Over 90 days	135,000	5.66	141,338	141,382	954
	$153,505	5.60%	$162,791	$162,700	$ 1,076
1997					
Up to 30 days	$ 20,356	5.65%	$ 20,031	$ 20,031	$ 444
30 to 90 days	37,343	5.84	35,888	36,507	208
Over 90 days	150,000	5.86	160,452	159,549	1,073
	$207,699	5.83%	$216,371	$216,087	$1,725

Other Collateralized Borrowings

Collateralized borrowings of $8.9 and $7.9 million at December 31, 1998 and 1997, respectively, consisted of outstanding retail repurchase agreements, contractual arrangements under which portions of certain securities are sold on an overnight basis to retail customers under agreements to repurchase. At December 31, 1998 such borrowings were collateralized by collateralized mortgage obligations. The average rate on these borrowings during 1998 was 4.18%.

10. STOCKHOLDERS' EQUITY

Under Office of Thrift Supervision (OTS) capital regulations, savings institutions, such as the Bank, must maintain "tangible" capital equal to 1.5% of adjusted total assets, "core" capital equal to 4.0% of adjusted total assets, "Tier 1" capital equal to 4.0% of risk-weighted assets and "total" or "risk-based" capital (a combination of core and "supplementary" capital) equal to 8.0% of risk-weighted assets. Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the

Bank's financial statements. At December 31, 1998, and 1997 the Bank was in compliance with regulatory capital requirements and was deemed a "well-capitalized" institution. Management anticipates that the Bank will continue to be classified as well-capitalized.

A table presenting the Bank's consolidated capital position as of December 31, 1998 and 1997 follows (dollars in thousands):

	Consolidated Bank Capital		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Percent	Amount	Percent	Amount	Percent
As of December 31, 1998:						
Total Capital (to Risk-Weighted Assets)......	$123,430	11.87%	$ 83,164	8.00%	$103,955	10.00%
Core Capital (to Adjusted Tangible Assets)...	115,907	7.09	65,378	4.00	81,722	5.00
Tangible Capital (to Tangible Assets)........	115,544	7.07	24,511	1.50	N/A	N/A
Tier 1 Capital (to Risk-Weighted Assets).....	115,907	11.15	N/A	N/A	62,373	6.00
As of December 31, 1997:						
Total Capital (to Risk-Weighted Assets)......	$110,851	11.05%	$ 80,230	8.00%	$100,288	10.00%
Core Capital (to Adjusted Tangible Assets)...	104,833	6.93	60,538	4.00	75,672	5.00
Tangible Capital (to Tangible Assets)........	104,279	6.89	22,693	1.50	N/A	N/A
Tier 1 Capital (to Risk-Weighted Assets).....	104,833	10.45	N/A	N/A	60,173	6.00

The Corporation has a simple capital structure with one class of $ .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, and 2,000,000 shares of 10% convertible preferred stock, series 1. No preferred stock was outstanding at December 31, 1998 and 1997. The trust preferred securities issued in 1998 qualify for tier 1 capital. The Bank is prohibited from paying any dividend or making any other capital distribution if, after making the distribution, the Bank would be undercapitalized within the meaning of the OTS Prompt Corrective Action regulations. Since 1996, the Board of Directors has approved four separate stock repurchase programs to reacquire 10%, 5%, 10% and 10% of the common shares outstanding. As part of these programs, the Corporation acquired 1.6 million shares in 1996, 507,000 shares in 1997 and 1.1 million in 1998. At December 31, 1998, the Corporation held 3.2 million shares of its common stock in the treasury.

The Holding Company

Although the holding company does not have significant assets or engage in significant operations separate from the banking subsidiary, the Corporation has agreed to cause the Bank's required regulatory capital level to be maintained by infusing sufficient additional capital as necessary. To that end, the Corporation issued the 11% Senior Notes described in Note 9. These notes were called in December, 1998. In November the Corporation issued $50 million of Trust Preferred Securities at a variable interest rate of 250 basis points over the three-month LIBOR. At December 31, 1998, the rate on these securities was 7.75% with a scheduled maturity of December 1, 2028. These securities were issued by WSFS Financial Corporation's recently formed corporation subsidiary, WSFS Capital Trust I, and the proceeds from the issue were invested in Junior Subordinate 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. The Corporation purchased an interest rate cap that effectively limits 3-month LIBOR to 6.00% See Note 9 for additional information. The proceeds were used to extinguish the 11% senior notes and for general corporate purposes.

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

11. EMPLOYEE BENEFIT PLANS

Employee 401(k) Savings Plan

Certain subsidiaries of the Corporation maintain a qualified plan in which employees may participate. Participants in the plan may elect to direct a portion of their wages into investment accounts which include professionally managed mutual and money market funds and the Corporation's common stock. The principal and earnings thereon are tax deferred until withdrawn, generally. The Company matches a portion of the employees' contributions and also periodically makes discretionary contributions, based on Company performance, into the plan for the benefit of employees. The Corporation's contributions to the plan on behalf of its employees resulted in an expense of $616,000, $564,000, and $704,000 in 1998, 1997 and 1996, respectively. The plan purchased 50,000, 33,000 and 55,000 shares of common stock of the Corporation during 1998, 1997 and 1996, respectively.

All Company contributions are made in the form of the Corporation's common stock.

Postretirement Benefits

The Corporation shares certain costs of providing health and life insurance benefits to retired employees (and their eligible dependents). Substantially all employees 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 No. 106 requires that the costs of these benefits be recognized over an employee's active working career.

