
A View from the Boardroom—Volume VI



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Thère du Pont
Lead Director

Dear Fellow Shareholders:

We are honored to provide you some additional insights and commentary for the benefit of Owners of WSFS. **Coupled with the letter from Mark Turner and Management, this letter will provide valuable insights into how the Board and Management work together to create value for you.** As the world around us rapidly changes, we want to maintain robust communication channels with current and prospective shareholders. We'll touch on Boardroom culture, including our ongoing Board refreshment process, as an element of WSFS corporate culture and highlight our updated investment performance. If by chance you are new to WSFS, we encourage you to read previous Boardroom letters. While a similar theme runs through them, each year we highlight different aspects of the Board's philosophy. Last year, for example, we discussed the Board's involvement in the strategic planning process. Previous letters can be found at this link investors.wsfsbank.com/financial-information

Company Culture/Values

It has often been stated that human capital and leadership are key ingredients for long-term organizational success. At WSFS, our talented Associates are the foundation of our success. Our core strategy is **"Engaged Associates delivering stellar experiences growing Customer Advocates and value for our Owners.SM"** We put WSFS Associates first. By investing in them and creating an environment that enables them to be their best, we ensure that WSFS delivers outstanding service that in turn creates value for Owners.

In addition to constantly supporting a high-performing, long-term oriented culture focused on our Associates, our Boardroom reflects other dimensions of WSFS' culture. **We hold ourselves to high standards of ethics, transparency, and accountability. We measure the shareholder results that we oversee, routinely monitor our own individual and group performance as a Board, and thoughtfully manage our composition in the process.** Within two years we will have had two outstanding members of our Board transition out.



In last year's letter, Marvin 'Skip' Schoenhals appropriately lauded CG Cheleden's decades of contribution to the organization and its shareholders. This spring, as part of our normal Board refreshment, Don Delson will be stepping aside from the Board after three incredibly productive terms. He has been an important part of our success and we wish him well. We are excited that Chris Gheysens, the President and CEO of Wawa, joined us nearly a year ago with his expertise in corporate leadership, culture, retail, finance, audit and human capital development. He is standing for election to a three-year term at this Annual Meeting.

We note that WSFS intentionally has neither a board retirement age nor term limits. While these are standard boardroom practices for many, we do not subscribe to them because they too often become a default mechanism for board refreshment—we prefer a much more active view of that refreshment process. **As the strategic plan is updated annually, the Corporate Governance Committee actively examines the Board's membership and identifies gaps and opportunities to bring new skills and experiences into the room.** This process is necessarily accompanied by a thoughtful review of those currently sitting in the boardroom to ensure that all 10 of our valuable seats are filled with the people and their attributes that are required to deliver the plan. We also believe that we should constantly manage our membership towards no more than 10—we may expand by a director or two as a part of a transition, but most of the time, we want to stay at 10 to enable direct dialog and an active, nimble boardroom for all.

In addition to Board composition, we are thoughtful about how our leadership evolves. Last year, Skip Schoenhals stepped down as Chair and we elevated Mark Turner into the role. With CG Cheleden's departure from the Board, I was honored that the Board asked me, Thère du Pont to step into his large Lead Director shoes. **In combination, we have thoughtfully, carefully, and methodically moved the Board to its next generation of leadership.** Board experience, diversity, and effectiveness

are all critical to the long-term success of WSFS. As a Board, we will maintain our focus on the Board refreshment process as we continually seek to be relevant and effective in these dynamic times.

With new leadership comes new perspective, but the Board remains committed to its basic tenants of taking moderate and measured risks, learning from our mistakes, and being forthright with our regulators and shareholders. In the boardroom, we actively seek constructive dissent while maintaining collegiality. We seek Directors who share these core values. **We actively work to create board discussions that are collaborative and complete—in which we understand and accept opposing points of view—always keeping WSFS Associate and Customer interests at the forefront.**

Company Performance

2017 was a stellar year on many fronts, despite some necessary year-end adjustments. As you know, the Board and Management clearly articulate the core performance goals and metrics in the WSFS Strategic Plan and set about the exciting and challenging multi-year effort to execute the plan. **We are pleased to report Total Shareholder Return metrics for 2017 as compared to 2016. WSFS continued to outperform the bank indices returns over 3, 5, 7, and 10-year periods, across the trailing 8 quarters, 100% of the time.** WSFS also improved to outperforming in 58 out of 64 comparisons to the broader market indices, thus improving our total outperforming periods from 91% to 97% of the times.

