

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

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

(Exact name of registrant as specified in its charter)

Delaware

22-2866913

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

838 Market Street, Wilmington, Delaware

19899

(Address of principal executive offices)

(Zip Code)

(302) 792-6000

(Registrant's telephone number, including area code)

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 12 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  NO

Indicate the number of shares outstanding of each of the issuer's  
classes of common stock, as of August 9, 1996:

Common Stock, par value \$.01 per share

13,832,198

(Title of Class)

(Shares Outstanding)

WSFS FINANCIAL CORPORATION

FORM 10-Q

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WSFS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
-----				
(Unaudited)				
(Dollars in Thousands, Except Per Share Data)				
Interest income:				
Interest and fees on loans.....	\$ 19,067	\$ 17,896	\$ 38,124	\$ 34,654
Interest on mortgage-backed securities.....	5,171	4,291	9,107	8,581
Interest and dividends on investment securities.....	587	1,062	950	2,115
Other interest income.....	1,676	2,463	3,727	4,159
	-----	-----	-----	-----
	26,501	25,712	51,908	49,509
	-----	-----	-----	-----
Interest expense:				
Interest on deposits.....	7,817	9,424	15,574	17,663
Interest on Federal Home Loan Bank advances.....	4,556	3,427	9,205	6,797
Interest on senior notes.....	829	888	1,675	1,799
Interest on federal funds purchased and securities sold under agreements to repurchase.....	1,512	1,083	2,358	2,073
Interest on other borrowed funds.....	57	150	184	321
	-----	-----	-----	-----
	14,771	14,972	28,996	28,653
	-----	-----	-----	-----
Net interest income.....	11,730	10,740	22,912	20,856
Provision for loan losses.....	490	653	808	1,007
	-----	-----	-----	-----
Net interest income after provision for loan losses.....	11,240	10,087	22,104	19,849
	-----	-----	-----	-----
Other income:				
Loan servicing fee income.....	884	751	1,588	1,471
Service charges on deposit accounts.....	724	709	1,395	1,391
Securities gains (losses).....	(78)	148	(77)	171
Other income.....	570	437	1,030	930
	-----	-----	-----	-----
	2,100	2,045	3,936	3,963
	-----	-----	-----	-----
Other expenses:				
Salaries.....	3,434	3,961	7,094	7,569
Employee benefits and other personnel expense.....	840	913	1,763	1,946
Equipment expense.....	319	326	632	626
Data processing expense.....	582	553	1,166	1,113
Occupancy expense.....	587	614	1,223	1,219
Marketing expense.....	171	302	339	608
Professional fees.....	446	376	689	672
Federal deposit insurance premium.....	9	500	19	999
Net costs of assets acquired through foreclosure.....	438	749	827	1,520
Other operating expenses.....	1,415	1,250	2,618	2,540
	-----	-----	-----	-----
	8,241	9,544	16,370	18,812
	-----	-----	-----	-----
Income before taxes.....	5,099	2,588	9,670	5,000
Income tax provision (benefit).....	1,778	(588)	3,320	(1,065)
	-----	-----	-----	-----
Net income.....	\$ 3,321	\$ 3,176	\$ 6,350	\$ 6,065
	=====	=====	=====	=====
Earnings per share.....	\$ .24	\$ .22	\$ .44	\$ .41
Weighted average shares outstanding.....	14,116,828	14,652,309	14,384,468	14,632,617