In December 1998, the Corporation adopted SFAS No.132, "Employer's Disclosure About Pensions and Other Post Retirement Benefits" which standardized the applicable disclosure requirements.

The following disclosures are in accordance with SFAS No. 132 (dollars in thousands):

	1998	1997
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$ 1,350	$ 1,332
Service Cost	40	36
Interest cost	91	93
Actuarial loss (gain)	44	(14)
Benefits paid	(97)	(97)
Benefit obligation at end of year	$ 1,428	$ 1,350
Change in plan assets:		
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	97	97
Benefits paid	(97)	(97)
Fair value of plan assets at end of year	$ -	$ -
Funded Status:		
Funded status	$(1,428)	$(1,350)
Unrecognized transition (asset) obligation	859	920
Unrecognized net (gain) loss	72	28
Net amount recognized	$ (497)	$ (402)

	1998	1997	1996
Components of net periodic benefit cost:			
Service cost	$ 40	$ 36	$ 30
Interest cost	91	93	97
Amortization of transition (asset) obligation	61	61	61
Amortization of net (gain) loss	-	-	2
Net periodic benefit cost	$192	$190	$190

	====	====	====
Sensitivity analysis:			
Effect of +1% on service cost plus interest cost	$ 2	$ 3	$ 3
Effect of -1% on service cost plus interest cost	(2)	(3)	(3)
Effect of +1% on APBO	31	30	32
Effect of -1% on APBO	(35)	(36)	(38)

	1998	1997	1996
Assumptions used to value the Accumulated Postretirement Benefit Obligation (APBO):			
Discount rate	6.75%	7.00%	7.25%
Health care cost trend rate	8.00%	8.50%	9.00%

The Corporation assumes that the average annual rate of increase for medical benefits will decrease by one-half of 1% per year to 5% in the ninth and all future years. The costs incurred for retirees' health care are limited since certain current and all future retirees are restricted to an annual medical premium cap of $1,500 indexed from 1995 by the lesser of 4% or the actual increase in medical premiums paid by the Corporation. Beginning in 1996, the benefit for Medicare Part B Premium reimbursement payments was also included in the cap noted above. This change decreased the APBO by $150,000 in 1996.

12. 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 (benefit) consists of the following:

	Year Ended December 31,		
	1998	1997	1996
		(In Thousands)	
Current income taxes from operations:			
Federal taxes	$1,217	$ (931)	$1,062
State and local taxes	1,389	1,208	846
Deferred income taxes:			
Federal taxes	3,709	6,175	1,197
State and local taxes	-	124	61
Subtotal	$6,315	$6,576	$3,166
Current taxes from extraordinary item:			
Federal taxes on debt extinguishment	(787)	-	-
	$5,528	$6,576	$3,166

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

Based on the Corporation's history of prior earnings and its expectations of the future, management believes that operating income and the reversal pattern of its temporary differences will, more likely than not, be sufficient to settle a net deferred tax liability of $2.4 million as of December 31, 1998 and recover a net deferred tax asset of $1.5 million at December 31, 1997. Adjustments to the valuation allowance were made in 1998, 1997, and 1996 as a result of continued operating earnings of the WSFS consolidated group.

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, 1998 and December 31, 1997 (in thousands):

	1998	1997
Deferred tax liabilities:		
Accelerated depreciation	$(25,205)	$(17,672)
Other	(134)	(235)

Total deferred tax liabilities	(25,339)	(17,907)
Deferred tax assets:		
Bad debt deductions	9,287	8,822
Tax credit carryforwards	2,259	2,102
Net operating loss carryforwards	14,761	9,841
Loan fees	283	598
Provisions for losses on reverse mortgages	15,199	15,779
Other	2,924	3,580
Total deferred tax assets	44,713	40,722
Valuation allowance	(21,800)	(21,335)
Net deferred tax asset (liability)	$ (2,426)	$ 1,480

Approximately $21 million of the Corporation's deferred tax assets are related to Providential's write-downs and income on its portfolio of reverse mortgages. Management has assessed substantial valuation allowances on these deferred tax assets due to limitations imposed by the Code and uncertainties, including the timing of when these assets are realized.

Included in the preceding 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 No. 115.

Net operating loss carryforwards of $97.5 million remain at December 31, 1998. There are also alternative minimum tax credit carryforwards and general business credit carryforwards of approximately $2.3 million at December 31, 1998 which can be used to offset against regular taxes in future years. The expiration dates and amounts of such carryforwards and credits are listed below (in thousands):

	NOL's		
	Federal	State	Credit Carryforwards
1999	$ -	$ 7,302	$ -
2000	-	4,405	-
2001	-	-	-
2002	-	4,929	-
2003	-	9,443	-
2004	968	21,301	-
2005	3,850	18,743	-
2006	1,098	-	-
2008	6,157	-	-
2009	6,755	-	-
2012	-	34	31
2013	-	306	-
2017	2,757	-	-
2018	9,480	-	-
Unlimited	-	-	2,229
	$31,065	$66,463	$ 2,260

The Corporation's ability to use its NOL's to offset future income is subject to restrictions enacted in Section 382 of the Code. These restrictions would limit the Corporation's future use of its NOL's if there are significant Ownership Changes in or acquisitions of the Corporation's stock (referred to herein as an "Ownership Change"). The utilization of approximately $16.6 million of net operating loss carryforwards is limited to approximately $1.5 million each year as a result of such "Ownership Changes" in a former subsidiary's stock.