	2017	2016
Bank Index	160 out of 160	160 out of 160
Market Index	58 out of 64	44 out of 64
Total	218 out of 224	204 out of 224
	97%	91%

Source: Bank Indices include: NASDAQ Bank, KBW Bank, ABA Community Bank, SNL U.S. Bank and Thrift, SNL U.S. Bank \$5B - \$10 B.
Market Indices include: DJIA and S&P 500.



WSFS FINANCIAL CORPORATION

These results would not have been remotely possible if the WSFS Management Team had not explicitly and publicly embraced a focus on nearly doubling the Company's core ROA over the last five years. They called it "The Path to High Performing." In the first quarter of 2013, WSFS had a core ROA of just 0.70%. They initially targeted a core ROA of 1.20% and subsequently increased that goal to 1.30% by the end of 2018. They achieved it a year earlier than planned.

This is a testament to a strong Management Team, entrepreneurial creativity, disciplined focus on a critical goal, public accountability, and strong execution.

As a Board, we commend the Management Team on these results.

Noted above is the concept of entrepreneurial activity. Going back almost 20 years to 1998, WSFS launched Cash Connect (which now serves over 24,000 ATMs and smart safes in all 50 states and provides unique diversification for the Company's income). It was the first of many entrepreneurial activities that the Board still encourages. While we are always ever mindful of the need to focus on disciplined credit management, **we encourage the Management Team to seek out unique entrepreneurial activities, accept that a portion of these will "fail," and evaluate and celebrate all outcomes.** We put "fail" in quotes because sometimes things not going as planned opens new avenues to success. Our most recent fintech endeavor with Zenbanx has led to a relationship with SoFi. We don't yet know where that will lead, but it may open new growth opportunities.

While we take on these kinds of risk, we are aware that we have to maintain an open and disciplined relationship with our regulators. We work hard to proactively deliver on our commitments to our regulators and to meet their requirements. Through repeated execution, we hope to maintain an open relationship with them in which we share our entrepreneurial efforts as they mature. This mutually-respectful and "no surprises" relationship pays off as the efforts mature, blossom, or "fail."

A central theme in these messages is a focus on long-term results. We are well aware, though, that many investors take a shorter-term view—and that the long-term is built on shorter-term performance. In the chart below, we have listed our annual reported GAAP performance in the three key metrics routinely highlighted.

In 2017, WSFS fell into the bottom third of our peer group on all three, and the recent trend is also downward. It's neither where we expect to be, nor where we expect to remain for long. These more recent results were impacted by significant one-time events and necessary merger and acquisition costs, most of which will benefit WSFS in future periods. **We are confident that with the full fruition of recent investments, current organic growth, and newly developing opportunities, your Company is on the right path.**

WSFS Percentile Compared to Peers
(2017 Data - GAAP)

	2017	2016	2015	3-Year Avg.	5-Year Avg.
ROA	24%	69%	71%	55%	62%
ROE	31%	72%	77%	60%	70%
GEPS	12%	59%	19%	30%	49%



2017 ANNUAL REPORT

Returning to the longer-term financial results, we included a more longitudinal look for our shareholders this year. A key takeaway, which is summarized in the chart below (which we updated for the trailing-twelve-months 9/30/17, the last quarter before the tax law change), is that the minimum level to achieve top quintile performance amongst our peers (grey line) is stable but continues to improve slightly. **Over the past 6 plus years, we have significantly improved results and closed the gap to achieving top quintile performance.** Furthermore, it is Management’s and the Board’s collective goal to maintain consistent performance to sustain a position within that group. **As we often state, we are here for long-term value creation for our shareholders.**

Thank you for your continued interest and support of WSFS. As always, we appreciate your comments and suggestions to help make your company stronger.



ROA (GAAP) Top Quintile



Note: Periods represent trailing 12 months □ Threshold ○ WSFS

