



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Institution: Wilmington Savings Fund Society, FSB	Holding Company: WSFS Financial Corporation
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Person to be contacted regarding this report:	Thomas W. Kearney, SVP - Corporate Auditor	RSSD: <small>(For Bank Holding Companies)</small>	
CPP Funds Received:	\$52,625,000	Holding Company Docket Number: <small>(For Thrift Holding Companies)</small>	H-1232
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: <small>(For Depository Institutions)</small>	17838
Date Funded (first funding):	1/23/2009	City:	Wilmington
Date Repaid ¹ :		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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	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 how our use is both consistent with the Treasury's goals and our stated Mission at WSFS, "We Stand For Service and strengthening our communities." WSFS continues to lend to our customers. During 2009, the Bank increased net loans \$35.3 million, or 1%. This is despite a \$34.1 million desired decrease in the Bank's construction and land development portfolio and the offset of a \$30.4 million loan which was removed from loan balances, under applicable accounting standards, principally because it was secured by a WSFS certificate of deposit. This growth came at a time when other financial institutions' loan balances were decreasing. According to a Federal Reserve statistical release, net loans and leases of commercial banks in the United States decreased by 7% for the year ended December 31, 2009. In addition, the Bank sold residential real estate loans totaling \$269.4 million and commercial real estate loans totaling \$23.5 million during 2009. The Bank's increase in net loans would have been even stronger had these loans been held in the Bank's portfolio rather than sold in the secondary market.
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<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.).	<p>The increase in lending was primarily in the Commercial & Industrial (C&I) loan portfolio with a modest increase in the Consumer loan portfolio.</p>
<input checked="" type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	<p>The Bank has purchased agency and non-agency mortgage-backed securities (MBS) with short durations, strong cash flows and significant liquidity. The Bank believes these purchases are consistent with the Treasury's intentions for the use of CPP funds (which include improving the liquidity, pricing and rates in the mortgage market in general), and are consistent with the information provided in the Bank's application for the use of CPP funds. During 2009, the Bank purchased a total of \$340 million of MBS.</p>
<input checked="" type="checkbox"/> Make other investments	<p>The Bank continues to invest in its franchise and in the community by opening new branch offices. During 2009, the Bank opened two new branch offices. In addition, the Bank plans to open three new branch offices during 2010. This investment in expansion has resulted in the Bank having 37 approved adds-to-staff in its 2009 budget and 45 adds-to-staff in its 2010 budget. This is during a time period when the unemployment rate for the State of Delaware has increased from 7.0% in January 2009 to 8.8% in December 2009.</p>
<input checked="" type="checkbox"/> Increase reserves for non-performing assets	<p>The Allowance for Loan Losses (ALLL) was \$53.4 million at December 31, 2009. The ALLL was \$31.2 million at December 31, 2008. This is an increase of \$22.2 million.</p>

☒	Reduce borrowings	Primarily as the result of improved deposit gathering, the Bank significantly reduced its borrowings during 2009. FHLB advances were \$613.1 million at December 31, 2009, compared to \$816.0 million at December 31, 2008. This is a decrease of \$202.9 million. In addition, the Bank decreased other borrowings by \$9.1 million during the year.
☒	Increase charge-offs	Loan charge-offs increased during 2009. Commercial loan charge-offs for 2009 were \$21.2 million; compared to \$14.1 million for 2008. Consumer loan charge-offs were \$2.4 million for 2009; compared to \$1.5 million for 2008. Residential Mortgage charge-offs were \$1.1 million for 2009; compared to \$0.6 million for 2008.
☒	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 2009.
☒	Held as non-leveraged increase to total capital	The CPP funds were received by WSFS Financial Corporation. The Corporation has down-streamed 90% of these funds to Wilmington Savings Fund Society, FSB (WSFS Bank). Accordingly, the Corporation still maintains 10% of these funds as non-leveraged capital to help support required dividends on the CPP to the US Treasury.

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

WSFS has taken a number of actions during 2009. 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. These actions include the following:

- The Bank increased net loans \$35.3 million, or 1%. This is despite a \$34.1 million desired decrease in the Bank's construction and land development portfolio and the offset of a \$30.4 million loan which was removed from loan balances, under applicable accounting standards, principally because it was secured by a WSFS certificate of deposit. This growth came at a time when other financial institutions' loan balances were decreasing. According to a Federal Reserve statistical release, net loans and leases of commercial banks in the United States decreased by 7% for the year-ended December 31, 2009.
- The Bank has purchased Agency and Non-agency mortgage backed securities (MBS) with short durations, strong cash flows and significant liquidity. During 2009, the Bank purchased a total of \$340 million of MBS.
- WSFS' capital position improved during 2009. Shareholder's Equity was \$301.8 million at December 31, 2009; compared to \$216.6 million at December 31, 2008. This is an increase of \$85.2 million.
- The Bank continues to invest in its franchise by opening new branch offices. During 2009, the Bank opened two new branches. In addition, the Bank plans to open three branches during 2010. The investment in its franchise has resulted in the Bank having 37 approved adds-to-staff in its 2009 budget and 45 adds-to-staff in its 2010 budget. This is during a time period when the unemployment rate for the State of Delaware has increased from 7.0% in January 2009 to 8.8% in December 2009.
- The Bank significantly reduced its borrowings during 2009. FHLB advances were \$613.1 million at December 31, 2009, compared to \$816.0 million at December 31, 2008. This is a decrease of \$202.9 million. In addition, the Bank decreased other borrowings by \$9.1 million during the year.

