

**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 September 30, 2024

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 001-35638

**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 Number)

500 Delaware Ave,  
Wilmington, Delaware, 19801  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (302) 792-6000

Not Applicable

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	WSFS	Nasdaq Global Select Market

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 by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of the issuer's common stock, as of the latest practicable date: 58,897,850 shares as of October 31, 2024.

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**WSFS FINANCIAL CORPORATION**  
**FORM 10-Q**  
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## **FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q, and exhibits hereto, contains estimates, predictions, opinions, projections and other “forward-looking statements” as that phrase is defined in the Private Securities Litigation Reform Act of 1995. Such statements include, without limitation, references to the Company’s predictions or expectations of future business or financial performance as well as its goals and objectives for future operations, financial and business trends, business prospects and management’s outlook or expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality or other future financial or business performance, strategies or expectations. The words “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project” and similar expressions, among others, generally identify forward-looking statements. Such forward-looking statements are based on various assumptions (some of which may be beyond the Company’s control) and are subject to risks and uncertainties (which change over time) and other factors which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include, but are not limited to:

- difficult market conditions and unfavorable economic trends in the United States generally and in financial markets, particularly in the markets in which the Company operates and in which its loans are concentrated, including difficult and unfavorable conditions and trends related to housing markets, costs of living, unemployment levels, interest rates, supply chain issues, inflation, and economic growth;
- the impacts related to or resulting from bank failures and other economic and industry volatility, including potential increased regulatory requirements and costs and potential impacts to macroeconomic conditions;
- changes in market interest rates, which may increase funding costs and/or reduce earning asset yields and thus reduce margin;
- the impact of changes in interest rates and the credit quality and strength of underlying collateral and the effect of such changes on the market value of the Company’s investment securities portfolio, which could impact market confidence in our operations;
- possible additional loan losses and impairment of the collectability of loans;
- the Company’s level of nonperforming assets and the costs associated with resolving problem loans including litigation and other costs and complying with government-imposed foreclosure moratoriums;
- the credit risk associated with the substantial amount of commercial real estate, commercial and industrial, and construction and land development loans in the Company’s loan portfolio;
- the extensive federal and state regulation, supervision and examination governing almost every aspect of the Company’s operations, and potential expenses associated with complying with such regulations;
- the Company’s ability to comply with applicable capital and liquidity requirements, including its ability to generate liquidity internally or raise capital on favorable terms;
- possible changes in trade, monetary and fiscal policies and stimulus programs, laws and regulations and other activities of governments, agencies, and similar organizations, and the uncertainty of the short- and long-term impacts of such changes;
- any impairments of the Company’s goodwill or other intangible assets;
- the success of the Company’s growth plans;
- failure of the financial and/or operational controls of the Company’s Cash Connect<sup>®</sup> and/or Wealth Management segments;
- negative perceptions or publicity with respect to the Company generally and, in particular, the Company’s trust and wealth management business;
- adverse judgments or other resolution of pending and future legal proceedings, and cost incurred in defending such proceedings;
- the Company’s reliance on third parties for certain important functions, including the operation of its core systems, and any failures by such third parties;
- system failures or cybersecurity incidents or other breaches of the Company’s network security, particularly given remote working arrangements;
- the Company’s ability to recruit and retain key Associates;
- the effects of weather, including climate change, and natural disasters such as floods, droughts, wind, tornadoes and hurricanes as well as effects from geopolitical instability, armed conflicts, public health crises and man-made disasters including terrorist attacks;
- the effects of regional or national civil unrest (including any resulting branch or ATM closures or damage);
- possible changes in the speed of loan prepayments by the Company’s Customers and loan origination or sales volumes;



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- possible changes in market valuations and/or the speed of prepayments of mortgage-backed securities (MBS) due to changes in the interest rate environment and the related acceleration of premium amortization on prepayments in the event that prepayments accelerate;
- regulatory limits on the Company's ability to receive dividends from its subsidiaries and pay dividends to its stockholders;
- any reputation, credit, interest rate, market, operational, litigation, legal, liquidity, regulatory and compliance risk resulting from developments related to any of the risks discussed above;
- any compounding effects or unexpected interactions of the risks discussed above; and
- other risks and uncertainties, including those discussed herein under the heading "Risk Factors" and in other documents filed by the Company with the Securities and Exchange Commission (SEC) from time to time.

The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. The Company disclaims any duty to revise or update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company for any reason, except as specifically required by law.

As used in this Quarterly Report on Form 10-Q, the terms "WSFS", "the Company", "registrant", "we", "us", and "our" mean WSFS Financial Corporation and its subsidiaries, on a consolidated basis, unless the context indicates otherwise.

The following are registered trademarks of the Company: Bryn Mawr Trust<sup>®</sup>, Cash Connect<sup>®</sup>, NewLane Finance<sup>®</sup>, Powdermill<sup>®</sup> Financial Solutions, WSFS Institutional Services<sup>®</sup>, WSFS Mortgage<sup>®</sup> and WSFS Wealth<sup>®</sup> Investments. Any other trademarks appearing in this Quarterly Report on Form 10-Q are the property of their respective holders.

**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(Dollars in thousands, except per share and share data)</i>				
<b>Interest income:</b>				
Interest and fees on loans and leases	\$ 235,977	\$ 218,903	\$ 691,495	\$ 620,511
Interest on mortgage-backed securities	25,348	26,654	77,029	81,310
Interest and dividends on investment securities:				
Taxable	699	699	2,098	2,103
Tax-exempt	1,485	1,481	4,453	4,496
Other interest income	9,875	3,402	25,168	10,871
	<u>273,384</u>	<u>251,139</u>	<u>800,243</u>	<u>719,291</u>
<b>Interest expense:</b>				
Interest on deposits	80,647	57,255	230,135	142,501
Interest on Federal Home Loan Bank advances	1,472	167	2,139	5,135
Interest on senior and subordinated debt	2,446	2,453	7,336	7,360
Interest on federal funds purchased	31	185	72	1,324
Interest on trust preferred borrowings	1,749	1,764	5,255	4,954
Interest on other borrowings	9,535	6,713	28,075	11,041
	<u>95,880</u>	<u>68,537</u>	<u>273,012</u>	<u>172,315</u>
Net interest income	<u>177,504</u>	<u>182,602</u>	<u>527,231</u>	<u>546,976</u>
Provision for credit losses	<u>18,422</u>	<u>18,414</u>	<u>53,374</u>	<u>63,255</u>
Net interest income after provision for credit losses	<u>159,082</u>	<u>164,188</u>	<u>473,857</u>	<u>483,721</u>
<b>Noninterest income:</b>				
Credit/debit card and ATM income	24,621	14,869	68,165	42,660
Investment management and fiduciary income	36,648	32,720	107,182	95,575
Deposit service charges	6,837	6,534	19,820	18,850
Mortgage banking activities, net	2,067	1,254	5,931	3,680
Loan and lease fee income	1,513	1,621	4,742	4,183
Unrealized loss on equity investments, net	—	(5)	—	(9)
Realized gain on sale of equity investments, net	56	—	2,186	—
Bank owned life insurance income	1,540	1,697	3,533	3,967
Other income	16,876	13,978	46,054	33,760
	<u>90,158</u>	<u>72,668</u>	<u>257,613</u>	<u>202,666</u>
<b>Noninterest expense:</b>				
Salaries, benefits and other compensation	86,124	74,453	245,179	219,669
Occupancy expense	9,595	9,529	28,461	30,069
Equipment expense	12,076	10,563	34,822	31,165
Data processing and operations expenses	4,985	4,867	13,452	14,362
Professional fees	3,819	4,612	13,081	15,169
Marketing expense	2,053	2,049	5,855	5,930
FDIC expenses	2,882	2,534	9,254	7,979
Loan workout and other credit costs	1,684	(189)	1,477	292
Corporate development expense	46	113	412	3,649
Restructuring expense	—	—	—	(787)
Other operating expense	40,459	31,158	116,570	86,490
	<u>163,723</u>	<u>139,689</u>	<u>468,563</u>	<u>413,987</u>
Income before taxes	<u>85,517</u>	<u>97,167</u>	<u>262,907</u>	<u>272,400</u>
Income tax provision	<u>21,108</u>	<u>22,904</u>	<u>63,567</u>	<u>66,880</u>
Net income	<u>\$ 64,409</u>	<u>\$ 74,263</u>	<u>\$ 199,340</u>	<u>\$ 205,520</u>
Less: Net (loss) income attributable to noncontrolling interest	<u>(26)</u>	<u>97</u>	<u>(129)</u>	<u>272</u>
Net income attributable to WSFS	<u>\$ 64,435</u>	<u>\$ 74,166</u>	<u>\$ 199,469</u>	<u>\$ 205,248</u>
<b>Earnings per share:</b>				
Basic	\$ 1.09	\$ 1.22	\$ 3.34	\$ 3.35
Diluted	\$ 1.08	\$ 1.22	\$ 3.33	\$ 3.34
<b>Weighted average shares of common stock outstanding:</b>				
Basic	59,185,848	60,941,922	59,788,212	61,264,862
Diluted	59,393,651	61,039,317	59,956,324	61,367,802

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.