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,		
	1998	1997	1996
Statutory federal income tax rate	35.0%	35.0%	35.0%
State tax net of federal tax benefit	3.7	3.8	3.0
Interest income 50% excludable	(3.3)	(2.6)	-
Utilization of loss carryforwards and valuation allowance adjustments	(9.4)	(7.6)	(21.3)
Other	-	-	(0.5)
Effective tax rate	26.0%	28.6%	16.2%

13. STOCK OPTION PLANS

The Corporation has stock options and stock appreciation rights (SARs) outstanding under two stock option plans (collectively, Option Plans) for officers, directors and employees of the Corporation and its subsidiaries. The 1986 Stock Option Plan (1986 Plan) expired on November 26, 1996, the tenth anniversary of its effective date. As a result, no future awards may be granted under the 1986 Plan. The 1997 Stock Option Plan (1997 Plan) was approved by shareholders in April 1997 to replace the expired 1986 Plan. The 1997 Plan will terminate on the tenth anniversary of its effective date, after which no awards may be granted. A total of 625,000 awards may be granted under the 1997 Plan. At December 31, 1998 there were 433,000 shares available for future grants under the 1997 Plan.

The Option Plans provide for the granting of incentive stock options as defined in Section 422 of the Internal Revenue Service Code as well as nonincentive stock options (collectively, stock options), Phantom Stock Awards and stock appreciation rights. All awards are to be granted at not less than the market price of the Corporation's common stock on the date of the grant and expire no later than ten years from the grant date. All stock options granted prior to October 1996 are exercisable one year from the date of grant. All stock options granted after October 1996 are exercisable one year from grant date and vest in 20% per annum increments. All awards generally become immediately exercisable in the event of a change in control, as defined, of the Corporation.

SARs allow an optionee to surrender the award in consideration for payment by the Corporation of an amount equal to the excess of the fair market value of the common stock over the option price of the SARs. SARs granted are exercisable one year from the date of grant and vest in 20% per annum increments. Such payments shall be made in cash; however, no SARs are exercisable unless at the time of surrender the Corporation has the ability to pay dividends and the Bank has sufficient capital to exceed its federal regulatory capital requirements. The SARs expire seven years from the date of grant. The Corporation recorded a credit related to SARs of $261,000 in 1998 and expenses of $2.5 million and $433,000 in 1997, and 1996, respectively.

A summary of the status of the Corporation's Stock Option Plans as of December 31, 1998, 1997 and 1996, and changes during the years then ending is presented below:

1998	1997	1996

	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock Options:						
Outstanding at beginning of year	334,915	$ 7.96	316,005	$ 4.72	267,505	$ 2.33
Granted	96,900	17.47	78,700	17.75	106,700	9.50
Exercised	(73,100)	2.43	(55,090)	3.27	(58,200)	2.64
Canceled	(25,060)	13.07	(4,700)	9.44	-	-
Outstanding at end of year	333,655	$11.55	334,915	$ 7.96	316,005	$ 4.72
Exercisable at end of year	136,435		180,695		209,305	
Weighted-average fair value of awards granted	$ 6.88		$ 6.93		$3.84	
SARs:						
Outstanding at beginning of year	190,658	$ 1.75	273,075	$ 1.99	329,995	$ 2.00
Granted	-	-	-	-	-	-
Exercised	(93,148)	1.85	(82,417)	2.54	(51,582)	2.13
Canceled	-	-	-	-	(5,338)	1.65
Outstanding at end of year	97,510	$ 1.65	190,658	$ 1.75	273,075	$ 1.99
Exercisable at end of year	97,510		182,658		208,260	

The Black-Scholes option pricing model was used to determine the grant-date fair-value of options. Significant assumptions used in the model included a weighted average risk-free rate of return of 4.6% in 1998, 6.1% in 1997 and 6.2% in 1996; expected option life of 6 years for all three year's awards; and expected stock price volatility of 35% for 1998 awards, 25% for 1997 awards and 27% for 1996 awards. Cash dividends of $.12 per share were assumed for 1998 awards.

SFAS No. 123, "Accounting for Stock-based Compensation" (SFAS 123) encourages, but does not require, the adoption of fair-value accounting for stock-based compensation to employees. The Company, as permitted, has elected not to adopt the fair value accounting provisions of SFAS 123, and has instead continued to apply APB Opinion 25 and related Interpretations in accounting for the plans and to provide the required proforma disclosures of SFAS 123. Had the grant-date fair-value provisions of SFAS 123 been adopted, the Corporation would have recognized $349,000 in 1998, $250,000 in 1997 and $30,000 in 1996 of compensation expense related to its Option Plans. As a result, proforma net income of the Corporation would have been $16.2 million in 1998, $16.2 million in 1997 and $16.3 million in 1996, and proforma diluted earnings per share would have been $1.29 in 1998, $1.27 in 1997 and $1.16 in 1996.

The effects on proforma net income and diluted earnings per share of applying the disclosure requirement of SFAS 123 in past years may not be representative of the future proforma effects on net income and EPS due to the vesting provisions of the options and future awards that are available to be granted.

