

A View from the Boardroom—Volume VIII



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Eleuthère I. du Pont
Lead Independent Director

Dear fellow WSFS Owners:

It has been an honor and privilege to be part of WSFS as it enters its 188th year. As we continue to earn the right to be independent, the last 16 months has been a period of significant growth and development for the Company and all its trusted Associates, Customers, Shareholders and members of the Board. As we look back, we can see that some of the Bank's evolutions were incremental, while others have been transformative. In the early 1990's, the changes led by C.G. Cheleden and Skip Schoenhals were daunting, but ultimately revitalized our mission. Similarly, our focus on a disciplined growth strategy coming out of the Great Recession led to significant out-performance over the last generation of leadership under then CEO, Mark Turner. During the past 16 months, the transformation we started is another significant milestone as we carefully orchestrated, and successfully executed, an integration to become a \$12 billion-plus organization and developed a digital transformation strategy, all while making important changes in the senior leadership team and boardroom.

One significant and thoughtfully planned change was the retirement of Mark Turner and the transition to our new talented CEO, Rodger Levenson. We've had a history of thoughtful leadership transitions, and based on all measures, this one has gone exceptionally well. While we will miss Mark's experienced hand at the helm as Executive Chair, he continues to provide great wisdom to the Board, and mentoring for Rodger.

The Board of Directors could not be more pleased with Rodger's first year as CEO. We achieved a full-year core ROA of 1.61% and core EPS of \$3.74.

More significantly, Rodger and his team successfully completed the integration of Beneficial Bank's brand and technology systems. And several weeks after integrating the two companies, we conducted our annual Gallup Associate Engagement survey. **The results of the combined team placed us solidly in the 86th percentile of their worldwide database**—which means we are a top workplace not only nationally, but globally. This is indicative of a highly engaged and cohesive team. Rodger, and our leadership team, are hard at work preparing for the next phase of the WSFS brand, experience, and culture—one that is centered on our Associates, and on new technology and delivery channels so we can continue to deliver the world class service our Customers expect from us.

At the end of 2019, Mark decided to focus on his next professional opportunity and stepped aside as Executive Chair. We are thrilled for Mark and grateful that he will continue as a member of the Board.

At the time of transition, the Board carefully considered whether to combine the roles of Chair and CEO. After much discussion and deliberation, we decided that combining the roles was the best way to implement the Strategic Plan of WSFS. With significant cultural integration and technology evolution happening in financial services, we believe it best to have a single point of leadership to drive WSFS forward.

WSFS bank

That said, we recognize that optimal Board performance requires a significant parallel role in the Lead Director.

I will continue as Lead Director and preside over regular Board sessions involving only independent Directors and offer advice and guidance to Rodger during this time of transition. In addition, as Lead Director, I will continue to engage our Board in regular conversations about our Board structure, core competencies and, succession planning.

With respect to Board changes, in March of 2019, we added three Directors from Beneficial to our Board: Karen Buchholz, Gerry Cuddy, and Michael Donahue. Separately, each brings valuable experience and perspective to the Board. Collectively, they have added breadth and further developed the culture of the Board. While we have benefitted significantly from their input, we believe that a Board of 10-11 members is optimal and we will only exceed that for a few years until we transition back to scale.

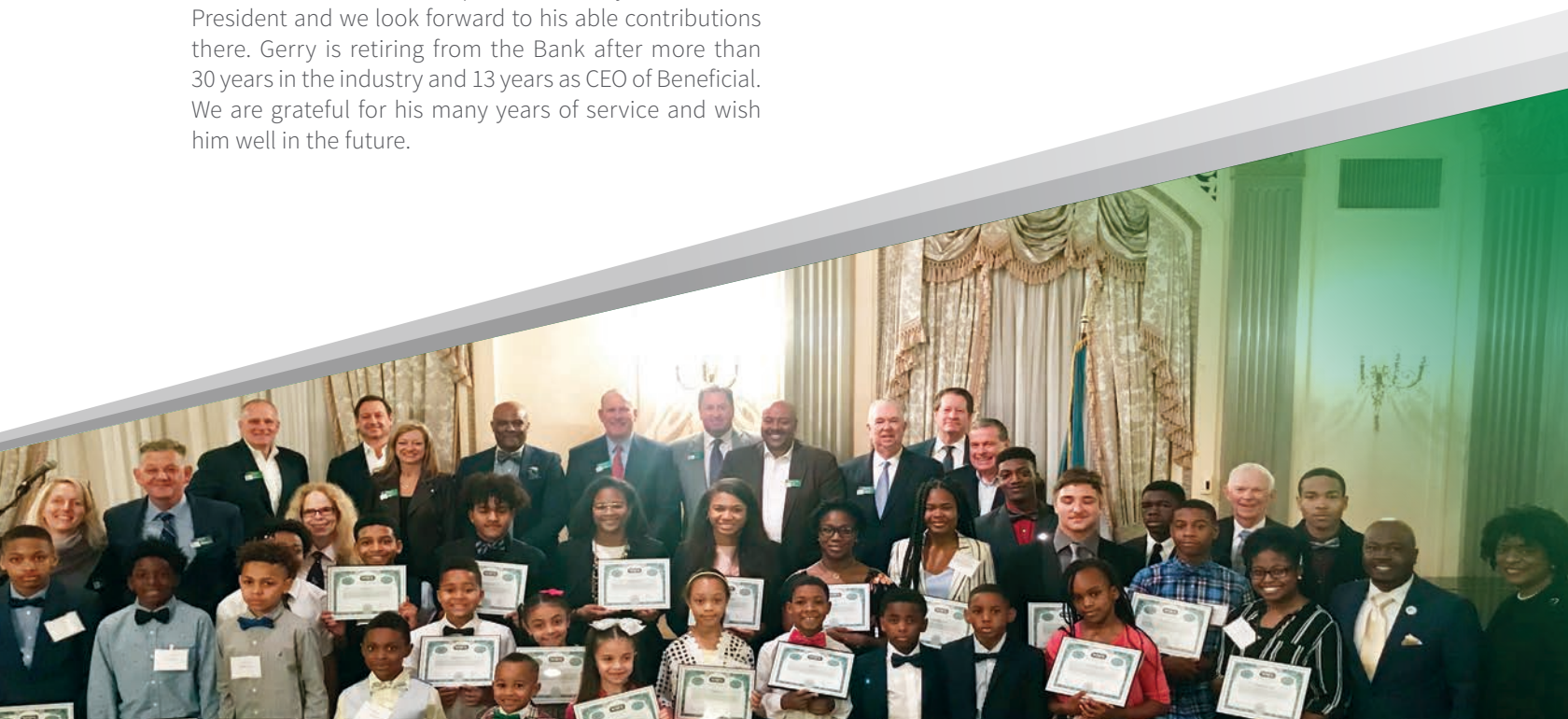
In that spirit, in April of this year, we have two more significant transitions occurring. Pat Ward and Gerry Cuddy will not be standing for re-election to the Board. Their experience and wisdom will be greatly missed in the boardroom. Each has been essential to our growth by building great organizations and bringing specific market knowledge into WSFS. The success of Penn Liberty, its Associates, and its relationships significantly accelerated our growth in Southeastern Pennsylvania, particularly the demographically rich Chester and Montgomery counties. Without the scale, Customers, Associates, and history of Beneficial, WSFS would not be positioned as the premier bank with local decision makers in the Greater Philadelphia region. Pat will continue with his leadership role as Pennsylvania Market President and we look forward to his able contributions there. Gerry is retiring from the Bank after more than 30 years in the industry and 13 years as CEO of Beneficial. We are grateful for his many years of service and wish him well in the future.