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

The Bank's business plan or normal banking activities include the following actions. The capital infusion of CPP funds was an aid in assisting WSFS with a number of these actions during 2009. These actions included: 1) a net increase in loan balances; 2) the purchase of a significant amount of MBS; 3) a significant improvement in WSFS' capital position; 4) the continued investment in the Bank's franchise; 5) a significant reduction in borrowings; 6) the expansion of the Bank's mortgage loan modification program, and 7) the Bank's participation in a number of Federal and State programs such as the Delaware Economic Development Office's (DEDO) Delaware Lift Program, the DEDO's Delaware Access Program, the American Recovery and Reinvestment Act's (ARRA) America Recovery Capital Program, etc. (see further detail below).

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

The Bank has lent 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. These initiatives are listed below:

- WSFS was one of seven banking companies (and the only Delaware bank) who participated in a \$46.7 million bridge loan to Boscov's department store. The loan was to allow the purchase of the department store chain (headquartered in Reading, PA with stores in our market) out of bankruptcy by its co-founder Albert Boscov and preserved 9,000 jobs. WSFS' portion of this loan was \$2 million.
- Participated with the Delaware Economic Development Office (DEDO) in designing and implementing the Delaware LIFT (Limited Investment for Financial Traction) program to provide interest relief on lines of credit for WSFS small business customers resulting in 17 participants with \$1.6 million of outstandings as of December 31, 2009 (approximately half of the participants statewide).
- The Bank temporarily suspended all foreclosures on owner occupied homes that we own and service for a period of 30 days until March 14, 2009. Also, while there is no formal allocation of funds to foreclosure mitigation, the Bank has completed a number of modifications and restructurings designed to help our customers stay in their homes. The Bank has had a loan modification program in place for several years and since the receipt of the CPP funds in January 2009, there has been a significant increase in the number of loan modifications. Since January 2009, we have 61 loans for a total of \$15.7 million. This amount represents more than 25% of the CPP funds we received from the U.S. Treasury.
- Coordinated with DEDO on the extension of a \$1.0 million SBA loan from WSFS and a \$645,000 subordinated loan from DEDO for the expansion of PTM Manufacturing, Inc. to create jobs in the local community.
- Continued support of policies and procedures for participation in the Delaware Access program through DEDO, which provides matching funds for a loan loss reserve for small business loans with a total of 39 loans with \$4.1 million outstanding and a loan loss reserve of \$698,000, including 13 loans for \$1.63 million in 2009.
- Worked with Business Banking loan officers and Small Business Banking underwriting to provide technical assistance for SBA 7(a) applications under the American Recovery and Reinvestment Act (ARRA) federal stimulus, including implementation of the ETrans online application process and preparing authorizations for loans resulting in 6 loans for \$3.7 million (including the \$1 million loan above for PTM Manufacturing).
- Implemented procedures for the SBA America's Recovery Capital (ARC) program under the ARRA Federal stimulus program and extended 2 loans totaling \$70,000 to provide principal and interest relief for two WSFS customers.
- Closed a \$1.1 million construction loan for Connections CSP, Inc. for the rehabilitation of two commercial buildings on Washington Street in downtown Wilmington to provide 31 affordable housing units for individuals with mental health and/or substance abuse issues; the financing is in partnership with the Delaware State Housing Authority which used Federal Economic stimulus funds under the Tax Credit Assistance Program (TCAP) portion of ARRA.
- The Bank announced its relationship as the primary lender for the new Wilmington Organic Recycling Center (WORC) being constructed in Wilmington, DE. The WORC will be the largest state-of-the-art food and yard waste composting facility on the East Coast. The new facility will reduce the amount of waste currently placed in landfills and add 15 new jobs in the community.
- During the unstable economic climate of 2009, WSFS remained stable in its unwavering commitment to community by contributing over 50% of the Bank's net income to our non-profit partners. WSFS has an enduring history of corporate philanthropy that has continued despite the challenges of the recession. Our primary focus has been to assist the underserved by funding programs that support health and social service agencies, programs for the homeless and educational programs for our youth. In addition, over half of WSFS Associates volunteer in some capacity in our community.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.