The following table summarizes all stock options and SARs outstanding and exercisable for both the 1986 and 1997 Stock Option Plans as of December 31, 1998, 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:					
$1.88-$3.76	88,555	$2.29	2.0 years	88,555	$2.29
$3.77-$5.64	2,000	3.94	5.9 years	2,000	3.94
$7.25-$9.41	2,000	7.94	7.6 years	2,000	7.94
$9.40-$11.29	75,200	9.56	7.9 years	30,080	9.56
$11.29-$13.17	12,300	12.75	8.4 years	2,460	12.75
$15.05-$16.93	2,500	16.25	9.7 years		
$16.93-$18.81	151,100	17.93	9.5 years	11,340	18.65

Total	333,655	$11.55	7.0 years	136,435	$5.55
	=======			=======	
SARs:					
$1.65	97,510	$1.65	.9 years	97,510	$1.65

14. COMMITMENTS AND CONTINGENCIES

Lending Operations

At December 31, 1998, the Corporation had commitments to extend credit of $128.0 million. Consumer lines of credit totaled $66.2 million of which $58.0 million was secured by real estate. Outstanding letters of credit were $3.6 million and outstanding commitments to make or acquire rescheduled mortgage loans aggregated $23.1 million of which approximately $20.8 million were at fixed rates ranging from 5.63% to 7.50%, and approximately $2.3 million were at variable rates ranging from 4.50% to 8.00%. All mortgage commitments are expected to have closing dates within a six month period.

Computer Operations

In February 1997, the Bank entered into a five-year contract with ALLTEL, the Company that has been managing data processing operations since 1988, expiring in March 2002. Under the terms of the new contract, this data processing facilities management company will manage the on-site "back office" functions of deposit and loan operations for the Bank. The projected amount of future minimum payments contractually due is as follows:

1999	$4,659,000
2000	4,457,000
2001	4,457,000
2002	743,000

Legal Proceedings

In the ordinary course of business, the Corporation, Bank and its subsidiaries are subject to legal actions which involve claims for monetary relief. Based upon information presently available to management and its counsel, it is in 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.

In February 1994, a class-action complaint was filed against the Corporation's former subsidiary, Providential, a company purchased by WSFS in November 1994, in the United States District Court, Northern District of California. The class-action complaint was amended in April 1994 to add as defendants Providential's President and Executive Vice President, as well as additional claims. The action was purportedly filed on behalf of a class of persons who acquired Providential's Lifetime Reverse Mortgage products. It alleges violations of the Federal Truth in Lending Act and Regulation Z promulgated thereunder, fraud and deceit, negligent misrepresentation, unlawful, unfair or fraudulent business practices and violations of the Consumers' Legal Remedies Act based upon alleged misrepresentations in connection with the sale of reverse mortgages. It seeks unspecified compensatory and punitive damages and penalties, an accounting of all loan portfolios, an injunction barring further alleged violations, and payment of interest, costs, expert witness fees and attorneys' fees.

Providential and the individual defendants moved to compel arbitration on an individual basis. In July 1994, the District Court issued an Order Granting Motion to Compel Arbitration, which also dismissed the case and held that the Court was without authority to order that arbitration proceed as a class action. In August 1994, the plaintiffs filed an appeal with the United States Court of Appeals for the Ninth Circuit. On August 20, 1997, the Ninth Circuit issued a ruling dismissing plaintiffs' appeal for lack of jurisdiction. On February 25, 1998, the Ninth Circuit issued an order denying plaintiffs' petition for rehearing and suggestions for rehearing en banc.

On October 5, 1998, the U.S. Supreme Court denied hearing an appeal by the plaintiffs seeking a class action suit. These plaintiffs may still make claims against the Company individually, but only through separate cases in binding arbitration and not as a single class-action case in federal court. The Corporation believes that all such claims and actions are without merit and intends to defend itself vigorously.

The Bank, as successor to Providential, may from time-to-time be involved in arbitration or litigation with the borrowers or with the heirs of borrowers. Some kinds of disputes may delay or impair the Bank's ability to liquidate its collateral promptly after maturity of a loan. Because reverse mortgages are a relatively new product, there can be no assurances regarding how courts or arbitrators may apply existing legal principles to the interpretation and enforcement of the terms and conditions of the Bank's reverse mortgage loans.

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. These financial instruments involve, to varying degrees, 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, 1998	December 31, 1997
	(In Thousands)	
Financial instruments with contract amounts which represent potential credit risk:		
Construction loan commitments	$17,689	$ 7,064
Commercial mortgage loan commitments	1,772	5,376
Commercial loan commitments	15,636	17,512
Commercial standby letters of credit	3,597	3,026
Residential mortgage loan commitments	23,145	9,605
Consumer lines of credit	66,208	64,085

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 written 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.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. In certain cases, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions regarding the amount and timing of estimated future cash flows which 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. In November 1998, the corporation purchased an interest rate cap in order to limit its exposure on $50.0 million of variable trust preferred securities issued in November 1998. The cap has a notional amount of $50.0 million and a term of 10 years. This derivative instrument caps 3-month LIBOR (the base rate of the trust preferred) at 6.00% for 10 years, thus limiting the Company's exposure to rising interest rates on the Trust Preferred Offering.

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.

Investment and mortgage-backed securities: Fair value for investment 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.

Investment in reverse mortgages: The fair value of the Corporation's investment in reverse mortgages is based on discounted net cash flows. The discount rate utilized in determining such fair value is based on current rates of similar instruments with comparable maturities.

Loans: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type: commercial, commercial mortgages, construction, residential mortgages, consumer and direct financing leases. The fair value of residential mortgage loans is estimated using quoted market prices for sales of whole loans with similar characteristics such as repricing dates, product type and size. For residential loans that reprice frequently, the carrying amount approximates fair value. The fair value of direct financing leases is based upon recent market prices of sales of similar receivables. The fair value of other types of loans for which quoted market prices are not available is estimated by discounting expected future 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. 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 quoted prices for similar instruments.