**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 64,409	\$ 74,263	\$ 199,340	\$ 205,520
Less: Net (loss) income attributable to noncontrolling interest	(26)	97	(129)	272
Net income attributable to WSFS	64,435	74,166	199,469	205,248
Other comprehensive income (loss):				
Net change in unrealized gains (losses) on investment securities available-for-sale				
Net unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$40,491, \$(40,270), \$24,984, and \$(36,278), respectively	128,223	(127,523)	79,116	(114,880)
Net change in securities held-to-maturity				
Amortization of net unrealized losses on available-for-sale securities reclassified to held-to-maturity, net of tax benefit of \$1,252, \$1,379, \$3,613, and \$4,080, respectively	3,965	4,366	11,442	12,924
Net change in unfunded pension liability				
Change in unfunded pension liability related to unrealized gain and prior service cost, net of tax expense of \$17, \$16, \$72, and \$44, respectively	(53)	(51)	(229)	(140)
Net change in cash flow hedge				
Net unrealized gain (loss) arising during the period, net of tax expense (benefit) of \$3,386, \$(508), \$1,169, and \$(869), respectively	10,722	(1,608)	3,702	(2,752)
Amortization of unrealized gain on terminated cash flow hedges, net of tax benefit of \$—, \$9, \$—, and \$34, respectively	—	(28)	—	(107)
	10,722	(1,636)	3,702	(2,859)
Net change in equity method investments				
Net change in other comprehensive income of equity method investments, net of tax expense (benefit) of \$1, \$61, \$(18), and \$28, respectively	4	192	(57)	88
Total other comprehensive income (loss)	142,861	(124,652)	93,974	(104,867)
Total comprehensive income (loss)	\$ 207,296	\$ (50,486)	\$ 293,443	\$ 100,381

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Unaudited)

(Dollars in thousands, except per share and share data)	<b>September 30, 2024</b>	December 31, 2023
<b>Assets:</b>		
Cash and due from banks	\$ 571,798	\$ 629,310
Cash in non-owned ATMs	414,931	458,889
Interest-bearing deposits in other banks including collateral (restricted cash) of \$3,730 at September 30, 2024 and \$4,270 at December 31, 2023	4,189	4,701
Total cash, cash equivalents, and restricted cash	990,918	1,092,900
Investment securities, available-for-sale (amortized cost of \$4,290,823 at September 30, 2024 and \$4,504,342 at December 31, 2023)	3,737,119	3,846,537
Investment securities, held-to-maturity, net of allowance for credit losses of \$7 at September 30, 2024 and \$8 at December 31, 2023 (fair value \$958,969 at September 30, 2024 and \$985,931 at December 31, 2023)	1,026,305	1,058,557
Other investments	16,976	17,434
Loans, held for sale at fair value	42,121	29,268
Loans and leases, net of allowance for credit losses of \$197,490 at September 30, 2024 and \$186,126 at December 31, 2023	13,124,684	12,583,202
Bank owned life insurance	35,658	42,762
Stock in Federal Home Loan Bank (FHLB) of Pittsburgh at cost	17,497	15,398
Other real estate owned	1,301	1,569
Accrued interest receivable	87,360	85,979
Premises and equipment	104,401	104,484
Goodwill and intangible assets	992,163	1,004,560
Other assets	728,706	712,022
<b>Total assets</b>	<b>\$ 20,905,209</b>	<b>\$ 20,594,672</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$ 4,685,957	\$ 4,917,297
Interest-bearing	11,741,074	11,556,789
Total deposits	16,427,031	16,474,086
FHLB advances	43,158	—
Trust preferred borrowings	90,785	90,638
Senior and subordinated debt	218,573	218,400
Other borrowed funds	722,645	586,038
Accrued interest payable	73,418	46,684
Other liabilities	662,584	709,011
<b>Total liabilities</b>	<b>18,238,194</b>	<b>18,124,857</b>
<b>Stockholders' Equity:</b>		
Common stock \$0.01 par value, 90,000,000 shares authorized; issued 76,246,771 at September 30, 2024 and 76,095,094 at December 31, 2023	762	761
Capital in excess of par value	1,994,072	1,984,746
Accumulated other comprehensive loss	(500,017)	(593,991)
Retained earnings	1,816,143	1,643,657
Treasury stock at cost, 17,213,764 shares at September 30, 2024 and 15,557,263 shares at December 31, 2023	(632,696)	(557,537)
<b>Total stockholders' equity of WSFS</b>	<b>2,678,264</b>	<b>2,477,636</b>
Noncontrolling interest	(11,249)	(7,821)
<b>Total stockholders' equity</b>	<b>2,667,015</b>	<b>2,469,815</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 20,905,209</b>	<b>\$ 20,594,672</b>

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(Unaudited)

**Three Months Ended September 30, 2024**

*(Dollars in thousands, except per share and share amounts)*

	Shares	Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders' Equity of WSFS	Non-controlling Interest	Total Stockholders' Equity
Balance, June 30, 2024	76,208,354	\$ 762	\$ 1,989,289	\$ (642,878)	\$ 1,760,598	\$ (618,191)	\$ 2,489,580	\$ (11,223)	\$ 2,478,357
Net income (loss)	—	—	—	—	64,435	—	64,435	(26)	64,409
Other comprehensive income	—	—	—	142,861	—	—	142,861	—	142,861
Cash dividend, \$0.15 per share	—	—	—	—	(8,890)	—	(8,890)	—	(8,890)
Issuance of common stock including proceeds from exercise of common stock options <sup>(1)</sup>	38,417	—	1,436	—	—	—	1,436	—	1,436
Stock-based compensation expense	—	—	2,813	—	—	—	2,813	—	2,813
Repurchases of common shares <sup>(2)</sup>	—	—	534	—	—	(14,505)	(13,971)	—	(13,971)
Balance, September 30, 2024	<u>76,246,771</u>	<u>\$ 762</u>	<u>\$ 1,994,072</u>	<u>\$ (500,017)</u>	<u>\$ 1,816,143</u>	<u>\$ (632,696)</u>	<u>\$ 2,678,264</u>	<u>\$ (11,249)</u>	<u>\$ 2,667,015</u>

**Nine Months Ended September 30, 2024**

*(Dollars in thousands, except per share and share amounts)*

	Shares	Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Stockholders' Equity of WSFS	Non-controlling Interest	Total Stockholders' Equity
Balance, December 31, 2023	76,095,094	\$ 761	\$ 1,984,746	\$ (593,991)	\$ 1,643,657	\$ (557,537)	\$ 2,477,636	\$ (7,821)	\$ 2,469,815
Net income (loss)	—	—	—	—	199,469	—	199,469	(129)	199,340
Other comprehensive income	—	—	—	93,974	—	—	93,974	—	93,974
Cash dividend, \$0.45 per share	—	—	—	—	(26,983)	—	(26,983)	—	(26,983)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(3,299)	(3,299)
Issuance of common stock including proceeds from exercise of common stock options <sup>(3)</sup>	151,677	1	336	—	—	—	337	—	337
Stock-based compensation expense	—	—	8,990	—	—	—	8,990	—	8,990
Repurchases of common stock <sup>(4)</sup>	—	—	—	—	—	(75,159)	(75,159)	—	(75,159)
Balance, September 30, 2024	<u>76,246,771</u>	<u>\$ 762</u>	<u>\$ 1,994,072</u>	<u>\$ (500,017)</u>	<u>\$ 1,816,143</u>	<u>\$ (632,696)</u>	<u>\$ 2,678,264</u>	<u>\$ (11,249)</u>	<u>\$ 2,667,015</u>

<sup>(1)</sup> Issuance of common stock includes 1,610 shares withheld to cover tax liabilities.

<sup>(2)</sup> Repurchase of common stock includes 266,672 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors.

<sup>(3)</sup> Issuance of common stock includes 51,714 shares withheld to cover tax liabilities.

<sup>(4)</sup> Repurchase of common stock includes 1,656,501 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors.

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**Three Months Ended September 30, 2023**

<i>(Dollars in thousands, except per share and share amounts)</i>	<b>Shares</b>	<b>Common Stock</b>	<b>Capital in Excess of Par Value</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Total Stockholders' Equity of WSFS</b>	<b>Non-controlling Interest</b>	<b>Total Stockholders' Equity</b>
Balance, June 30, 2023	76,021,963	\$ 760	\$ 1,977,945	\$ (656,059)	\$ 1,523,849	\$ (531,836)	\$ 2,314,659	\$ (7,275)	\$ 2,307,384
Net income (loss)	—	—	—	—	74,166	—	74,166	97	74,263
Other comprehensive loss	—	—	—	(124,652)	—	—	(124,652)	—	(124,652)
Cash dividend, \$0.15 per share	—	—	—	—	(9,157)	—	(9,157)	—	(9,157)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(239)	(239)
Issuance of common stock including proceeds from exercise of common stock options	21,939	1	2,057	—	—	—	2,058	—	2,058
Stock-based compensation expense	—	—	1,472	—	—	—	1,472	—	1,472
Repurchases of common shares <sup>(1)</sup>	—	—	—	—	—	(15,751)	(15,751)	—	(15,751)
Balance, September 30, 2023	<u>76,043,902</u>	<u>\$ 761</u>	<u>\$ 1,981,474</u>	<u>\$ (780,711)</u>	<u>\$ 1,588,858</u>	<u>\$ (547,587)</u>	<u>\$ 2,242,795</u>	<u>\$ (7,417)</u>	<u>\$ 2,235,378</u>