Upon their retirements, our Board will return to 11 members.

As you see, we advocate for continually monitoring and assessing the needs of WSFS and reflect that in our membership in the boardroom. We find that continual refreshment of directorship brings new ideas, perspective, and knowledge. Simultaneously, we recognize that long term Directors bring deep institutional knowledge and help maintain the culture of the organization. We seek a Board that is roughly one third long tenure (12 or more years), one third medium tenure (6-12 years), and one third shorter tenure (less than 6 years). While it's difficult to be precise about these metrics, they provide thoughtful guidelines as we consider renewal of our membership each year.

Finally, we are sometimes asked about our classified Board. We recognize that it is less and less usual in today's governance environment. **However, as we have said before, we put long term returns for our Owners at the top of our financial targets.** We want to align ourselves with a set of Shareholders who also think in periods of multiple years, not multiple quarters (or sometimes just the next quarter). Therefore, while we recognize that it would take 13 months to turn over most of the Board seats, should our Owners wish to do so, we believe that matches well with the timeline of the WSFS Owner. We welcome direct dialog with our Shareholders on this topic or others.

Continued on Page 10.



Company Performance

As we have stated consistently for many years, we focus on both long-term results and achieving sustainable high performance, which is defined as top-quintile performance, or top 20%, in our peer group in ROA and ROTCE. This is our goal regardless of peer size and through economic cycles. In fact, 75% of the Executive Management team's annual performance-based incentive compensation, and 100% of the CEO's, is based on achieving our annual high-performance metrics, along with a third metric, EPS growth. We believe this aligns Management's goals with our Shareholders.

Our comparison point for achieving sustainable high-performance has changed in recent history, as our growth in asset size has placed us in larger peer groups. For 21 years, since 1994, we were included in the \$1 billion to \$5 billion peer group until we crossed into the \$5 billion to \$10 billion peer group in 2016. Now after four years, we are in the \$10 billion to \$50 billion peer group. With each increase in asset size peer group, the bar is raised for higher returns. At the same time, there has been an increase in regulatory costs and a need to significantly invest in technology to improve the Customer experience. However, the benefits of being larger—including scale, revenue synergies, fee income diversification, and disciplined cost management—are expected to outweigh the increases in costs and ultimately deliver higher returns.

The opportunity resulting from our combination with Beneficial, along with the investments Management is making in Delivery Transformation, demonstrate the combined philosophy of delivering sustainable high-performance and maintaining a long-term orientation.

While WSFS stock performance improved in 2019, it lagged all of the comparison groups. Three year Total Shareholder Returns* also underperformed. However, five year returns were superior to all comparison groups and ten year returns were **more than double** all of the bank comparison groups. We consider the short term an investment in the long term and will look to reap the benefits of those investments in the years to come.

On behalf of the Board of Directors, thank you for your continued interest and support of WSFS. We are confident that we are well positioned to build on the **momentum** of 2019 as we head into the future.

Sincerely,

Your WSFS Board of Directors



The image shows ten handwritten signatures of the WSFS Board of Directors, arranged in two columns. The signatures are: Scott, Chris T. [unclear], [unclear], Mark [unclear], [unclear], David [unclear], [unclear], [unclear], [unclear], and Patrick Ward.

Total Shareholder Return

	WSFS Bank	NASDAQ Bank Index	KBW Bank Index	SNL US Banks > \$10B	S&P 500 Index
1 year	17.33%	24.38%	36.13%	36.27%	31.48%
3 year	-2.56%	9.95%	32.84%	34.34%	53.14%
5 year	78.89%	65.11%	71.55%	69.22%	73.80%
10 year	465.84%	197.72%	225.81%	201.90%	256.39%

*Calculated consistently as compared to up to seven other relevant indexes, as discussed in detail in prior Board letters; which can be seen at: investors.wsfsbank.com/financial-information