
Letter from Management



I am committed to leading our Company to new levels of performance that will deliver sustained and premium returns for our Owners and continued positive outcomes for all our Stakeholders.

The best days for WSFS lie ahead and I look forward to leading this journey with all of you.

Rodger Levenson
President & Chief Executive Officer

To our Associates, Customers, Owners, Community Partners and Friends:

2018 was a very successful year for WSFS and it marks the beginning of a transformation that will empower us to do more for all of our many communities for many years to come. It was an excellent year of growth; a year of achieving and often exceeding goals and objectives; and a year in which we honored your trust—which we have worked hard to earn—by investing in the immediate and long-term future of your Company through our merger with Philadelphia-based Beneficial Bank.

The successes we achieved in 2018 result from years of long-term Strategic Planning and execution, including our recently completed 2016-2018 Strategic Plan. In fact, the foundation for our success was established several Strategic Plans ago. In 2009, at the depth of the Great Recession, WSFS recorded effectively a breakeven year, which translated into a 0.02% Return on Assets (ROA). From 2010-2012, as other banking organizations retreated, WSFS proactively decided to accelerate investments in our franchise. By the introduction of our

next Strategic Plan in 2013, we had recorded an ROA of 0.70% and outlined the “Road To High Performance,” establishing a goal of sustainable performance that would rank in the top quintile among our peers. With continued investment, strong organic growth, and a number of key acquisitions, the 2016-2018 Strategic Plan set an even higher goal: an ROA of 1.30% by the 4th Quarter of 2018. After achieving this goal one year early, we set our sights on a full-year ROA of 1.50% for 2018.

As you can see in the accompanying charts, **WSFS produced record results for 2018** with Core Earnings Per Share (EPS) of \$3.55, a 39% increase over Core EPS of \$2.56 in 2017. These earnings translated into a Core Return on Tangible Common Equity (ROTCE) of 20.18%, a 28% increase compared to 15.82% in 2017 and a Core ROA of 1.63%, a 35% increase compared to 1.21% in 2017 and well above our lofty goal of 1.50%.



This performance would not have been possible without WSFS having one of the most engaged groups of Associates, not just in the Greater Delaware Valley or in the U.S., but in the entire world. According to Gallup, WSFS placed among the top 5% of workplaces and the 97th percentile of their worldwide database based on our 2018 Associate engagement survey. **Thanks also to our dedicated Associates, our Customer engagement continued to move higher, from the 75th percentile of the best Gallup-tracked companies in 2016 to the 83rd percentile in 2018.** These Associate and Customer engagement measurements are important metrics because they are the foundation of our culture and the leading indicators of our overall success in executing our Strategy—*Engaged Associates, living our culture, making a better life for all we serve.* As a result of these strong metrics, WSFS again earned accolades that help us attract and retain the best, brightest, and the most gifted professionals in the Greater Delaware Valley. In 2018, WSFS was named a **Top Workplace in Delaware for the 13th consecutive year** and a **Top Workplace in Southeastern Pennsylvania for the 5th consecutive year.** We were also honored to receive the **Gallup Great Workplace Award for the 3rd year in a row.**

Importantly, WSFS' growth continued to benefit the communities we serve. We gave back to our communities, both through financial contributions to support community partners and through the sweat equity of our passionate and community-focused Associates. In late 4th Quarter of 2017, the Company made a \$1.5 million (pre-tax) grant to the WSFS Foundation to fund the next generation of improvements in the communities we serve. We began to distribute these funds throughout 2018, while simultaneously expanding the WSFS Foundation's areas of focus. These include educational programs for children in K-12; health and human services that protect the lives of those in our communities; essential services for the homeless, including access to housing and warm meals; and economic development that promote business, job creation, and tax revenues. *Our passionate Associates also dedicated a record 14,672 volunteer hours to organizations that provide important services throughout Delaware and the Greater Delaware Valley.*