**Nine Months Ended September 30, 2023**

<i>(Dollars in thousands, except per share and share amounts)</i>	<b>Shares</b>	<b>Common Stock</b>	<b>Capital in Excess of Par Value</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Total Stockholders' Equity of WSFS</b>	<b>Non-controlling Interest</b>	<b>Total Stockholders' Equity</b>
Balance, December 31, 2022	75,921,997	\$ 759	\$ 1,974,210	\$ (675,844)	\$ 1,411,243	\$ (505,255)	\$ 2,205,113	\$ (3,227)	\$ 2,201,886
Net income	—	—	—	—	205,248	—	205,248	272	205,520
Other comprehensive loss	—	—	—	(104,867)	—	—	(104,867)	—	(104,867)
Cash dividend, \$0.45 per share	—	—	—	—	(27,633)	—	(27,633)	—	(27,633)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(4,462)	(4,462)
Issuance of common stock including proceeds from exercise of common stock options	121,905	2	2,418	—	—	—	2,420	—	2,420
Stock-based compensation expense	—	—	7,211	—	—	—	7,211	—	7,211
Repurchases of common stock <sup>(2)</sup>	—	—	(2,365)	—	—	(42,332)	(44,697)	—	(44,697)
Balance, September 30, 2023	<u>76,043,902</u>	<u>\$ 761</u>	<u>\$ 1,981,474</u>	<u>\$ (780,711)</u>	<u>\$ 1,588,858</u>	<u>\$ (547,587)</u>	<u>\$ 2,242,795</u>	<u>\$ (7,417)</u>	<u>\$ 2,235,378</u>

<sup>(1)</sup> Repurchase of common stock includes 386,900 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors.

<sup>(2)</sup> Repurchase of common stock includes 1,006,178 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors, and 45,489 shares withheld to cover tax liabilities.

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**WSFS FINANCIAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(Dollars in thousands)</i>	Nine Months Ended September 30,	
	2024	2023
<b>Operating activities:</b>		
Net income	\$ 199,340	\$ 205,520
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	53,374	63,255
Depreciation of premises and equipment, net	10,678	13,552
Accretion of fees and discounts, net	(17,825)	(20,891)
Amortization of intangible assets	11,784	11,596
Amortization of right-of-use lease assets	7,713	11,559
Decrease in operating lease liability	(8,115)	(9,328)
Income from mortgage banking activities, net	(5,931)	(3,680)
Loss on sale of other real estate owned and valuation adjustments, net	296	195
Stock-based compensation expense	8,990	7,211
Unrealized loss on equity investments, net	—	9
Realized gain on sale of equity investments, net	(2,186)	—
Deferred income tax benefit	(1,989)	(1,681)
Increase in accrued interest receivable	(1,381)	(7,461)
Increase in other assets	(28,889)	(42,228)
Origination of loans held for sale	(281,945)	(206,979)
Proceeds from sales of loans held for sale	229,224	144,990
Decrease in value of bank owned life insurance	376	511
Increase in capitalized interest, net	(1,038)	(1,702)
Increase in accrued interest payable	26,734	37,307
(Decrease) increase in other liabilities	(38,351)	86,052
<b>Net cash provided by operating activities</b>	<b>\$ 160,859</b>	<b>\$ 287,807</b>
<b>Investing activities:</b>		
Repayments, maturities and calls of investment securities held-to-maturity	45,827	57,826
Purchases of investment securities available-for-sale	(51,641)	(21,080)
Repayments, maturities and calls of investment securities available-for-sale	262,808	269,156
Proceeds from bank-owned life insurance death benefit	112	—
Proceeds from bank-owned life insurance surrender	6,616	—
Net increase in loans	(272,276)	(486,508)
Net cash paid for business combinations	—	(3,000)
Purchase of loans held-for-investment	(269,635)	(238,047)
Purchases of stock of Federal Home Loan Bank of Pittsburgh	(360,603)	(119,479)
Redemptions of stock of Federal Home Loan Bank of Pittsburgh	358,504	131,396
Sales of other real estate owned	550	833
Investment in premises and equipment	(10,595)	(2,953)
Sales of premises and equipment	—	3
<b>Net cash used in investing activities</b>	<b>\$ (290,333)</b>	<b>\$ (411,853)</b>

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	Nine Months Ended September 30,	
	2024	2023
<i>(Dollars in thousands)</i>		
<b>Financing activities:</b>		
Net decrease in demand and saving deposits	\$ (352,369)	\$ (816,546)
Increase in time deposits	358,483	612,672
Decrease in brokered deposits	(51,676)	(33,486)
Receipts from FHLB advances	10,849,997	5,945,000
Repayments of FHLB advances	(10,806,839)	(6,295,000)
Receipts from federal funds purchased	380,001	6,033,000
Repayments of federal funds purchased	(380,001)	(6,008,000)
Receipts from Bank Term Funding Program	135,000	565,000
Distributions to noncontrolling shareholders	(3,299)	(4,462)
Cash dividend	(26,983)	(27,633)
Issuance of common stock including proceeds from exercise of common stock options	337	2,420
Redemption of senior and subordinated debt	—	(30,000)
Repurchases of common shares	(75,159)	(44,697)
<b>Net cash (used in) provided by financing activities</b>	<b>\$ 27,492</b>	<b>\$ (101,732)</b>
Decrease in cash, cash equivalents, and restricted cash	(101,982)	(225,778)
Cash, cash equivalents, and restricted cash at beginning of period	1,092,900	837,258
Cash, cash equivalents, and restricted cash at end of period	<b>\$ 990,918</b>	<b>\$ 611,480</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 246,279	\$ 135,008
Income taxes	56,638	72,789
<b>Non-cash information:</b>		
Loans transferred to other real estate owned	\$ 282	\$ 298
Loans transferred to portfolio from held-for-sale at fair value	43,499	68,022
Fair value of assets acquired, net of cash received	—	7,993
Fair value of liabilities assumed	—	4,993

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**WSFS FINANCIAL CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024**  
**(UNAUDITED)**

**1. BASIS OF PRESENTATION**

*General*

These unaudited Consolidated Financial Statements include the accounts of WSFS Financial Corporation (WSFS, and together with its subsidiaries, the Company), and its consolidated subsidiaries. WSFS' primary subsidiary is Wilmington Savings Fund Society, FSB (WSFS Bank or the Bank). As of September 30, 2024, the other subsidiaries of WSFS include The Bryn Mawr Trust Company of Delaware (BMT-DE), Bryn Mawr Capital Management, LLC (BMCM), WSFS Wealth Management, LLC (Powdermill®), WSFS SPE Services, LLC, and 601 Perkasio, LLC. The Company also has three unconsolidated subsidiaries: WSFS Capital Trust III, Royal Bancshares Capital Trust I, and Royal Bancshares Capital Trust II. WSFS Bank has two wholly-owned subsidiaries: Beneficial Equipment Finance Corporation (BEFC) and 1832 Holdings, Inc., and one majority-owned subsidiary, NewLane Finance Company (NewLane Finance®).

*Overview*

Founded in 1832, the Bank is one of the ten oldest bank and trust companies continuously operating under the same name in the United States (U.S.). The Company provides residential and commercial mortgage, commercial and consumer lending services, as well as consumer deposit and treasury management services. The Company's core banking business is commercial lending funded primarily by customer-generated deposits. In addition, the Company offers a variety of wealth management and trust services to individuals, institutions and corporations. The Federal Deposit Insurance Corporation (FDIC) insures the Company's customers' deposits to their legal maximums. The Company serves its customers primarily from 114 offices located in Pennsylvania (57), Delaware (39), New Jersey (14), Florida (2), Nevada (1) and Virginia (1), its ATM network, website at [www.wsfsbank.com](http://www.wsfsbank.com) and mobile app. Information on the website is not incorporated by reference into this Quarterly Report on Form 10-Q.

The Company's leasing business is conducted by NewLane Finance®. NewLane Finance® originates small business leases and provides commercial financing to businesses nationwide, targeting various equipment categories including technology, software, office, medical, veterinary and other areas. In addition, NewLane Finance® offers captive insurance through its subsidiary, Prime Protect.

*Basis of Presentation*

In preparing the unaudited Consolidated Financial Statements, the Company is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Amounts subject to significant estimates include the allowance for credit losses (including loans and leases held for investment, investment securities available-for-sale and held-to-maturity), loans held for sale, lending-related commitments, goodwill, intangible assets, post-retirement benefit obligations, the fair value of financial instruments, and income taxes. Among other effects, changes to these estimates could result in future impairments of investment securities, goodwill and intangible assets, the establishment of additional allowance and lending-related commitment reserves, changes in the fair value of financial instruments, as well as increased post-retirement benefits and income tax expense.

The Company's accounting and reporting policies conform to Generally Accepted Accounting Principles in the U.S. (GAAP), prevailing practices within the banking industry for interim financial information and Rule 10-01 of SEC Regulation S-X (Rule 10-01). Rule 10-01 does not require us to include all information and notes that would be required in audited financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any future quarters or for the year ending December 31, 2024. These unaudited, interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in the Annual Report on Form 10-K for the year ended December 31, 2023 (the 2023 Annual Report on Form 10-K) that was filed with the SEC on February 29, 2024 and is available at [www.sec.gov](http://www.sec.gov) or on the website at [www.wsfsbank.com](http://www.wsfsbank.com). All significant intercompany accounts and transactions were eliminated in consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies used in preparation of the Consolidated Financial Statements are disclosed in the Company's 2023 Annual Report on Form 10-K. Those significant accounting policies remain unchanged at September 30, 2024.

### **RECENT ACCOUNTING PRONOUNCEMENTS**

The following accounting pronouncements were adopted by the Company during the nine months ended September 30, 2024, but did not have a material impact on the unaudited Consolidated Financial Statements.

- ASU No. 2023-01, Leases (Topic 842) — *Common Control Agreements*
- ASU No. 2023-02, Investments — *Equity Method and Joint Ventures (Topic 323) Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*

There were no other applicable material accounting pronouncements adopted by the Company since December 31, 2023.

### *Accounting Guidance Pending Adoption as of September 30, 2024*

**ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07):** In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07 to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Adoption is required retrospectively for all prior periods presented in the financial statements. The Company is finalizing its assessment of this update and the impact on its disclosures. The Company will adopt this guidance beginning with its Annual Report on Form 10-K for the year ending December 31, 2024.

**ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09):** In December 2023, the FASB issued ASU 2023-09 to enhance the transparency and decision usefulness of income tax disclosures primarily related to the effective tax rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating this update to determine the impact on the Company's disclosures.



### 3. NONINTEREST INCOME

#### Credit/debit card and ATM income

The following table presents the components of credit/debit card and ATM income:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Bailment fees	\$ 19,616	\$ 9,982	\$ 53,399	\$ 28,051
Interchange fees	4,046	3,885	11,770	11,764
Other card and ATM fees	959	1,002	2,996	2,845
Total credit/debit card and ATM income	<u>\$ 24,621</u>	<u>\$ 14,869</u>	<u>\$ 68,165</u>	<u>\$ 42,660</u>

Credit/debit card and ATM income is composed of bailment fees, interchange fees, and other card and ATM fees. Bailment fees are earned from bailment arrangements with customers. Bailment arrangements are legal relationships in which property is delivered to another party without a transfer of ownership. The party who transferred the property (the bailor) retains ownership interest of the property. In the event that the bailee files for bankruptcy protection, the property is not included in the bailee's assets. The bailee pays an agreed-upon fee for the use of the bailor's property in exchange for the bailor allowing use of the assets at the bailee's site. Bailment fees are earned from cash that is made available for customers' use at an offsite location, such as cash located in an ATM at a customer's place of business. These fees are typically indexed to a market interest rate. This revenue stream generates fee income through monthly billing for bailment services.

Credit/debit card and ATM income also includes interchange fees. Interchange fees are paid by a merchant's bank to a bank that issued a debit or credit card used in a transaction to compensate the issuing bank for the value and benefit the merchant receives from accepting electronic payments. These revenue streams generate fee income at the time a transaction occurs and are recorded as revenue at the time of the transaction.

#### Investment management and fiduciary income

The following table presents the components of investment management and fiduciary income:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Trust fees	\$ 25,295	\$ 22,062	\$ 73,299	\$ 64,514
Wealth management and advisory fees	11,353	10,658	33,883	31,061
Total investment management and fiduciary income	<u>\$ 36,648</u>	<u>\$ 32,720</u>	<u>\$ 107,182</u>	<u>\$ 95,575</u>

Investment management and fiduciary income is composed of trust fees and wealth management and advisory fees. Trust fees are based on revenue earned from custody, escrow, trustee and trustee related services on structured finance transactions; indenture trustee, administrative agent and collateral agent services to individuals, institutions and corporations; commercial domicile and independent director services; and investment and trustee services to families and individuals. Most fees are flat fees, except for a portion of personal and corporate trustee fees where the Company earns a percentage on the assets under management or assets held within a trust. This revenue stream primarily generates fee income through monthly, quarterly and annual billings for services provided.

Wealth management and advisory fees consists of fees from Bryn Mawr Trust (excluding BMT-DE), BMC M, Powdermill®, and WSFS Wealth® Investments. Wealth management and advisory fees are based on revenue earned from services including asset management, financial planning, family office, and brokerage. The fees are based on the market value of assets, are assessed as a flat fee, or are brokerage commissions. This revenue stream primarily generates fee income through monthly, quarterly and annual billings for the services.

## Deposit service charges

The following table presents the components of deposit service charges:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service fees	\$ 4,649	\$ 4,382	\$ 13,533	\$ 12,833
Return and overdraft fees	1,867	1,851	5,315	5,218
Other deposit service fees	321	301	972	799
Total deposit service charges	<u>\$ 6,837</u>	<u>\$ 6,534</u>	<u>\$ 19,820</u>	<u>\$ 18,850</u>

Deposit service charges includes revenue earned from core deposit products, certificates of deposit, and brokered deposits. The Company generates fee revenues from deposit service charges primarily through service charges and overdraft fees. Service charges consist primarily of monthly account maintenance fees, treasury management fees, foreign ATM fees and other maintenance fees. All of these revenue streams generate fee income through service charges for monthly account maintenance and similar items, transfer fees, late fees, overlimit fees, and stop payment fees. Revenue is recorded at the time of the transaction.

## Other income

The following table presents the components of other income:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Managed service fees	\$ 5,529	\$ 5,301	\$ 16,976	\$ 15,316
Currency preparation	1,915	1,331	5,514	3,955
ATM loss protection	834	643	2,577	1,938
Capital markets revenue	3,371	3,581	9,750	8,170
Miscellaneous products and services	5,227	3,122	11,237	4,381
Total other income	<u>\$ 16,876</u>	<u>\$ 13,978</u>	<u>\$ 46,054</u>	<u>\$ 33,760</u>

Other income consists of managed service fees, which are primarily courier fees related to treasury management and are partially offset in noninterest expense, currency preparation, ATM loss protection, capital markets revenue, and other miscellaneous products and services offered by the Bank. These fees are primarily generated through monthly billings or at the time of the transaction. Capital markets revenue consists of fees related to interest rate swaps, risk participation agreements, foreign exchange contracts, letters of credit, and trade finance products and services offered by the Bank.

## Arrangements with multiple performance obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers.

## Practical expedients and exemptions

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

See Note 14 for further information about the disaggregation of noninterest income by segment.

#### 4. EARNINGS PER SHARE

The following table shows the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(Dollars and shares in thousands, except per share data)</i>				
<b>Numerator:</b>				
Net income attributable to WSFS	\$ 64,435	\$ 74,166	\$ 199,469	\$ 205,248
<b>Denominator:</b>				
Weighted average basic shares	59,186	60,942	59,788	61,265
Dilutive potential common shares	208	97	168	103
Weighted average fully diluted shares	59,394	61,039	59,956	61,368
Earnings per share:				
Basic	\$ 1.09	\$ 1.22	\$ 3.34	\$ 3.35
Diluted	\$ 1.08	\$ 1.22	\$ 3.33	\$ 3.34
Outstanding common stock equivalents having no dilutive effect	—	18	2	18

Basic earnings per share is calculated by dividing *Net income attributable to WSFS* by the weighted-average basic shares outstanding. Diluted earnings per share is calculated by dividing *Net income attributable to WSFS* by the weighted-average fully diluted shares outstanding, using the treasury stock method. Fully diluted shares include the adjustment for the dilutive effect of common stock awards, which include outstanding stock options under the 2013 Incentive Plan and the 2018 Incentive Plan and unvested restricted stock units and performance stock units under the 2018 Incentive Plan.

#### 5. INVESTMENT SECURITIES

##### *Debt Securities*

The following tables detail the amortized cost, allowance for credit losses and the estimated fair value of the Company's investments in available-for-sale and held-to-maturity debt securities. None of the Company's investments in debt securities are classified as trading.

	September 30, 2024				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Allowance for Credit Losses	Fair Value
<i>(Dollars in thousands)</i>					
<b>Available-for-Sale Debt Securities</b>					
Collateralized mortgage obligation (CMO)	\$ 537,666	\$ 566	\$ 82,749	\$ —	\$ 455,483
Fannie Mae (FNMA) mortgage-backed securities (MBS)	3,362,926	793	423,832	—	2,939,887
Freddie Mac (FHLMC) MBS	120,570	—	8,763	—	111,807
Ginnie Mae (GNMA) MBS	46,150	41	2,368	—	43,823
Government-sponsored enterprises (GSE) agency notes	223,511	—	37,392	—	186,119
	<u>\$ 4,290,823</u>	<u>\$ 1,400</u>	<u>\$ 555,104</u>	<u>\$ —</u>	<u>\$ 3,737,119</u>
<b>Held-to-Maturity Debt Securities<sup>(1)</sup></b>					
FNMA MBS	\$ 841,697	\$ —	\$ 68,348	\$ —	\$ 773,349
State and political subdivisions	184,615	1,795	783	7	185,620
	<u>\$ 1,026,312</u>	<u>\$ 1,795</u>	<u>\$ 69,131</u>	<u>\$ 7</u>	<u>\$ 958,969</u>

<sup>(1)</sup> Held-to-maturity securities transferred from available-for-sale are included in held-to-maturity at fair value basis at the time of transfer. The amortized cost of transferred held-to-maturity securities included net unrealized losses of \$105.4 million at September 30, 2024, which are offset in *Accumulated other comprehensive loss*. At the time of transfer, there was no allowance for credit loss on the available-for-sale securities. Subsequent to transfer, the securities were evaluated for credit loss.

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	December 31, 2023				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Allowance for Credit Losses	Fair Value
<i>(Dollars in thousands)</i>					
<b><u>Available-for-Sale Debt Securities</u></b>					
CMO	\$ 560,952	\$ —	\$ 96,333	\$ —	\$ 464,619
FNMA MBS	3,544,762	162	502,574	—	3,042,350
FHLMC MBS	126,856	—	11,324	—	115,532
GNMA MBS	46,333	6	2,999	—	43,340
GSE agency notes	225,439	—	44,743	—	180,696
	<u>\$ 4,504,342</u>	<u>\$ 168</u>	<u>\$ 657,973</u>	<u>\$ —</u>	<u>\$ 3,846,537</u>
<b><u>Held-to-Maturity Debt Securities</u></b> <sup>(1)</sup>					
FNMA MBS	\$ 872,653	\$ —	\$ 74,332	\$ —	\$ 798,321
State and political subdivisions	185,912	2,665	959	8	187,610
	<u>\$ 1,058,565</u>	<u>\$ 2,665</u>	<u>\$ 75,291</u>	<u>\$ 8</u>	<u>\$ 985,931</u>

<sup>(1)</sup> Held-to-maturity securities transferred from available-for-sale are included in held-to-maturity at fair value at the time of transfer. The amortized cost of transferred held-to-maturity securities included net unrealized losses of \$120.4 million at December 31, 2023, which are offset in *Accumulated other comprehensive loss*. At the time of transfer, there was no allowance for credit loss on the available-for-sale securities. Subsequent to transfer, the securities were evaluated for credit loss.

The scheduled maturities of available-for-sale debt securities at September 30, 2024 and December 31, 2023 are presented in the table below:

	Available-for-Sale	
	Amortized Cost	Fair Value
<i>(Dollars in thousands)</i>		
<b><u>September 30, 2024</u></b> <sup>(1)</sup>		
Within one year	\$ 16,929	\$ 16,709
After one year but within five years	128,143	123,447
After five years but within ten years	503,009	438,564
After ten years	3,642,742	3,158,399
	<u>\$ 4,290,823</u>	<u>\$ 3,737,119</u>
<b><u>December 31, 2023</u></b> <sup>(1)</sup>		
Within one year	\$ —	\$ —
After one year but within five years	86,224	82,387
After five years but within ten years	569,956	485,593
After ten years	3,848,162	3,278,557
	<u>\$ 4,504,342</u>	<u>\$ 3,846,537</u>

<sup>(1)</sup> Actual maturities could differ from contractual maturities.

As of September 30, 2024, the Company's available-for-sale investment securities consisted of 986 securities, 953 of which were in an unrealized loss position.

As of September 30, 2024, substantially all of the Corporation's available-for-sale investment securities were mortgage-backed securities or collateral mortgage obligations which were issued or guaranteed by U.S. government-sponsored entities and agencies. As of September 30, 2024 and December 31, 2023, there were no holdings of securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of shareholders' equity.

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The scheduled maturities of held-to-maturity debt securities at September 30, 2024 and December 31, 2023 are presented in the table below:

	<b>Held-to-Maturity</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>
<i>(Dollars in thousands)</i>		
<b><u>September 30, 2024</u></b> <sup>(1)</sup>		
Within one year	\$ —	\$ —
After one year but within five years	14,343	14,317
After five years but within ten years	53,396	53,382
After ten years	958,573	891,270
	<u>\$ 1,026,312</u>	<u>\$ 958,969</u>
<b><u>December 31, 2023</u></b> <sup>(1)</sup>		
Within one year	\$ —	\$ —
After one year but within five years	10,932	10,856
After five years but within ten years	46,489	46,246
After ten years	1,001,144	928,829
	<u>\$ 1,058,565</u>	<u>\$ 985,931</u>

<sup>(1)</sup> Actual maturities could differ from contractual maturities.

MBS may have expected maturities that differ from their contractual maturities. These differences arise because issuers may have the right to call securities and borrowers may have the right to prepay obligations with or without prepayment penalty. The estimated weighted average duration of MBS was 5.7 years at September 30, 2024.

The held-to-maturity debt securities are not collateral-dependent securities as these are general obligation bonds issued by cities, states, counties, or other local and foreign governments.

Investment securities with fair market values aggregating \$3.3 billion were pledged as collateral for investment sweep repurchase agreements, municipal deposits, and other obligations as of September 30, 2024 and December 31, 2023.

During the nine months ended September 30, 2024 and 2023, the Company had no sales of debt securities categorized as available-for-sale.

As of September 30, 2024 and December 31, 2023, the Company's debt securities portfolio had remaining unamortized premiums of \$50.3 million and \$56.9 million, respectively, and unaccreted discounts of \$18.5 million and \$20.9 million, respectively.

For debt securities in an unrealized loss position, the table below shows the gross unrealized losses and fair value by investment category and length of time that individual debt securities were in a continuous unrealized loss position at September 30, 2024.

	<b>Duration of Unrealized Loss Position</b>					
	<b>Less than 12 months</b>		<b>12 months or longer</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>
<i>(Dollars in thousands)</i>						
<b><u>Available-for-sale debt securities:</u></b>						
CMO	\$ —	\$ —	\$ 444,751	\$ 82,749	\$ 444,751	\$ 82,749
FNMA MBS	3,126	7	2,889,219	423,825	2,892,345	423,832
FHLMC MBS	—	—	111,801	8,763	111,801	8,763
GNMA MBS	1,896	3	37,791	2,365	39,687	2,368
GSE agency notes	—	—	186,119	37,392	186,119	37,392
	<u>\$ 5,022</u>	<u>\$ 10</u>	<u>\$ 3,669,681</u>	<u>\$ 555,094</u>	<u>\$ 3,674,703</u>	<u>\$ 555,104</u>

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For debt securities in an unrealized loss position, the table below shows the gross unrealized losses and fair value by investment category and length of time that individual debt securities were in a continuous unrealized loss position at December 31, 2023.

	Duration of Unrealized Loss Position					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<i>(Dollars in thousands)</i>						
<b>Available-for-sale debt securities:</b>						
CMO	\$ —	\$ —	\$ 464,619	\$ 96,333	\$ 464,619	\$ 96,333
FNMA MBS	9,068	125	3,026,520	502,449	3,035,588	502,574
FHLMC MBS	—	—	115,525	11,324	115,525	11,324
GNMA MBS	10,543	217	31,681	2,782	42,224	2,999
GSE agency notes	—	—	180,696	44,743	180,696	44,743
	<u>\$ 19,611</u>	<u>\$ 342</u>	<u>\$ 3,819,041</u>	<u>\$ 657,631</u>	<u>\$ 3,838,652</u>	<u>\$ 657,973</u>

The Company does not have the intent to sell, nor is it more likely than not it will be required to sell these securities before it is able to recover the amortized cost basis. The unrealized losses are the result of changes in market interest rates subsequent to purchase, not credit loss, as these are highly rated agency securities with no expected credit loss, in the event of a default. As a result, there is no allowance for credit losses recorded for available-for-sale debt securities as of September 30, 2024.

At September 30, 2024 and December 31, 2023, held-to-maturity debt securities had an amortized cost basis of \$1.0 billion and \$1.1 billion, respectively. The held-to-maturity debt security portfolio primarily consists of mortgage-backed securities which were issued or guaranteed by U.S. government-sponsored entities and agencies and highly rated municipal bonds. The Company monitors credit quality of its non-government and non-agency securities through credit ratings. The following table summarizes the amortized cost of debt securities held-to-maturity as of September 30, 2024, aggregated by credit quality indicator:

	FNMA MBS	State and political subdivisions
<i>(Dollars in thousands)</i>		
A+ rated or higher	\$ —	\$ 184,615
Not rated	841,697	—
Ending balance	<u>\$ 841,697</u>	<u>\$ 184,615</u>

The following table summarizes the amortized cost of debt securities held-to-maturity as of December 31, 2023, aggregated by credit quality indicator:

	FNMA MBS	State and political subdivisions
<i>(Dollars in thousands)</i>		
A+ rated or higher	\$ —	\$ 185,912
Not rated	872,653	—
Ending balance	<u>\$ 872,653</u>	<u>\$ 185,912</u>

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The Company reviewed its held-to-maturity debt securities by major security type for potential credit losses. There was no activity in the allowance for credit losses for FNMA MBS debt securities for the nine months ended September 30, 2024 and 2023. The following table presents the activity in the allowance for credit losses for state and political subdivisions debt securities for the three and nine months ended September 30, 2024 and 2023:

<i>(Dollars in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Allowance for credit losses:				
Beginning balance	\$ 7	\$ 8	\$ 8	\$ 10
Release of credit losses	—	—	(1)	(2)
Ending balance	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 7</u>	<u>\$ 8</u>

Accrued interest receivable of \$3.1 million and \$3.7 million as of September 30, 2024 and December 31, 2023, respectively, for held-to-maturity debt securities were excluded from the evaluation of allowance for credit losses. There were no nonaccrual or past due held-to-maturity debt securities as of September 30, 2024 and December 31, 2023.

### ***Equity Investments***

The Company had equity investments of \$17.0 million and \$17.4 million as of September 30, 2024 and December 31, 2023, respectively.

During the three and nine months ended September 30, 2024, the Company recognized realized gains of \$0.1 million and \$2.2 million, respectively, related to our equity investments.

During the three and nine months ended September 30, 2023, the Company recognized \$0.7 million of net gains and \$1.0 million of net losses, respectively, related to our equity method investments within *Other income* on the unaudited Consolidated Statements of Income.

## 6. LOANS AND LEASES

The following table shows the Company's loan and lease portfolio by category:

<i>(Dollars in thousands)</i>	<b>September 30, 2024</b>	December 31, 2023
Commercial and industrial	\$ 2,639,266	\$ 2,540,070
Owner-occupied commercial	2,003,722	1,886,087
Commercial mortgages	4,149,049	3,801,180
Construction	805,857	1,035,530
Commercial small business leases	645,421	623,622
Residential <sup>(1)</sup>	940,780	870,705
Consumer <sup>(2)</sup>	2,138,079	2,012,134
	<b>13,322,174</b>	12,769,328
Less:		
Allowance for credit losses	<b>197,490</b>	186,126
Net loans and leases	<b>\$ 13,124,684</b>	\$ 12,583,202

<sup>(1)</sup> Includes reverse mortgages at fair value of \$3.2 million at September 30, 2024 and \$2.8 million at December 31, 2023.

<sup>(2)</sup> Includes home equity lines of credit, installment loans, unsecured lines of credit and education loans.

Accrued interest receivable on loans and leases was \$70.8 million and \$69.8 million at September 30, 2024 and December 31, 2023, respectively. Accrued interest receivable on loans and leases was excluded from the evaluation of allowance for credit losses.



## 7. ALLOWANCE FOR CREDIT LOSSES AND CREDIT QUALITY INFORMATION

The following tables provide the activity of allowance for credit losses and loan balances for the three and nine months ended September 30, 2024 and 2023. For the three months ended September 30, 2024, the decrease was primarily due to runoff in our consumer loan portfolio from our partnership with Upstart. For the nine months ended September 30, 2024, the increase was primarily due to net loan growth, as well as increases in criticized loan levels in the commercial mortgages portfolio and specific reserves on certain commercial loans.

<i>(Dollars in thousands)</i>	<b>Commercial and Industrial</b>	<b>Owner- occupied Commercial</b>	<b>Commercial Mortgages</b>	<b>Construction</b>	<b>Commercial Small Business Leases</b>	<b>Residential<sup>(1)</sup></b>	<b>Consumer<sup>(2)</sup></b>	<b>Total</b>
<b>Three months ended September 30, 2024</b>								
Allowance for credit losses								
Beginning balance	\$ 56,516	\$ 9,668	\$ 46,831	\$ 9,198	\$ 16,218	\$ 5,057	\$ 54,765	\$ 198,253
Charge-offs	(11,277)	(177)	(205)	—	(5,451)	(8)	(5,983)	(23,101)
Recoveries	2,481	4	79	—	664	44	644	3,916
Provision (release)	9,075	292	2,284	(850)	3,943	370	3,308	18,422
Ending balance	<u>\$ 56,795</u>	<u>\$ 9,787</u>	<u>\$ 48,989</u>	<u>\$ 8,348</u>	<u>\$ 15,374</u>	<u>\$ 5,463</u>	<u>\$ 52,734</u>	<u>\$ 197,490</u>
<b>Nine months ended September 30, 2024</b>								
Allowance for credit losses								
Beginning balance	\$ 49,394	\$ 10,719	\$ 36,055	\$ 10,762	\$ 15,170	\$ 5,483	\$ 58,543	\$ 186,126
Charge-offs	(13,659)	(177)	(5,137)	—	(15,191)	(109)	(18,259)	(52,532)
Recoveries	5,983	209	183	—	2,086	176	1,884	10,521
Provision (release)	15,077	(964)	17,888	(2,414)	13,309	(87)	10,566	53,375
Ending balance	<u>\$ 56,795</u>	<u>\$ 9,787</u>	<u>\$ 48,989</u>	<u>\$ 8,348</u>	<u>\$ 15,374</u>	<u>\$ 5,463</u>	<u>\$ 52,734</u>	<u>\$ 197,490</u>
<b>Period-end allowance allocated to:</b>								
Loans evaluated on an individual basis	\$ 8,529	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,529
Loans evaluated on a collective basis	48,266	9,787	48,989	8,348	15,374	5,463	52,734	188,961
Ending balance	<u>\$ 56,795</u>	<u>\$ 9,787</u>	<u>\$ 48,989</u>	<u>\$ 8,348</u>	<u>\$ 15,374</u>	<u>\$ 5,463</u>	<u>\$ 52,734</u>	<u>\$ 197,490</u>
<b>Period-end loan balances:</b>								
Loans evaluated on an individual basis	\$ 64,972	\$ 6,465	\$ 7,449	\$ 3,308	\$ —	\$ 8,442	\$ 2,981	\$ 93,617
Loans evaluated on a collective basis	2,574,294	1,997,257	4,141,600	802,549	645,421	929,152	2,135,098	13,225,371
Ending balance	<u>\$ 2,639,266</u>	<u>\$ 2,003,722</u>	<u>\$ 4,149,049</u>	<u>\$ 805,857</u>	<u>\$ 645,421</u>	<u>\$ 937,594</u>	<u>\$ 2,138,079</u>	<u>\$ 13,318,988</u>

<sup>(1)</sup> Period-end loan balance excludes reverse mortgages at fair value of \$3.2 million.

<sup>(2)</sup> Includes home equity lines of credit, installment loans, unsecured lines of credit and education loans.

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<i>(Dollars in thousands)</i>	Commercial and Industrial	Owner - occupied Commercial	Commercial Mortgages	Construction	Commercial Small Business Leases	Residential <sup>(1)</sup>	Consumer <sup>(2)</sup>	Total
<b>Three months ended September 30, 2023</b>								
Allowance for credit losses								
Beginning balance	\$ 52,400	\$ 6,335	\$ 31,937	\$ 9,228	\$ 10,383	\$ 5,043	\$ 56,543	\$ 171,869
Charge-offs	(7,153)	—	(300)	—	(3,522)	—	(5,872)	(16,847)
Recoveries	1,640	14	1	1	484	55	357	2,552
Provision	4,791	1,501	1,549	2,088	2,647	253	5,585	18,414
Ending balance	<u>\$ 51,678</u>	<u>\$ 7,850</u>	<u>\$ 33,187</u>	<u>\$ 11,317</u>	<u>\$ 9,992</u>	<u>\$ 5,351</u>	<u>\$ 56,613</u>	<u>\$ 175,988</u>
<b>Nine months ended September 30, 2023</b>								
Allowance for loan losses								
Beginning balance	\$ 49,526	\$ 6,019	\$ 21,473	\$ 6,987	\$ 9,868	\$ 4,668	\$ 53,320	\$ 151,861
Charge-offs	(20,169)	(184)	(300)	—	(10,327)	(33)	(15,374)	(46,387)
Recoveries	4,155	50	4	532	1,399	211	906	7,257
Provision	18,166	1,965	12,010	3,798	9,052	505	17,761	63,257
Ending balance	<u>\$ 51,678</u>	<u>\$ 7,850</u>	<u>\$ 33,187</u>	<u>\$ 11,317</u>	<u>\$ 9,992</u>	<u>\$ 5,351</u>	<u>\$ 56,613</u>	<u>\$ 175,988</u>
<b>Period-end allowance allocated to:</b>								
Loans evaluated on an individual basis	\$ 1,054	\$ 161	\$ —	\$ 1,600	\$ —	\$ —	\$ —	\$ 2,815
Loans evaluated on a collective basis	50,624	7,689	33,187	9,717	9,992	5,351	56,613	173,173
Ending balance	<u>\$ 51,678</u>	<u>\$ 7,850</u>	<u>\$ 33,187</u>	<u>\$ 11,317</u>	<u>\$ 9,992</u>	<u>\$ 5,351</u>	<u>\$ 56,613</u>	<u>\$ 175,988</u>
<b>Period-end loan balances:</b>								
Loans evaluated on an individual basis	\$ 26,355	\$ 16,442	\$ 7,918	\$ 4,828	\$ —	\$ 5,838	\$ 1,798	\$ 63,179
Loans evaluated on a collective basis	2,617,684	1,907,729	3,637,805	1,038,740	605,698	849,502	1,955,284	12,612,442
Ending balance	<u>\$ 2,644,039</u>	<u>\$ 1,924,171</u>	<u>\$ 3,645,723</u>	<u>\$ 1,043,568</u>	<u>\$ 605,698</u>	<u>\$ 855,340</u>	<u>\$ 1,957,082</u>	<u>\$12,675,621</u>

<sup>(1)</sup> Period-end loan balance excludes reverse mortgages at fair value of \$2.8 million.

<sup>(2)</sup> Includes home equity lines of credit, installment loans, unsecured lines of credit and education loans.

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The following tables show nonaccrual and past due loans presented at amortized cost at the date indicated:

September 30, 2024

	30–89 Days Past Due and Still Accruing	Greater Than 90 Days Past Due and Still Accruing	Total Past Due And Still Accruing	Accruing Current Balances	Nonaccrual Loans With No Allowance	Nonaccrual Loans With An Allowance	Total Loans
<i>(Dollars in thousands)</i>							
Commercial and industrial	\$ 2,175	\$ 867	\$ 3,042	\$ 2,571,285	\$ 41,095	\$ 23,844	\$ 2,639,266
Owner-occupied commercial	1,719	593	2,312	1,995,256	6,154	—	2,003,722
Commercial mortgages	7,879	21,835	29,714	4,111,886	7,449	—	4,149,049
Construction	22,979	—	22,979	779,570	3,308	—	805,857
Commercial small business leases	9,237	650	9,887	635,534	—	—	645,421
Residential <sup>(1)</sup>	5,406	15	5,421	927,074	5,099	—	937,594
Consumer <sup>(2)</sup>	15,910	7,754	23,664	2,111,325	3,090	—	2,138,079
<b>Total</b>	<b>\$ 65,305</b>	<b>\$ 31,714</b>	<b>\$ 97,019</b>	<b>\$ 13,131,930</b>	<b>\$ 66,195</b>	<b>\$ 23,844</b>	<b>\$ 13,318,988</b>
<b>% of Total Loans</b>	<b>0.49 %</b>	<b>0.24 %</b>	<b>0.73 %</b>	<b>98.59 %</b>	<b>0.50 %</b>	<b>0.18 %</b>	<b>100 %</b>

<sup>(1)</sup> Residential accruing current balances excludes reverse mortgages at fair value of \$3.2 million.

<sup>(2)</sup> Includes \$14.2 million of delinquent, but still accruing, U.S. government-guaranteed student loans that carry little risk of credit loss.

December 31, 2023

	30–89 Days Past Due and Still Accruing	Greater Than 90 Days Past Due and Still Accruing	Total Past Due And Still Accruing	Accruing Current Balances	Nonaccrual Loans With No Allowance <sup>(1)</sup>	Nonaccrual Loans With An Allowance	Total Loans
<i>(Dollars in thousands)</i>							
Commercial and industrial	\$ 1,630	\$ 293	\$ 1,923	\$ 2,518,934	\$ 13,645	\$ 5,568	\$ 2,540,070
Owner-occupied commercial	1,786	487	2,273	1,878,952	4,862	—	1,886,087
Commercial mortgages	1,190	—	1,190	3,777,698	22,292	—	3,801,180
Construction	—	—	—	1,022,913	12,617	—	1,035,530
Commercial small business leases	6,697	772	7,469	616,153	—	—	623,622
Residential <sup>(2)</sup>	9,261	—	9,261	856,055	2,579	—	867,895
Consumer <sup>(3)</sup>	15,249	10,032	25,281	1,984,407	2,446	—	2,012,134
<b>Total</b>	<b>\$ 35,813</b>	<b>\$ 11,584</b>	<b>\$ 47,397</b>	<b>\$ 12,655,112</b>	<b>\$ 58,441</b>	<b>\$ 5,568</b>	<b>\$ 12,766,518</b>
<b>% of Total Loans</b>	<b>0.28 %</b>	<b>0.09 %</b>	<b>0.37 %</b>	<b>99.13 %</b>	<b>0.46 %</b>	<b>0.04 %</b>	<b>100 %</b>

<sup>(1)</sup> Excludes nonaccruing loans held-for-sale.

<sup>(2)</sup> Residential accruing current balances excludes reverse mortgages, at fair value of \$2.8 million.

<sup>(3)</sup> Includes \$14.5 million of delinquent, but still accruing, U.S. government-guaranteed student loans that carry little risk of credit loss.

The following table presents the amortized cost basis of nonaccruing collateral-dependent loans by class at September 30, 2024 and December 31, 2023:

	September 30, 2024		December 31, 2023	
	Property	Equipment and other	Property	Equipment and other
<i>(Dollars in thousands)</i>				
Commercial and industrial <sup>(1)</sup>	\$ 42,532	\$ 22,407	\$ 17,230	\$ 1,983
Owner-occupied commercial	6,154	—	4,862	—
Commercial mortgages	7,449	—	22,292	—
Construction	3,308	—	12,617	—
Residential <sup>(2)</sup>	5,099	—	2,579	—
Consumer <sup>(3)</sup>	3,090	—	2,446	—
<b>Total</b>	<b>\$ 67,632</b>	<b>\$ 22,407</b>	<b>\$ 62,026</b>	<b>\$ 1,983</b>

<sup>(1)</sup> Excludes nonaccruing loans held-for-sale in 2023.

<sup>(2)</sup> Excludes reverse mortgages at fair value.

<sup>(3)</sup> Includes home equity lines of credit.

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As of September 30, 2024, there were 36 residential loans and 19 commercial loans in the process of foreclosure. The total outstanding balance on these loans was \$6.0 million and \$8.9 million, respectively. As of December 31, 2023, there were 31 residential loans and 9 commercial loans in the process of foreclosure. The total outstanding balance on these loans was \$3.2 million and \$1.1 million, respectively. Loan workout and other real estate owned (OREO) expenses (recoveries) were \$0.8 million and \$0.7 million during the three and nine months ended September 30, 2024, respectively, and \$(0.3) million and less than \$0.1 million during three and nine months ended September 30, 2023, respectively. Loan workout and OREO expenses are included in *Loan workout and other credit costs* on the unaudited Consolidated Statements of Income.

### *Credit Quality Indicators*

Below is a description of each of the risk ratings for all commercial loans:

- *Pass.* These borrowers currently show no indication of deterioration or potential problems and their loans are considered fully collectible.
- *Special Mention.* These borrowers have potential weaknesses that deserve management's close attention. Borrowers in this category may be experiencing adverse operating trends, for example, declining revenues or margins, high leverage, tight liquidity, or increasing inventory without increasing sales. These adverse trends can have a potential negative effect on the borrower's repayment capacity. These assets are not adversely classified and do not expose the Bank to significant risk that would warrant a more severe rating. Borrowers in this category may also be experiencing significant management problems, pending litigation, or other structural credit weaknesses.
- *Substandard or Lower.* These borrowers have well-defined weaknesses that require extensive oversight by management. Borrowers in this category may exhibit one or more of the following: inadequate debt service coverage, unprofitable operations, insufficient liquidity, high leverage, and weak or inadequate capitalization. Relationships in this category are not adequately protected by the sound financial worth and paying capacity of the obligor or the collateral pledged on the loan, if any. A distinct possibility exists that the Bank will sustain some loss if the deficiencies are not corrected. In addition, some borrowers in this category could have the added characteristic that the possibility of loss is extremely high. Current circumstances in the credit relationship make collection or liquidation in full highly questionable. Such impending events include: perfecting liens on additional collateral, obtaining collateral valuations, an acquisition or liquidation preceding, proposed merger, or refinancing plan.

### *Residential and Consumer Loans*

The residential and consumer loan portfolios are monitored on an ongoing basis using delinquency information and loan type as credit quality indicators. These credit quality indicators are assessed in the aggregate in these relatively homogeneous portfolios. Loans that are greater than 90 days past due are generally considered nonperforming and placed on nonaccrual status.

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The following tables provide an analysis of loans by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses as of September 30, 2024.

Term Loans Amortized Cost Basis by Origination Year<sup>(1)</sup>

<i>(Dollars in thousands)</i>	2024	2023	2022	2021	2020	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
<b>Commercial and industrial:</b>									
<i>Risk Rating</i>									
Pass	\$ 472,797	\$ 662,751	\$ 383,695	\$ 135,462	\$ 162,191	\$ 298,797	\$ 9,775	\$ 242,784	\$ 2,368,252
Special mention	17,659	3,913	4,979	2,744	2,670	1,195	—	15,899	49,059
Substandard or Lower	71,171	41,898	29,621	5,987	4,896	38,620	70	29,692	221,955
	<u>\$ 561,627</u>	<u>\$ 708,562</u>	<u>\$ 418,295</u>	<u>\$ 144,193</u>	<u>\$ 169,757</u>	<u>\$ 338,612</u>	<u>\$ 9,845</u>	<u>\$ 288,375</u>	<u>\$ 2,639,266</u>
Current-period gross writeoffs	\$ —	\$ 1,081	\$ 3,782	\$ 585	\$ 275	\$ 7,936	\$ —	\$ —	\$ 13,659
<b>Owner-occupied commercial:</b>									
<i>Risk Rating</i>									
Pass	\$ 222,614	\$ 313,975	\$ 211,697	\$ 230,312	\$ 171,898	\$ 430,446	\$ —	\$ 252,832	\$ 1,833,774
Special mention	10,530	1,948	20,157	1,300	25,677	5,324	—	2,310	67,246
Substandard or Lower	—	5,183	23,193	10,720	5,319	46,546	—	11,741	102,702
	<u>\$ 233,144</u>	<u>\$ 321,106</u>	<u>\$ 255,047</u>	<u>\$ 242,332</u>	<u>\$ 202,894</u>	<u>\$ 482,316</u>	<u>\$ —</u>	<u>\$ 266,883</u>	<u>\$ 2,003,722</u>
Current-period gross writeoffs	\$ —	\$ 114	\$ —	\$ —	\$ —	\$ 63	\$ —	\$ —	\$ 177
<b>Commercial mortgages:</b>									
<i>Risk Rating</i>									
Pass	\$ 448,085	\$ 747,896	\$ 524,510	\$ 437,941	\$ 407,068	\$ 917,704	\$ —	\$ 465,513	\$ 3,948,717
Special mention	3,946	18,781	16,100	5,743	2,655	2,309	—	36,825	86,359
Substandard or Lower	32,205	28,132	930	130	25,105	26,739	—	732	113,973
	<u>\$ 484,236</u>	<u>\$ 794,809</u>	<u>\$ 541,540</u>	<u>\$ 443,814</u>	<u>\$ 434,828</u>	<u>\$ 946,752</u>	<u>\$ —</u>	<u>\$ 503,070</u>	<u>\$ 4,149,049</u>
Current-period gross writeoffs	\$ —	\$ 62	\$ —	\$ —	\$ 97	\$ 4,978	\$ —	\$ —	\$ 5,137
<b>Construction:</b>									
<i>Risk Rating</i>									
Pass	\$ 247,244	\$ 289,273	\$ 173,141	\$ 7,798	\$ 88	\$ 2,241	\$ —	\$ 29,014	\$ 748,799
Special mention	2,200	—	3,400	—	—	—	—	—	5,600
Substandard or Lower	1,743	24,809	20,779	3,439	—	142	—	546	51,458
	<u>\$ 251,187</u>	<u>\$ 314,082</u>	<u>\$ 197,320</u>	<u>\$ 11,237</u>	<u>\$ 88</u>	<u>\$ 2,383</u>	<u>\$ —</u>	<u>\$ 29,560</u>	<u>\$ 805,857</u>
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Commercial small business leases:</b>									
<i>Risk Rating</i>									
Performing	\$ 193,681	\$ 207,734	\$ 138,351	\$ 67,168	\$ 20,199	\$ 18,288	\$ —	\$ —	\$ 645,421
Nonperforming	—	—	—	—	—	—	—	—	—
	<u>\$ 193,681</u>	<u>\$ 207,734</u>	<u>\$ 138,351</u>	<u>\$ 67,168</u>	<u>\$ 20,199</u>	<u>\$ 18,288</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 645,421</u>
Current-period gross writeoffs	\$ 409	\$ 3,903	\$ 6,391	\$ 2,965	\$ 1,069	\$ 454	\$ —	\$ —	\$ 15,191
<b>Residential<sup>(2)</sup>:</b>									
<i>Risk Rating</i>									
Performing	\$ 124,092	\$ 181,135	\$ 63,356	\$ 93,860	\$ 51,527	\$ 415,006	\$ —	\$ —	\$ 928,976
Nonperforming	—	121	362	3,473	857	3,805	—	—	8,618
	<u>\$ 124,092</u>	<u>\$ 181,256</u>	<u>\$ 63,718</u>	<u>\$ 97,333</u>	<u>\$ 52,384</u>	<u>\$ 418,811</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 937,594</u>
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 109	\$ —	\$ —	\$ 109
<b>Consumer<sup>(3)</sup>:</b>									
<i>Risk Rating</i>									
Performing	\$ 247,462	\$ 377,635	\$ 475,078	\$ 125,151	\$ 89,903	\$ 273,693	\$ 540,062	\$ 6,114	\$ 2,135,098
Nonperforming	—	249	96	267	196	27	1,843	303	2,981
	<u>\$ 247,462</u>	<u>\$ 377,884</u>	<u>\$ 475,174</u>	<u>\$ 125,418</u>	<u>\$ 90,099</u>	<u>\$ 273,720</u>	<u>\$ 541,905</u>	<u>\$ 6,417</u>	<u>\$ 2,138,079</u>
Current-period gross writeoffs	\$ 891	\$ 2,575	\$ 11,318	\$ 2,241	\$ 785	\$ 449	\$ —	\$ —	\$ 18,259

<sup>(1)</sup> Origination date represents the most recent underwriting of the loan which includes new relationships, renewals and extensions.

<sup>(2)</sup> Excludes reverse mortgages at fair value.

<sup>(3)</sup> Includes home equity lines of credit, installment loans, unsecured lines of credit and education loans.



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The following tables provide an analysis of loans by portfolio segment based on the credit quality indicators used to determine the allowance for credit losses as of December 31, 2023.

Term Loans Amortized Cost Basis by Origination Year<sup>(1)</sup>

<i>(Dollars in thousands)</i>	2023	2022	2021	2020	2019	Prior	Revolving loans amortized cost basis	Revolving loans converted to term	Total
<b>Commercial and industrial:</b>									
<i>Risk Rating</i>									
Pass	\$ 716,848	\$ 490,934	\$ 180,343	\$ 211,151	\$ 90,522	\$ 383,609	\$ 8,785	\$ 237,786	\$ 2,319,978
Special mention	7,209	11,860	2,804	463	735	743	—	1,649	25,463
Substandard or Lower	72,993	54,024	5,951	10,224	22,046	17,906	—	11,485	194,629
	<u>\$ 797,050</u>	<u>\$ 556,818</u>	<u>\$ 189,098</u>	<u>\$ 221,838</u>	<u>\$ 113,303</u>	<u>\$ 402,258</u>	<u>\$ 8,785</u>	<u>\$ 250,920</u>	<u>\$ 2,540,070</u>
Current-period gross writeoffs	\$ —	\$ 568	\$ 5,214	\$ 1,747	\$ 7,567	\$ 11,557	\$ —	\$ —	\$ 26,653
<b>Owner-occupied commercial:</b>									
<i>Risk Rating</i>									
Pass	\$ 346,908	\$ 264,895	\$ 251,262	\$ 212,365	\$ 194,153	\$ 313,801	\$ —	\$ 178,150	\$ 1,761,534
Special mention	2,885	3,115	5,419	1,105	11,002	5,559	—	1,393	30,478
Substandard or Lower	996	18,865	11,109	6,787	8,019	35,330	—	12,969	94,075
	<u>\$ 350,789</u>	<u>\$ 286,875</u>	<u>\$ 267,790</u>	<u>\$ 220,257</u>	<u>\$ 213,174</u>	<u>\$ 354,690</u>	<u>\$ —</u>	<u>\$ 192,512</u>	<u>\$ 1,886,087</u>
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ 184	\$ —	\$ —	\$ —	\$ 184
<b>Commercial mortgages:</b>									
<i>Risk Rating</i>									
Pass	\$ 847,137	\$ 464,895	\$ 526,280	\$ 465,354	\$ 486,855	\$ 619,448	\$ —	\$ 290,083	\$ 3,700,052
Special mention	20,632	—	67	1,837	10,666	—	—	—	33,202
Substandard or Lower	9,862	1,153	1,047	13,837	14,352	12,212	—	15,463	67,926
	<u>\$ 877,631</u>	<u>\$ 466,048</u>	<u>\$ 527,394</u>	<u>\$ 481,028</u>	<u>\$ 511,873</u>	<u>\$ 631,660</u>	<u>\$ —</u>	<u>\$ 305,546</u>	<u>\$ 3,801,180</u>
Current-period gross writeoffs	\$ —	\$ 83	\$ —	\$ 217	\$ —	\$ —	\$ —	\$ —	\$ 300
<b>Construction:</b>									
<i>Risk Rating</i>									
Pass	\$ 429,055	\$ 319,958	\$ 111,333	\$ 3,030	\$ 388	\$ 7,016	\$ —	\$ 87,741	\$ 958,521
Special mention	28,718	19,769	8,227	—	—	—	—	—	56,714
Substandard or Lower	5,698	—	3,308	8,598	2,134	—	—	557	20,295
	<u>\$ 463,471</u>	<u>\$ 339,727</u>	<u>\$ 122,868</u>	<u>\$ 11,628</u>	<u>\$ 2,522</u>	<u>\$ 7,016</u>	<u>\$ —</u>	<u>\$ 88,298</u>	<u>\$ 1,035,530</u>
Current-period gross writeoffs	\$ —	\$ —	\$ 794	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 794
<b>Commercial small business leases:</b>									
<i>Risk Rating</i>									
Performing	\$ 260,348	\$ 191,746	\$ 103,428	\$ 40,697	\$ 15,411	\$ 11,992	\$ —	\$ —	\$ 623,622
Nonperforming	—	—	—	—	—	—	—	—	—
	<u>\$ 260,348</u>	<u>\$ 191,746</u>	<u>\$ 103,428</u>	<u>\$ 40,697</u>	<u>\$ 15,411</u>	<u>\$ 11,992</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 623,622</u>
Current-period gross writeoffs	\$ 1,528	\$ 7,250	\$ 4,447	\$ 1,454	\$ 735	\$ 227	\$ —	\$ —	\$ 15,641
<b>Residential<sup>(2)</sup>:</b>									
<i>Risk Rating</i>									
Performing	\$ 188,644	\$ 67,358	\$ 102,982	\$ 57,273	\$ 33,499	\$ 412,099	\$ —	\$ —	\$ 861,855
Nonperforming	—	170	713	486	1,251	3,420	—	—	6,040
	<u>\$ 188,644</u>	<u>\$ 67,528</u>	<u>\$ 103,695</u>	<u>\$ 57,759</u>	<u>\$ 34,750</u>	<u>\$ 415,519</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 867,895</u>
Current-period gross writeoffs	\$ 33	\$ —	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ —	\$ 41
<b>Consumer<sup>(3)</sup>:</b>									
<i>Risk Rating</i>									
Performing	\$ 391,580	\$ 568,919	\$ 153,930	\$ 104,248	\$ 44,996	\$ 245,849	\$ 494,663	\$ 5,662	\$ 2,009,847
Nonperforming	—	—	135	352	176	30	1,362	232	2,287
	<u>\$ 391,580</u>	<u>\$ 568,919</u>	<u>\$ 154,065</u>	<u>\$ 104,600</u>	<u>\$ 45,172</u>	<u>\$ 245,879</u>	<u>\$ 496,025</u>	<u>\$ 5,894</u>	<u>\$ 2,012,134</u>
Current-period gross writeoffs	\$ 1,790	\$ 15,227	\$ 4,411	\$ 313	\$ 198	\$ 455	\$ —	\$ —	\$ 22,394

<sup>(1)</sup> