

CPP ANNUAL USE OF CAPITAL SURVEY - 2012



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Wilmington Savings Fund Society, FSB Holding Company: WSFS Financial Corporation

Person to be contacted regarding this report:	James J. Lucianetti, SVP - Director of Internal Audit	RSSD: (For Bank Holding Companies)	437914-Wilmington Savings Fun
UST Sequence Number:	514	Holding Company Docket Number: (For Thrift Holding Companies)	H-1232
CPP/CDCI Funds Received:	52,625,000	FDIC Certificate Number: (For Depository Institutions)	17838
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	Jan 23, 2009	City:	Wilmington
Date Repaid ¹ :	Mar 28, 2012	State:	Delaware

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Once again, WSFS appreciates the bold actions of the US Treasury and regulatory agencies during the financial crisis to stabilize the economy. WSFS participated in the CPP program to further those ends. We are, therefore, pleased to present our progress on the use of those funds and ho
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The increase in lending was primarily in Commercial & Industrial (C&I) loans.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The Bank continues to use its capital to maintain a portfolio of Agency mortgage-backed securities (MBS) with moderate durations, strong cash flows and significant liquidity. During 2012, as part of the "Asset Strategies", the Bank restructured its MBS portfolio. This strategy involved t

<input checked="" type="checkbox"/>	Make other investments	The Bank continues to invest in its franchise and in the community by opening new branch offices. During 2012, the Bank opened two new branch offices and relocated/renovated one other branch office to a new location. In addition, the Bank expanded corporate space by leasing 28,000
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Total non-performing assets decreased from \$91.7 million in 2011 to \$62.5 million at December 31, 2012. The improvement in non-performing assets reflects the success of our significant asset disposition efforts (including the second quarter 2012 "Asset Strategies") aimed at reducing problem loans. T
<input checked="" type="checkbox"/>	Reduce borrowings	The Bank's total wholesale borrowings decreased \$141.4 million as a result of the growth in customer deposits of \$246 million.
<input checked="" type="checkbox"/>	Increase charge-offs	Overall, loan charge-offs increased from \$32.3 million in 2011 to \$41.2 million in 2012. This increase reflected \$16.4 million related to our second quarter 2012 "Asset Strategies" and another \$1.3 million related to recent regulatory guidance regarding loans discharged under Chapter 7 bankruptc
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	WSFS did not purchase another financial institution or assets from another financial institution during 2012.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	In July 2009, the Holding Company contributed \$34.2 million of TARP capital to the Bank (Wilmington Savings Fund Society, FSB). This contribution brought the total amount of TARP capital contributed to the Bank to 90% of the original amount. In December 2010, the Holding Comp

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

<p>WSFS has taken a number of actions during 2012. These actions are part of the Bank's business plan or are normal banking activities conducted by the Bank. However, the capital infusion of CPP funds was an aid in assisting the Bank with these actions and it is reasonable to assume that had we not taken CPP funds we would not have been able to do some, or many of these actions. These actions include the following:</p> <ul style="list-style-type: none"> • The Bank increased net loans \$23.9 million, or 1% compared to December 31, 2011. This increase included growth of \$45 million, or 2%, in total commercial loans, which was partially offset by a \$30.1 million decline in residential mortgage and consumer loans. These results included the impact of the Bank's Asset Strategies that included bulk sales of \$42.7 million of problem loans during the second quarter, and \$22.3 million of problem loans during the third quarter, which assisted in improving overall Asset Quality. • The Bank continued to use its capital to maintain a portfolio of Agency mortgage-backed securities (MBS) with moderate durations, strong cash flows and significant liquidity. During 2012 as part of the "Asset Strategies", the Bank restructured its MBS portfolio. This strategy involved the sale and reinvestment (purchases) of a substantial portion of the portfolio. During 2012, the Bank increased its holdings of MBS securities by \$41.1 million from December 31, 2011. • WSFS' capital position improved during 2012. Shareholder's Equity was \$421.1 million at December 31, 2012; compared to \$392.1 million at December 31, 2011. This is an increase of \$29 million to support our growth and strength. • The Bank continues to invest in its franchise and in the community by opening new branch offices. During 2012, the Bank opened two new branch offices and relocated/renovated one other branch office to a new location. In addition, the Bank expanded corporate space by leasing 28,000 square feet of office space to house its Operations Center to accommodate recent and future growth. This investment in expansion has resulted in the Bank having made 32 adds-to-staff in 2012, as well as anticipating having nine new adds-to-staff in its 2013 budget. WSFS continues its expansion during a time where the national unemployment rate at December 31, 2012 was at 7.8%, and the State of Delaware's unemployment rate was at 6.9%, further supporting the local economy. • The Bank's total wholesale borrowings decreased \$141.4 million as a result of the growth in customer deposits of \$246 million.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank's business plan or normal banking activities include the following actions. The capital infusion of CPP funds continued to be an aid in assisting WSFS with a number of these actions during 2012. These actions included: 1) a net increase in loan balances; 2) the purchase of MBS; 3) an improvement in WSFS' capital position; 4) the continued investment in the Bank's franchise; 5) the Bank's continuing efforts to work with its borrowers regarding loan modifications, and 6) the Bank's participation in a number of Federal and State programs as indicated below.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The Bank has provided loans or participated in a number of initiatives to support economic development and recovery in Delaware. The infusion of CPP funds was an aid in assisting the Bank in taking these initiatives. A sample of these initiatives is listed below:

- Amazon Middletown Distribution Center - During the first quarter of 2012, WSFS approved a \$1.5 million line of credit for a local construction company to do site preparation work, which provided a major employment boost.
- Henrietta Johnson Medical Center – WSFS provided \$1.1 million in bridge financing for the renovation of the Henrietta Johnson Medical Center in a low-income neighborhood in South Wilmington. The renovated facility significantly expanded the capacity of the organization to provide needed dental services in the community.
- Wilmington Public Library – The Bank issued a \$4 million construction loan for the renovation of the Wilmington Public Library located on Rodney Square in downtown Wilmington. The \$10 million renovation is financed by a combination of State and County funds, the sale of library asset and public fundraising. WSFS Bank will also purchase \$3 million in State of Delaware historic tax credits to provide a portion of the permanent financing. The modernization of the library will provide greater library access for Wilmington residents and will also provide public meeting spaces for community use.
- Washington Square Preservation Associates - WSFS provided a \$5.5 construction loan for the renovation of 100 rental units in the Washington Square apartment complex in Harrisburg, PA. The project is financed through the Federal Low Income Housing Tax Credit (LIHTC) program and provides rental units at subsidized rents for low to moderate-income individuals and families. Leon Weiner & Associates is a Delaware-based company that has developed and manages multiple LIHTC projects in the mid-Atlantic area.
- Boys and Girls Clubs of Delaware – WSFS provided \$1 million in working capital funding and \$3.7 million for a refinance of debt for existing buildings for the Boys and Girls Clubs of Delaware. The organization serves children throughout Delaware with after school programs, mentoring and summer camps.
- WSFS Small Business Loans-for-Jobs Creation Program – In the fourth quarter of 2011, WSFS introduced the Small Business Loans-for-

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