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 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 carrying amount and estimated fair value of the Corporation's financial instruments are as follows (in thousands):

	December 31, 1998 Carrying Amount	1998 Fair Value	1997 Carrying Amount	1997 Fair Value
Financial assets:				
Cash and short-term investments	$ 84,266	$ 84,266	$ 81,738	$ 81,738
Investment securities	37,861	38,269	78,655	78,996
Mortgage-backed securities	459,084	460,023	330,274	330,694
Investment in reverse mortgages	31,293	31,493	32,109	30,505
Loans, net	763,668	783,344	764,463	782,298
Interest rate cap	2,370	2,196	-	-
Financial liabilities:				
Deposits	858,300	860,272	766,966	767,723
Borrowed funds	672,409	662,953	644,678	639,570

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

	December 31, 1998	1997
Off-balance sheet instruments:		
Commitments to extend credit	$ 582	$1,342
Standby letters of credit	36	30

16. INVESTMENT IN AND ACQUISITION OF REVERSE MORTGAGES

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. Since reverse mortgages are nonrecourse obligations, the loan repayments are generally limited to the sale proceeds of the borrower's residence, and the mortgage balance consists of cash advanced, interest compounded over the life of the loan and a premium which represents a portion of the shared appreciation in the home's value, if any, or a percentage of the value of the residence.

The Corporation accounts for its investment in reverse mortgages in accordance with 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 values 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.

In November 1994, the Corporation purchased Providential Home Income Plan, Inc., a California-based reverse mortgage lender, for approximately $24.4 million. Providential's assets at acquisition primarily consisted of cash and its investment in reverse mortgages (the "1994 Pool"). Providential's available

liquidity was utilized to fund most of the purchase price. The acquisition was accounted for by the purchase method of accounting; accordingly, Providential's results have been included in the Corporation's consolidated statement of operations since the acquisition date. In November 1996 the management and operations of Providential were merged into the Bank. The carrying value of the reverse mortgages was $10.8 million and $9.7 million at December 31, 1998 and December 31, 1997, respectively. All 674 loans, which comprise the 1994 pool at December 31, 1998, are located in California.

In 1993, the Corporation acquired a pool of reverse mortgages (the "1993 Pool") from the FDIC and another lender. The Corporation's investment in this pool of reverse mortgages totaled $20.5 million and $22.4 million at December 31, 1998 and December 31, 1997, respectively. Of the 430 loans which comprise the 1993 Pool at December 31, 1998, 355 loans, or 83%, are located in Delaware, New Jersey, Pennsylvania and Maryland.

At December 31, 1998, the Corporation's actuarial estimate of net cash flows from each pool of reverse mortgages was as follows:

	Net Inflows (Outflows)		
	1994 Pool	1993 Pool	Total
		(In Thousands)	
Year ending:			
1999	$ 3,318	$ 1,804	$ 4,942
2000	2,062	2,229	4,291
2001	2,338	2,296	4,634
2002	2,682	2,344	5,026
2003	3,000	2,353	5,353
2004-2008	17,816	10,851	28,667
2009-2013	18,166	7,654	25,820
2014-2018	13,650	4,102	17,752
Thereafter	10,954	2,226	13,180

The effective yield used to accrue investment income on the Corporation's investment in reverse mortgages is sensitive to changes in collateral values and other actuarial and prepayment assumptions. Future estimated changes in collateral values in 1998 are as follows for each pool:

	1994 Pool	1993 Pool
Year ended December 31, 1999	1.00%	1.00%
Year ended December 31, 2000	2.00	2.00
Thereafter	3.00	3.00

In making these estimates of current and expected collateral values, the Corporation considers its own experience with reverse mortgages which have matured, expected rates of future inflation and housing indices published by the Bureau of Labor Statistics and the Department of Housing and Urban Development. The projections also incorporate actuarial estimates of contract terminations using mortality tables published by the Office of the Actuary of the United States Bureau of Census adjusted for expected prepayments and relocations.

The changes in collateral values and actuarial assumptions resulted in an effective yield of approximately 28.4% on the 1994 Pool and increased income by $1,088,000 during 1998 over the anticipated effective yield at January 1, 1998. Included in this increase was a cumulative catch-up adjustment of $807,000. The effective yield on the 1993 Pool was 6.93% in 1998, reflecting an $826,000 increase in income over the anticipated effective yield at January 1, 1998 which includes a cumulative catch-up adjustment of $653,000.

The effect on the yield and income assuming no changes in collateral values or a 1% annual reduction in the aforementioned projected future changes of collateral values is presented below for the year ended December 31, 1998 (dollars in thousands):

1994 Pool		1993 Pool	
No future changes in collateral	1% annual reduction in the projected future changes in collateral	No future in changes in collateral	1% annual reduction the projected future changes in collateral

	values	values	values	values
Effective yield...............................	25.70%	27.19%	5.26%	6.27%
Effect on income of reverse mortgages..........	$(1,442)	$ (653)	$ (2,544)	$ (1,028)

The cumulative catch-up adjustments included in the above decreases in income are $924,000 and $415,000, respectively, at January 1, 1998 for the 1994 Pool. The cumulative catch-up adjustments included in the above decreases in income are $2,076,000 and $834,000, respectively, at January 1, 1998 for the 1993 Pool.

17. SEGMENT INFORMATION

In December 1998, the Corporation adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". This statement, which supersedes SFAS No. 14, requires public companies to report financial and descriptive information about their reportable operating segments on both an annual and interim basis. SFAS No. 131 mandates disclosure of a measure of segment profit/loss, certain revenue and expense items and segment assets. In addition, the statement requires reporting information on the entity's products and services, geographic areas in which the entity earns revenues and holds assets, and major customers.