Our successes in ROA, EPS, ROTCE and Associate and Customer engagement give us significant momentum heading into our new 2019-2021 Strategic Plan. The theme of this Plan is transformation, and it outlines our path to address Customer and market expectations in a rapidly changing financial services industry while reaffirming the tenets (Mission, Vision, Strategy and Values) that have enabled WSFS to serve for nearly 190 years. **Our combination with Beneficial Bank is a critical development in this transformation and the strategic rationale behind this decision is significant yet relatively straightforward.** We believe that combined with Beneficial we can do more for all of our constituents—Associates, Customers, Communities and Owners—than we might have accomplished separately. Concurrent with the combination, we will invest half (about \$32 million over five years) of estimated cost savings from the consolidation of approximately 25% of

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our combined retail network into a transformational investment in technology and delivery systems. This Delivery Transformation will facilitate the Company's adoption of emerging technologies that will further enhance Customer experiences across all business lines. **Our combined organization will have 90 retail banking offices to serve Customers in Delaware, Southern New Jersey, the City of Philadelphia and Southeastern Pennsylvania; the largest network of ATMs in the region; a full suite of financial products and customizable solutions; and the balance sheet to compete with larger regional and national banks. With these expanded capabilities, WSFS Bank will be the only locally-managed, locally-headquartered, full-service community bank with the size, scale and offerings to compete with banks of all sizes in the Greater Delaware Valley.**

At WSFS, we take pride in doing what we say we will do, from the execution of our Strategic Plans to achieving year-over-year goals and recovering reparations from those we believe are responsible for losses we incur. During 2018, we recovered \$9.6 million from two losses recorded in 2017 totaling \$14.8 million. **In addition, we were able to retain our ingrained entrepreneurial spirit.** This was demonstrated in our opportunistic, disciplined investment in Visa Class B shares yielding realized and recognized pre-tax gains totaling \$24.5 million in 2018. While not included in core results, the gains we derive from these and similar opportunities are used to invest in the franchise and/or returned to shareholders over time. These investments are one of the reasons we tend to outperform peers over the long term.

We also made a few additions and enhancements to our executive leadership team that I am excited to share with you. We named Lisa Brubaker, who has been a WSFS Associate her entire professional career, as our new Executive Vice President and Chief Technology Officer. Lisa is a highly respected leader with a proven record in digital and physical Customer delivery along with deep operational experience and institutional knowledge. We also welcomed Arthur Bacci as our new Executive Vice President and Chief Wealth Officer. Art has the experience and vision to build on the investments we made in expanding our wealth business. Both Lisa and Art have quickly become key members of our executive leadership team. Finally, Peggy Eddens assumed expanded responsibilities to oversee the growing role of our Company's Customer experience team as Executive Vice President and Chief Associate and Customer Experience Officer. Combining responsibility for Associate engagement and Customer experience aligns seamlessly with our Company's business model.

On January 1, 2019, I had the great honor and privilege to become the 13th President and CEO of WSFS, assuming the role from my friend, mentor and fellow Associate, Mark Turner. During Mark's tenure as President and CEO, WSFS delivered superior growth, profitability and shareholder returns and earned multiple marketplace accolades. I join my fellow WSFS Associates in thanking Mark for his decades of service to WSFS and our Communities and I look forward to working with him in his new role as Executive Chairman of the Board of Directors. I encourage you to read the accompanying letter, *A View from the Boardroom*, which compliments this letter. I am humbled by the trust that our Board has in me and I am grateful to lead our talented team of Associates who do so much good for our Customers and our Communities. **I am committed to leading our Company to new levels of performance that will deliver sustained, premium returns for our Owners and continued positive outcomes for all our Stakeholders. The best days for WSFS lie ahead, and I look forward to leading this journey with all of you.**

On behalf of all WSFS Associates and your Executive Management Team, thank you for your continued interest in, and support of, WSFS.

Rodger and the Team

Peggy Eddens
Arthur Bacci
Lisa M. Brubaker
Thomas E. Stevenson
Dennis P. Pomeroy
Patrick J. Ward
Paul W. Dwyer