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

WSFS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENT OF CONDITION

	June 30, 1996 ----- (Unaudited)	December 31, 1995 -----
	(Dollars in Thousands)	
<b>Assets</b>		
Cash and due from banks.....	\$ 27,036	\$ 31,135
Federal funds sold and securities purchased under agreements to resell.....	20,500	31,500
Interest-bearing deposits in other banks.....	5,823	4,768
Investment securities held-to-maturity.....	18,676	22,378
Investment securities available-for-sale.....	26,106	6,394
Mortgage-backed securities held-to-maturity.....	258,533	219,727
Mortgage-backed securities available-for-sale.....	53,949	17,405
Investment in reverse mortgages, net.....	37,462	35,614
Loans held for sale.....	5,256	4,345
Loans, net of allowance for loan losses of \$24,400 at June 30, 1996 and \$24,167 at December 31, 1995.....	800,692	787,839
Stock in Federal Home Loan Bank of Pittsburgh, at cost.....	15,561	15,860
Assets acquired through foreclosure.....	6,639	11,614
Premises and equipment.....	6,173	6,372
Accrued interest and other assets.....	30,458	23,875
	-----	-----
<b>Total assets.....</b>	<b>\$1,312,864</b>	<b>\$1,218,826</b>
	=====	=====
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Deposits.....	\$ 746,785	\$ 724,030
Federal funds purchased and securities sold under agreements to repurchase....	122,280	56,159
Federal Home Loan Bank advances.....	311,214	307,206
Senior notes.....	29,100	29,850
Other borrowed funds.....	5,227	7,430
Accrued expenses and other liabilities.....	24,133	20,605
	-----	-----
<b>Total liabilities.....</b>	<b>1,238,739</b>	<b>1,145,280</b>
	-----	-----
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity:</b>		
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 13,832,198 at June 30, 1996 and 14,509,298 at December 31, 1995.....	145	145
Capital in excess of par value.....	57,250	57,136
Net unrealized losses on securities available-for-sale.....	(402)	(242)
Retained earnings .....	22,857	16,507
Treasury stock at cost, 725,300 shares at June 30, 1996.....	(5,725)	
	-----	-----
<b>Total stockholders' equity.....</b>	<b>74,125</b>	<b>73,546</b>
	-----	-----
<b>Total liabilities and stockholders' equity.....</b>	<b>\$1,312,864</b>	<b>\$1,218,826</b>
	=====	=====

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

WSFS FINANCIAL CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS

Six Months Ended June 30,  
1996                      1995  
-----                      -----  
(Unaudited)  
(In Thousands)

Operating activities:		
Net income.....	\$ 6,350	\$ 6,065
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses.....	808	1,007
Provision for losses on assets acquired through foreclosure.....	250	736
Depreciation, accretion and amortization.....	(416)	(766)
Increase in accrued interest receivable and other assets.....	(1,055)	(1,231)
Origination of loans held for sale.....	(21,577)	(6,519)
Proceeds from sales of loans held for sale.....	20,641	6,127
Increase in accrued interest payable on deposits and other liabilities..	3,220	7,512
Other, net.....	(880)	(1,521)
	-----	-----
Net cash provided by operating activities.....	7,341	11,410
	-----	-----
Investing activities:		
Net decrease (increase) in interest-bearing deposits in other banks.....	(1,055)	1,279
Maturities of investment securities held-to-maturity.....	3,626	428
Sales of investment securities available-for-sale.....	9,937	53,543
Purchases of investment securities available for sale.....	(29,844)	(39,898)
Repayments of mortgage-backed securities held-to-maturity.....	24,272	9,241
Repayments of mortgage-backed securities available-for-sale.....	232	754
Purchases of mortgage-backed securities held-to-maturity.....	(61,441)	
Purchases of mortgage-backed securities available-for-sale.....	(38,763)	
Repayments of reverse mortgages.....	5,733	6,184
Disbursements for reverse mortgages.....	(6,262)	(7,232)
Sales of loans.....	7,042	3,152
Purchases of loans.....	(11,125)	(3,685)
Net increase in loans.....	(10,380)	(17,859)
Sales of assets acquired through foreclosure.....	2,832	4,079
Disbursements for assets acquired through foreclosure.....		(120)
Disbursements for real estate held for investment.....	(1,321)	
Other, net.....	(63)	(398)
	-----	-----
Net cash provided by (used for) investing activities.....	(106,580)	9,468
	-----	-----
Financing activities:		
Net increase (decrease) in demand and savings deposits.....	8,583	(10,181)
Net increase in certificates of deposit and time deposits.....	14,479	103,529
Net increase in federal funds purchased and securities sold under agreements to repurchase.....	66,120	1,406
Receipts from additional other borrowed funds.....	55,000	
Repayments of other borrowed funds.....	(53,681)	(1,080)
Repurchase of senior notes.....	(750)	(2,150)
Issuance of common stock.....	114	
Purchase treasury stock.....	(5,725)	
	-----	-----
Net cash provided by financing activities.....	84,140	91,524
	-----	-----
Increase (decrease) in cash and cash equivalents.....	(15,099)	112,402
Cash and cash equivalents at beginning of period.....	62,635	54,974
	-----	-----
Cash and cash equivalents at end of period.....	\$ 47,536	\$ 167,376
	=====	=====