Under the definition of SFAS No. 131, the Corporation has two operating segments: Wilmington Savings Fund Society, FSB (Bank) and WSFS Credit Corporation, (WCC). The Bank segment provides financial products through its branch network to consumer and commercial customers. The WSFS Credit Corporation segment provides auto loans and leases indirectly through unrelated auto dealerships within the Mid-Atlantic region.

WSFS's 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 years ended December 31, 1998, 1997, and 1996 follow (in thousands):

For the year ended December 31, 1998 (in thousands):

	Bank	WCC	Total
External customer revenues:			
Interest income..	$ 105,833	$ 2,399	$ 108,232
Other income	11,243	13,450(1)	24,693
Total external customer revenues	117,076	15,849	132,925
Intersegment revenues:			
Interest income..	11,339(2)	-	11,339
Other income	20	7	27
Total intersegment revenues	11,359	7	11,366
Total revenue..	128,435	15,856	144,291
External customer expenses:			
Interest expense	71,114	-	71,114
Other expenses...	33,118	2,556	35,674
Other depreciation and amortization...............................	1,768	81	1,849
Total external customer expenses	106,000	2,637	108,637
Intersegment expense:			
Interest expense...	-	11,339(2)	11,339
Other expenses...	7	20	27
Total intersegment expenses	7	11,359	11,366
Total expenses	106,007	13,996	120,003

Income before taxes and extraordinary item	22,428	1,860	24,288
Provision for income taxes			6,315
Loss on extinguishment of debt, net of tax			1,461
Consolidated net income			$ 16,512
Segment assets	1,622,848	226,305	$1,849,153
Elimination intersegment receivables			(213,443)
Consolidated assets			$1,635,710
Capital expenditures	$ 4,744	$ 24	$ 4,768

For the year ended December 31, 1997 (in thousands):

	Bank	WCC	Total
External customer revenues:			
Interest income	$ 107,265	$ 2,670	$ 109,935
Other income	8,788	10,828(1)	19,616
Total external customer revenues	116,053	13,498	129,551
Intersegment revenues:			
Interest income	9,066(2)	-	9,066
Other income	20	9	29
Total intersegment revenues	9,086	9	9,095
Total revenue	125,139	13,507	138,646
External customer expenses:			
Interest expense	69,817	-	69,817
Other expenses	33,349	1,978	35,327
Other depreciation and amortization	1,335	107	1,442
Total external customer expenses	104,501	2,085	106,586
Intersegment expenses:			
Interest expense	-	9,066(2)	9,066
Other expenses	9	20	29
Total intersegment expenses	9	9,086	9,095
Total expenses	104,510	11,171	115,681
Income before taxes and extraordinary item	20,629	2,336	22,965
Provision for income taxes			6,576
Loss on extinguishment of debt, net of tax			-
Consolidated net income			$ 16,389
Segment assets	1,502,732	203,522	$1,706,254
Elimination intersegment receivables			(191,037)
Consolidated assets			$1,515,217
Capital expenditures	$ 4,424	$ 23	$ 4,447

(continued on next page)

For the year ended December 31, 1996 (in thousands):

External customer revenues:			
Interest income	$ 96,266	$ 4,957	$ 101,223
Other income	6,558	4,635(1)	11,193
Total external customer revenues	102,824	9,592	112,416
Intersegment revenues:			

Interest income	5,727(2)	-	5,727
Other income	22	-	22
Total intersegment revenues	5,749	-	5,749
Total revenue	108,573	9,592	118,165
External customer expenses:			
Interest expense	58,862	-	58,862
Other expenses	30,983	1,783	32,766
Other depreciation and amortization	1,198	68	1,266
Total external customer expenses	91,043	1,851	92,894
Intersegment expenses:			
Interest expense	-	5,727(2)	5,727
Other expenses	-	22	22
Total intersegment expenses	-	5,749	5,749
Total expenses	91,043	7,600	98,643
Income before taxes and extraordinary item	17,530	1,992	19,522
Provision for income taxes			3,166
Loss on extinquishment of debt, net of tax			-
Consolidated net income			$ 16,356
Segment assets	1,346,224	129,915	$1,476,139
Elimination intersegment receivables			(118,504)
Consolidated assets			$1,357,635
Capital expenditures	$ 819	$ 15	$ 834

(1) Operating lease income net of depreciation and loss provisions.
(2) Intersegment interest based on the Corporation's weighted average wholesale borrowing cost which was 5.96%, 6.06%, and 6.22% for the years ended December 31, 1998, 1997 and 1996, respectively.

18. PARENT COMPANY FINANCIAL INFORMATION

Condensed Statement of Financial Condition

	December 31, 1998	December 31, 1997
	(In Thousands)	
Assets:		
Cash	$ 15,225	$ 7,915
Investment in the Bank	116,144	108,440
Investment in Interest Rate Cap	2,370	-
Investment in Capital Trust	1,547	-
Other assets	2,201	1,141
	$137,487	$117,496
Liabilities and stockholders' equity:		
Borrowings	$ 50,000	$ 29,100
Interest payable	495	1,601
Other liabilities	1,240	36
Total liabilities	51,735	30,737
Stockholders' equity:		
Common stock	147	146
Capital in excess of par value	57,696	57,469
Comprehensive income	236	379
Retained earnings	64,657	49,252
Treasury stock	(36,984)	(20,487)
Total stockholders' equity	85,752	86,759
	$137,487	$117,496

Condensed Statement of Operations

	Year Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Income:			
Interest income	$ 850	$ 524	$ 659
Other income	91	62	23
	941	586	682
Expenses:			
Interest expense	3,748	3,201	3,333
Other operating expenses	(934)	(801)	(856)
	2,814	2,400	2,477
Loss before equity in undistributed income of the Bank and extraordinary item	(1,873)	(1,814)	(1,795)
Equity in undistributed income of the Bank	19,846	18,203	18,151
Income before extraordinary item	17,973	16,389	16,356
Loss on extinguishment of debt, net of taxes	1,461	-	-
Net income	$16,512	$16,389	$ 16,356

Condensed Statement of Cash Flows

	Year Ended December 31,		
	1998	1997	1996
	(In Thousands)		
Operating activities:			
Net income	$ 16,512	$ 16,389	$ 16,356
Adjustments to reconcile net income to net cash used for operating activities:			
Equity in undistributed income of the Bank	(19,846)	(18,203)	(18,151)
Amortization	135	115	114
Loss on extinguishment of debt	2,248	-	-
Increase (decrease) in liabilities	98	4	(43)
Decrease (increase) in other assets	(600)	721	(923)
Net cash used for operating activities	(1,453)	(974)	(2,647)
Investing activities:			
Decrease in investment in Bank	12,000	7,972	16,168
Investment in Interest Rate Cap	(2,390)	-	-
Investment in Capital Trust	(1,547)	-	-
Net cash provided by investing activities	8,063	7,972	16,168
Financing activities:			
Issuance of common stock	228	180	154
Proceeds from issuance of Trust Preferred Securities, net of costs	48,624	-	-
Extinguishment of senior notes	(30,548)	-	(750)
Dividends paid on common stock	(1,107)	-	-
Treasury stock, net	(16,497)	(5,811)	(14,676)
Net cash provided by (used for) financing activities	700	(5,631)	(15,272)
Increase (decrease) in cash	7,310	1,367	(1,751)
Cash at beginning of period	7,915	6,548	8,299
Cash at end of period	$15,225	$ 7,915	$ 6,548

QUARTERLY FINANCIAL SUMMARY (Unaudited)

Three Months Ended							
12/31/98	9/30/98	6/30/98	3/31/98	12/31/97	9/30/97	6/30/97	3/31/97
(In Thousands, Except Per Share Data)							

Interest income...........	$ 26,915	$ 27,314	$ 26,941	$27,062	$27,292	$27,942	$28,008	$26,693
Interest expense..........	18,040	18,213	17,541	17,320	17,719	17,841	17,707	16,550
Net interest income	8,875	9,101	9,400	9,742	9,573	10,101	10,301	10,143
Provision for loan losses	142	189	172	577	460	400	364	309
Net interest income after provision for loan losses	8,733	8,912	9,228	9,165	9,113	9,701	9,937	9,834
Other income	6,432	6,401	5,863	5,997	5,745	5,050	4,624	4,197
Other expenses............	9,114	9,085	9,070	9,174	9,605	8,738	8,759	8,134
Income before taxes	6,051	6,228	6,021	5,988	5,253	6,013	5,802	5,897
Income tax provision	1,574	1,619	1,565	1,557	1,381	1,733	1,633	1,829
Income before extraordinary item....................	4,477	4,609	4,456	4,431	3,872	4,280	4,169	4,068
Loss on extinguishment of debt, net of tax........	1,461	-	-	-	-	-	-	-
Net income	$ 3,016	$ 4,609	$ 4,456	$ 4,431	$ 3,872	$ 4,280	$ 4,169	$ 4,068
Earnings per share:								
Basic:								
Income before extraordinary item	$ .37	$ .37	$ .36	$ .36	$ .31	$ .34	$ .33	$ .32
Loss on extinguishment of debt....................	(.12)	-	-	-	-	-	-	-
Net income..............	$ .25	$ .37	$ .36	$ .36	$ .31	$ .34	$ .33	$ .32
Diluted:								
Income before extraordinary item	$ .37	$ .37	$ .35	$ .35	$ .31	$ .34	$ .33	$ .32
Loss on extinguishment of debt....................	(.12)	-	-	-	-	-	-	-
Net income..............	$ .25	$ .37	$ .35	$ .35	$ .31	$ .34	$ .33	$ .32

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

Not applicable.

PART III

Items 10 through 13 are incorporated by the following references from the indicated pages of the Proxy Statement for the 1999 Annual Meeting of Stockholders:

	Page
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	4-9
ITEM 11. EXECUTIVE COMPENSATION	10-17
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	2,6,7,18
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	17

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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(a) The financial statements listed on the index set forth in Item 8 of this Annual Report on Form 10-K are filed as part of this Annual Report.

Financial statement schedules are not required under the related instructions of the Securities and Exchange Commission or are inapplicable and, therefore, have been omitted.

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	Bylaws of WSFS Financial Corporation are incorporated herein by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-1 (File No. 33-45762) filed with the Commission on February 24, 1992.
4.1	Amended and Restated Trust Agreement of WSFS Capital I, incorporated herein by reference from Form 8-K/A filed with the Securities and Exchange Commission on November 20, 1998.
4.2	Officers Certificate and Company Order for Floating Rate Junior Subordinated Debentures due December 1, 2028, incorporated herein by reference from Form 8-K/A filed with the Securities and Exchange Commission on November 20, 1998.
4.3	Trust Preferred Securities Guarantee Agreement, incorporated herein by reference from Form 8-K/A filed with the Securities and Exchange Commission on November 20, 1998.
4.4	Form of Trust Preferred Security (included in Exhibit 4.1), incorporated herein by reference from Form 8-K/A, filed with the Securities and Exchange Commission on November 20, 1998.
4.5	Form of Floating Rate Junior Subordinated Debentures due December 1, 2028, incorporated herein by reference from Form 8-K/A filed with the Securities and Exchange Commission on November 20, 1998.

10.1	Employment Agreement between WSFS Financial Corporation and Wilmington Savings Fund Society, Federal Savings Bank and Marvin N. Schoenhals is incorporated herein by reference to Exhibit 10.1 of Registrant's Registration Statement on Form S-4 (File No. 33-76470) filed with the Commission on March 15, 1994.
10.2	Wilmington Savings Fund Society, Federal Savings Bank 1986 Stock Option Plan, as amended is incorporated herein by reference to Exhibit 4.1 of Registrant's Registration Statement on Form S-8 (File No. 33-56108) filed with the Commission on December 21, 1992.
10.3	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.
10.4	Employment Agreement dated September 20, 1996 by and between Wilmington Savings Fund Society, Federal Savings Bank and Thomas E. Stevenson is incorporated herein by reference to Exhibit 10.5 of the Annual Report on Form 10-K for the year ended December 31, 1996
10.5	Employment Agreement dated November 8, 1996 by and between Wilmington Savings fund Society, Federal Savings Bank and Joseph M. Murphy is incorporated herein by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the year ended December 31, 1996.
10.6	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.

10.7 Employment Agreement dated May 6, 1997 by and between Wilmington Savings Fund Society, Federal Savings Bank and Karl L. Johnston is incorporated herein by reference to exhibit 10.8 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

10.8 Amendment and Extension to the Employment Agreement between WSFS Financial Corporation and Wilmington Savings Fund Society, Federal Savings Bank and Marvin N. Schoenhals dated April 24, 1997 is incorporated herein by reference to exhibit 10.9 of the Registrant's Annual Report of Form 10K for the year ended December 1997.

21 Attachment A Subsidiaries of Registrant.

23 Attachment B Consent of KPMG LLP.

27 Attachment C Financial Data Schedule

(b) The following reports on Form 8K were filed during the fourth quarter 1998:

November 5, 1998, the registrant filed a Form 8-K reporting under Item 5, Other Events, the press release announcing third quarter earnings.

November 20, 1999, the registrant filed a Form 8-K and 8-K/A reporting information under the following items:

Under Item 5. The Registrant reported that on November 20, 1998, the Registrant's wholly-owned subsidiary, WSFS Capital Trust I issued $50,000,000 aggregate liquidation amount of Floating Rate Cumulative Trust Preferred Securities at a public offering price of $1,000 per Trust Preferred Security.

Under Item 7. the Registrant included the following exhibits:

Underwriting Agreement dated November 17, 1998, between Sandler O'Neill & Partners, L.P. and WSFS Financial Corporation and Wilmington Savings Fund Society, Federal Savings Bank Amended and Restated Trust Agreement of WSFS Capital I

Officers Certificate and Company Order for Floating Rate Junior Subordinated Debentures due December 1, 2028

Trust Preferred Securities Guarantee Agreement

Form of Trust Preferred Security

Form of Floating Rate Junior Subordinated Debentures due December 1, 2028

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 25, 1999 BY: /s/ MARVIN N.SCHOENHALS

Marvin N. Schoenhals
Chairman, President and
Chief Executive Officer

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

Date: March 25, 1999	BY: /s/ MARVIN N. SCHOENHALS Marvin N. Schoenhals Chairman, President and Chief Executive Officer
Date: March 25, 1999	BY: /s/ CHARLES G. CHELEDEN Charles G. Cheleden Vice Chairman and Director
Date: March 25, 1999	BY: /s/ DAVID E. HOLLOWELL David E. Hollowell Director
Date: March 25, 1999	BY: /s/ JOSEPH R. JULIAN Joseph R. Julian Director
Date: March 25, 1999	BY: /s/ THOMAS P. PRESTON Thomas P. Preston Director
Date: March 25, 1999	BY: /s/ JOHN F. DOWNEY John F. Downey Director
Date: March 25, 1999	BY: /s/ CLAIBOURNE D. SMITH Claibourne D. Smith Director

Date: March 25, 1999	BY: /s/ R. TED WESCHLER R. Ted Weschler Director
Date: March 25, 1999	BY: /s/ DALE E. WOLF Dale E. Wolf Director
Date: March 25, 1999	BY: /s/ EUGENE W. WEAVER Eugene W. Weaver Director
Date: March 25, 1999	BY: /s/ MARK A. TURNER Mark A. Turner Senior Vice President and Chief Financial Officer
Date: March 25, 1999	BY: /s/ ROBERT A. KUEHL Robert A. Kuehl Managing Vice President and Controller

ATTACHMENT A

SUBSIDIARIES OF REGISTRANT

Exhibit 21

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 I	100%	Delaware
Wilmington Savings Fund Society, Federal Savings Bank	Star States Development Company	100%	Delaware
	838 Investment Group, Inc.	100%	Delaware
	WSFS Credit Corporation	100%	Delaware
	Community Credit Corporation	100%	Delaware

x

ATTACHMENT B

CONSENT OF KPMG PEAT MARWICK LLP.

Consent of Independent Auditors

The Board of Directors
WSFS Financial Corporation:

We consent to incorporation by reference in the Registration Statement (No. 33-56108) on Form S-8 of WSFS Financial Corporation of our report dated January 20, 1999, relating to the consolidated statement of condition of WSFS Financial Corporation and subsidiaries as of December 31, 1998, and 1997, 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, 1998, which report appears in the December 31, 1998 annual report on Form 10-K of WSFS Financial Corporation.

/s/ KPMG LLP

Philadelphia, PA
March 23, 1999

ATTACHMENT C

FINANCIAL DATA SCHEDULE

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