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for:

Interest.....	\$ 23,853	\$ 20,137
Income taxes, net.....	4,333	779
Loans transferred to assets acquired through foreclosure, net.....	2,325	4,851
Net unrealized gains (losses) on securities available-for-sale, net of tax.	(160)	1,270
Assets acquired through foreclosure transferred to investments in real estate.	4,258	

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

WSFS FINANCIAL CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1996  
(UNAUDITED)

1. BASIS OF PRESENTATION

WSFS Financial Corporation (the "Corporation") is the parent company of Wilmington Savings Fund Society, FSB (the "Bank"). The consolidated financial statements for the three and six months ended June 30, 1996 include the accounts of the parent company, the Bank and its wholly owned subsidiaries, WSFS Credit Corporation, Providential Home Income Plan, Inc., 838 Investment Group, Inc., Community Credit Corporation and Star States Development Company.

The consolidated statement of condition as of June 30, 1996, the consolidated statement of operations for the three and six months ended June 30, 1996 and 1995 and the consolidated statement of cash flows for the six months ended June 30, 1996 and 1995 are unaudited and include all adjustments solely of a normal recurring nature which management believes are necessary for a fair presentation. All significant intercompany transactions are eliminated in consolidation. Certain reclassifications have been made to prior period's financial statements to conform them to the June 30, 1996 presentation. The accompanying unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Corporation's 1995 Annual Report.

2. EARNINGS PER SHARE

Earnings per share is computed by dividing income applicable to common stockholders by the weighted average number of common stock and common stock equivalents outstanding during the periods presented. Common stock equivalents represent the dilutive effect of the assumed exercise of certain outstanding stock options.

WSFS FINANCIAL CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

GENERAL

WSFS Financial Corporation (the "Corporation") is a savings and loan holding company headquartered in Wilmington, Delaware. 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 five largest financial institutions in the state on the basis of total deposits.

The Corporation's market area is the Mid-Atlantic region of the United States which is characterized by a diversified manufacturing and service economy. The banking operations of WSFS are presently conducted from 14 retail banking offices located in the greater Wilmington and Dover, Delaware area. The Bank provides residential real estate, commercial real estate, commercial and consumer lending services and funds these activities primarily by attracting retail deposits. Deposits are insured by the Federal Deposit Insurance Corporation.

Additional subsidiaries of the Bank include WSFS Credit Corporation, which is engaged primarily in motor vehicle leasing, and 838 Investment Group, Inc. which markets various insurance products and mutual funds through the Bank's branch system. Community Credit Corporation ("CCC"), which opened its first office in August 1994, specializes in consumer loans secured by first and second mortgages. In November 1994, the Bank acquired Providential Home Income Plan, Inc. ("Providential"), a San Francisco, California-based reverse mortgage lender. An additional Bank subsidiary, Star States Development Company, is currently phasing down its real estate investments and developments.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

Financial Condition

Total assets grew \$94.0 million, or 7.7%, during the first six months of 1996 to \$1.3 billion. The majority of this growth occurred in mortgage-backed securities which increased \$75.4 million. This increase resulted from the purchase of approximately \$100.0 million in collateralized mortgage obligations, offset in part by principal repayments. In addition, investment securities and net loans increased \$16.0 million and \$12.9 million, respectively. These increases were funded with short-term borrowings and deposit growth as well as the use of existing liquidity.

Total liabilities increased \$93.5 million during the first half of 1996. This increase reflects a \$66.1 million rise in securities sold under agreements to repurchase and deposit growth of \$22.8 million. Interest credited to deposits during the six months ended June 30, 1996 totalled \$6.4 million for a net inflow of \$16.4 million in deposits. Deposit growth includes the acquisition of \$10.4 million in deposits from another institution located in Dover, Delaware.

## Capital Resources

Stockholders' equity increased \$579,000 between December 31, 1995 and June 30, 1996. This increase reflects net income of \$6.4 million for the first six months of 1996, offset in part by the impact of the stock repurchase program which began in March 1996. The Corporation completed the stock repurchase program in May 1996 and acquired 725,300 shares, or approximately 5% of the common stock outstanding, in open market transactions for \$5.7 million.

A table presenting the Bank's consolidated capital position relative to the minimum regulatory requirements as of June 30, 1996 follows (dollars in thousands):

	Consolidated Bank Capital		Regulatory Requirement		Excess	
	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets
Tangible Capital.....	\$92,900	7.08%	\$19,681	1.50%	\$73,219	5.58%
Core Capital.....	92,900	7.08	52,484	4.00	40,416	3.08
Tier 1 Capital.....	92,900	10.61	35,026	4.00	57,874	6.61
Risk-based Capital.....	97,370	11.12	70,055	8.00	27,315	3.12

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 and "total" or "risk-based" capital (a combination of core and "supplementary" capital) equal to 8.0% 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. At June 30, 1996 the Bank is classified as a "well capitalized" institution and is in compliance with all regulatory capital requirements.

## Liquidity

The OTS requires institutions, such as the Bank to maintain a 5.0% minimum liquidity ratio of cash and qualified assets to net withdrawable deposits and borrowings due within one year. At June 30, 1996, the Bank's liquidity ratio was 11.4% compared to 8.0% at December 31, 1995. Additionally, the Corporation is required to maintain a reserve of 100% of the aggregate interest expense for 12 full calendar months on the \$29.1 million of 11% senior notes. The interest reserve requirement on the senior notes at June 30, 1996 was approximately \$3.2 million.



NONPERFORMING ASSETS

The following table sets forth the Corporation's nonperforming assets, restructured loans and past due loans at the dates indicated. Past due loans are loans contractually past due 90 days or more as to principal or interest payments but which remain on accrual status because they are considered well secured and in the process of collection.

	June 30, 1996	December 31, 1995
	-----	-----
	(Dollars in Thousands)	
Nonaccruing loans:		
Commercial.....	\$ 688	\$ 563
Consumer.....	419	291
Commercial mortgages.....	2,608	2,527
Residential mortgages.....	3,176	3,568
Construction.....	3,568	3,588
	-----	-----
Total nonaccruing loans.....	10,459	10,537
Nonperforming investments in real estate.....	1,252	1,252
Assets acquired through foreclosure.....	6,639	11,614
	-----	-----
Total nonperforming assets.....	\$ 18,350	\$ 23,403
	=====	=====
Restructured loans.....	\$ 17,382	\$ 17,393
	=====	=====
Past due loans:		
Residential mortgages.....	\$ 812	\$ 111
Commercial and commercial mortgages.....	518	789
Consumer.....	68	143
	-----	-----
Total past due loans.....	\$ 1,398	\$ 1,043
	=====	=====
Ratios:		
Nonaccruing loans to total loans (1).....	1.27%	1.30%
Allowance for loan losses to total gross loans (1).....	2.89	2.90
Nonperforming assets to total assets.....	1.40	1.92

(1) Excludes loans held for sale.

Nonperforming assets decreased \$5.1 million between December 31, 1995 and June 30, 1996. The major factor contributing to this decline was the reclassification of a \$4.2 million asset acquired through foreclosure to an investment in real estate. The reclassification was completed in conjunction with the purchase of an adjacent property in order to maximize value. The combined properties generate rental income for the Bank. An analysis of the change in the balance of nonperforming assets is presented on the following page.

	Six Months Ended June 30, 1996	Year Ended December 31, 1995
	----- (In Thousands) -----	
Beginning balance.....	\$ 23,403	\$ 41,440
Additions.....	4,222	8,224
Collections.....	(3,106)	(12,247)
Transfers to accrual/restructured status.....	(1,000)	(10,424)
Provisions, charge-offs, other adjustments.....	(5,169)	(3,590)
	-----	-----
Ending balance.....	\$ 18,350 =====	\$ 23,403 =====

At June 30, 1996, 56.9% of nonperforming assets of the Corporation were comprised of nonperforming assets with a carrying value of \$1.0 million or more as compared to 64.0% at December 31, 1995. The table below reflects the stratification of such assets at June 30, 1996 and December 31, 1995.

	June 30, 1996		December 31, 1995	
	Number of items	Balance	Number of items	Balance
	-----	-----	-----	-----
	(Dollars in Thousands)			
\$5 million and over.....	1	\$ 5,699	1	\$ 5,950
\$1 million - \$4.99 million.....	3	4,743	4	9,021
\$0.5 million - \$0.99 million.....				
Under \$500,000.....	163	7,908	150	8,432
	---	-----	---	-----
Total nonperforming assets.....	167	\$18,350 =====	155	\$23,403 =====

A key element in the Corporation's strategy to manage its loan portfolios is the timely identification of problem loans. The Corporation's loan review system monitors the asset quality of its loans and investments in real estate portfolios as well as facilitates the timely identification of problem loans. This enables the Corporation to take appropriate action and, accordingly, minimize losses.

## INTEREST SENSITIVITY

The matching of maturities or repricing periods of interest-sensitive assets and liabilities to ensure a favorable interest rate spread and mitigate exposure to fluctuations in interest rates is the Corporation's primary focus for achieving its asset/liability management strategies. Management regularly reviews interest-rate sensitivity of the Corporation and utilizes a variety of tactics, as needed, to adjust that sensitivity within acceptable tolerance ranges established by management. The excess of interest-earning assets over interest-bearing liabilities that mature within one year (interest-sensitivity gap) decreased by \$13.2 million to \$83.7 million at June 30, 1996. Interest-sensitive assets as a percentage of interest-sensitive liabilities within the "one-year window" decreased to 115.4% at June 30, 1996 compared to 120.5% at December 31, 1995. Likewise, the one-year interest sensitivity gap as a percentage of total assets decreased to 6.4% at June 30, 1996 from 8.0% at December 31, 1995.

## COMPARISON FOR THREE AND SIX MONTHS ENDED JUNE 30, 1996 AND 1995

### Results of Operations

The Corporation reported net income of \$3.3 million, or \$.24 per share, for the three months ended June 30, 1996 compared to \$3.2 million, or \$.22 per share, for the second quarter of 1995. Pretax earnings for the second quarter of 1996 grew 97% over the same quarter in 1995 to \$5.1 million. Net income for the six months ended June 30, 1996 was \$6.4 million, or \$.44 per share, compared to \$6.1 million, or \$.41 per share for the same period last year. Pretax earnings for the first half of 1996 were \$9.7 million, a 93% improvement over the same period in 1995. The results for the three and six months ended June 30, 1996 reflect lower noninterest expense and higher net interest income.

As of December 31, 1995, the Corporation had utilized substantially all of its income tax benefits which resulted from loss carry-forwards. Consequently, the Corporation recorded income tax expense of \$1.8 and \$3.3 million during the quarter and six months ended June 30, 1996, respectively, compared to income tax benefits of \$588,000 and \$1.1 million recognized in the same periods in 1995.

### Net Interest Income

The tables on the following two pages, dollars expressed in thousands, provides information concerning the balances, yields and rates on interest-earning assets and interest-bearing liabilities during the periods indicated.

Three Months Ended June 30,

	1996			1995		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets</b>						
Interest-earning assets:						
Loans (1) (2):						
Real estate loans (3).....	\$ 587,268	\$ 13,587	9.25%	\$ 543,711	\$ 12,858	9.46%
Commercial loans.....	26,058	644	9.78	26,185	835	12.62
Consumer loans .....	204,415	4,706	9.26	176,301	4,184	9.52
	-----	-----		-----	-----	
Total loans.....	817,741	18,937	9.26	746,197	17,877	9.58
Mortgage-backed securities (4).....	308,599	5,171	6.70	256,552	4,291	6.69
Loans held for sale (2).....	7,339	130	7.09	787	19	9.66
Investment securities (4).....	35,573	587	6.60	65,171	1,062	6.52
Other interest-earning assets (5).....	78,598	1,676	8.53	125,571	2,463	7.85
	-----	-----		-----	-----	
Total interest-earning assets.....	1,247,850	26,501	8.49	1,194,278	25,712	8.61
	-----	-----		-----	-----	
Allowance for loan losses.....	(24,618)			(21,406)		
Cash and due from banks.....	22,636			25,861		
Other noninterest-earning assets.....	41,797			51,752		
	-----			-----		
Total assets.....	\$1,287,665			\$1,250,485		
	=====			=====		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Money market and interest-bearing demand.....	\$ 54,717	361	2.65	\$ 81,027	536	2.65
Savings.....	159,459	1,044	2.63	179,257	1,117	2.50
Time.....	458,289	6,412	5.63	518,900	7,771	6.01
	-----	-----		-----	-----	
Total interest-bearing deposits..	672,465	7,817	4.68	779,184	9,424	4.85
FHLB advances.....	312,756	4,556	5.86	226,265	3,427	6.08
Senior Notes.....	29,100	829	11.39	31,172	888	11.39
Other borrowed funds.....	110,506	1,569	5.68	78,520	1,233	6.28
	-----	-----		-----	-----	
Total interest-bearing liabilities.	1,124,827	14,771	5.25	1,115,141	14,972	5.37
	-----	-----		-----	-----	
Noninterest-bearing demand deposits...	68,579			65,176		
Other noninterest-bearing liabilities.	18,823			18,415		
Stockholders' equity.....	75,436			51,753		
	-----			-----		
Total liabilities and stockholders' equity.....	\$1,287,665			\$1,250,485		
	=====			=====		
Excess of interest-earning assets over interest-bearing liabilities.....	\$ 123,023			\$ 79,137		
	=====			=====		
Net interest and dividend income.....		\$ 11,730			\$ 10,740	
		=====			=====	
Interest rate spread.....			3.24%			3.24%
			====			====
Net interest margin.....			3.76%			3.60%
			====			====
Net interest and dividend income to total average assets.....			3.64%			3.44%
			====			====

- (1) Nonperforming loans are included in average balance computations.
- (2) Balances are reflected net of unearned income.
- (3) Includes commercial mortgage loans.
- (4) Includes securities available-for-sale.
- (5) Includes investment in reverse mortgages.

## Six Months Ended June 30,

	1996			1995		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
<b>Assets</b>						
Interest-earning assets:						
Loans (1) (2):						
Real estate loans (3).....	\$586,540	\$ 27,317	9.31%	\$ 542,857	\$ 24,993	9.21%
Commercial loans.....	25,694	1,263	9.72	25,528	1,470	11.45
Consumer loans .....	202,069	9,343	9.30	173,071	8,159	9.51
	-----	-----		-----	-----	
Total loans.....	814,303	37,923	9.31	741,456	34,622	9.34
Mortgage-backed securities (4).....	274,043	9,107	6.65	258,656	8,581	6.64
Loans held for sale (2).....	5,516	201	7.29	648	32	9.88
Investment securities (4).....	29,011	950	6.55	65,601	2,115	6.45
Other interest-earning assets (5)....	93,438	3,727	7.98	99,204	4,159	8.38
	-----	-----		-----	-----	
Total interest-earning assets.....	1,216,311	51,908	8.54	1,165,565	49,509	8.50
	-----	-----		-----	-----	
Allowance for loan losses.....	(24,501)			(21,606)		
Cash and due from banks.....	23,504			26,788		
Other noninterest-earning assets.....	41,363			50,831		
	-----			-----		
Total assets.....	\$1,256,677			\$1,221,578		
	=====			=====		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Money market and interest- bearing demand.....	\$ 55,070	700	2.56	\$ 83,455	1,096	2.65
Savings.....	157,374	2,010	2.57	182,100	2,234	2.47
Time.....	454,670	12,864	5.69	493,499	14,333	5.86
	-----	-----		-----	-----	
Total interest-bearing deposits..	667,114	15,574	4.69	759,054	17,663	4.69
FHLB advances.....	313,107	9,205	5.91	226,270	6,797	6.06
Senior Notes.....	29,405	1,675	11.39	31,584	1,799	11.39
Other borrowed funds.....	87,208	2,542	5.83	75,475	2,394	6.34
	-----	-----		-----	-----	
Total interest-bearing liabilities.	1,096,834	28,996	5.29	1,092,383	28,653	5.25
	-----	-----		-----	-----	
Noninterest-bearing demand deposits...	66,121			63,484		
Other noninterest-bearing liabilities.	17,832			15,726		
Stockholders' equity.....	75,890			49,985		
	-----			-----		
Total liabilities and stockholders' equity.....	\$1,256,677			\$1,221,578		
	=====			=====		
Excess of interest-earning assets over interest-bearing liabilities.....	\$ 119,477			\$ 73,182		
	=====			=====		
Net interest and dividend income.....		\$ 22,912			\$ 20,856	
		=====			=====	
Interest rate spread.....			3.25%			3.25 %
			====			====
Net interest margin.....			3.77%			3.58 %
			====			====
Net interest and dividend income to total average assets.....			3.65%			3.41 %
			====			====

(1) Nonperforming loans are included in average balance computations.

(2) Balances are reflected net of unearned income.

(3) Includes commercial mortgage loans.

(4) Includes securities available-for-sale.

(5) Includes investment in reverse mortgages.

Net interest income grew \$990,000 between the second quarter of 1996 and 1995 and \$2.1 million between the six months ended June 30, 1996 and 1995. This improvement reflects continued growth in the excess of interest-earning assets over interest-bearing liabilities and a 40% reduction in the levels of nonperforming assets between June 30, 1996 and 1995. Also, favorably impacting net interest income was the acquisition of a \$47.5 million portfolio of discounted commercial loans and commercial mortgages yielding approximately 18%. Partially offsetting these favorable variances was higher funding costs which resulted subsequent to the sale of \$197.3 million in deposits of the Corporation's former subsidiary, Fidelity Federal Savings and Loan, in the third quarter of 1995. These lower costing deposits were replaced with higher rate borrowings.

The net interest margin improved to 3.76% and 3.77% for the three and six months ended June 30, 1996, compared to 3.60% and 3.58% for the same respective periods last year. The net interest spread remained level at 3.24% and 3.25% between comparable three and six month periods.

Prevailing economic conditions greatly influence net interest income and the levels of interest-earning assets and interest-bearing liabilities. Management anticipates interest rates to remain relatively level during 1996 as economic growth stabilizes. The projected interest rate environment in conjunction with current asset/liability management strategies are anticipated to favorably impact net interest income.

Provision for Loan Losses

The following table presents a summary of the changes in the allowance for loan losses during the periods indicated:

	Six Months Ended June 30, 1996	Year Ended December 31, 1995
	-----	-----
	(Dollars in Thousands)	
Beginning balance.....	\$24,167	\$21,700
Transfer from lease residual reserve.....	362	
Balance at acquisition for discounted commercial mortgages.....		2,600
Provision for loan losses.....	808	1,403
Charge-offs:		
Residential real estate.....	40	154
Commercial real estate (1).....	172	814
Commercial.....	495	404
Consumer (2).....	387	826
Total charge-offs.....	----- 1,094	----- 2,198
Recoveries:		
Residential real estate.....	14	1
Commercial real estate (1).....	2	293
Commercial.....	3	169
Consumer (2).....	138	199
Total recoveries.....	----- 157	----- 662
Net charge-offs.....	----- 937	----- 1,536
Ending balance.....	----- \$24,400	----- \$24,167
Net charge-offs to average gross loans outstanding, net of unearned income (3).....	----- .23%	----- .20%

- (1) Includes commercial mortgages and construction loans.
- (2) Includes lease financings.
- (3) Ratio for the six months ended June 30, 1996 is annualized.

The provision for loan losses decreased by \$199,000 between the six months ended June 30, 1996 and 1995. The reduction in the provision between periods corresponds to the continued decrease in the level of nonperforming loans between the same periods. One significant charge-off of a \$495,000 nonaccruing commercial loan was recorded during the first half of 1996. The ratio of net charge-offs to average gross loans outstanding (net of unearned income) was .23% for the six months ended June 30, 1996 as compared to .20% for the year ended December 31, 1995.

#### Other Income and Expenses

Other income for the three months ended June 30, 1996 exceeded the same quarter in 1995 by \$55,000. Other income for the six months ended June 30, 1996 was \$27,000 lower than the comparable period in 1995. This decrease between periods was primarily the result of net losses in the disposition of securities in 1996. The three and six month periods were both favorably impacted by higher loan servicing fee income.

Other expenses for the second quarter of 1996 were \$1.3 million lower than the same period last year. Salary related expenses were reduced \$527,000 as a result of a decrease in the number of full time equivalent employees and a reduction in expenses associated with stock appreciation rights. In addition, federal deposit insurance premiums and the net costs of foreclosed assets declined \$491,000 and \$311,000, respectively, between comparable three month periods. The decrease in deposit insurance premiums resulted from a significantly lower assessment rate. Lower costs of foreclosed assets reflect a 40% reduction in the level of nonperforming assets between June 30, 1996 and 1995.

Other expenses for the six months ended June 30, 1996 were \$2.4 million below the first half of 1995. Consistent with the second quarter results, the six month period was impacted by lower deposit insurance premiums, the net costs of foreclosed assets and salary related expenses. These expenses were reduced \$980,000, \$693,000 and \$475,000, respectively.

Management continues to review existing operations as well as other income opportunities in order to enhance earnings. Accordingly, other income and expenses may fluctuate during the year.

#### Income Taxes

The Corporation and its subsidiaries file a consolidated federal income tax return and separate state income tax returns. The Corporation recorded a provision for income taxes during the three and six months ended June 30, 1996 of \$1.8 million and \$3.3 million, respectively, compared to income tax benefits of \$588,000 and \$1.1 million for the same periods in 1995. The benefits recognized in 1995 reflect the utilization of net operating loss carry-forwards. As of December 31, 1995, such carry-forwards were substantially utilized.

The Corporation analyzes its projections of taxable income on an ongoing basis and makes adjustments to its provision for incomes taxes accordingly.



PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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(a) None

(b) No current reports on Form 8-K were filed during the quarter.

SIGNATURES

Pursuant to the requirements 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: August 13, 1996 /s/ MARVIN N. SCHOENHALS  
-----  
Marvin N. Schoenhals  
Chairman, President and Chief Executive Officer

Date: August 13, 1996 /s/ R. WILLIAM ABBOTT  
-----  
R. William Abbott  
Executive Vice President and  
Chief Financial Officer

6-MOS  
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JAN-01-1996  
JUN-30-1996  
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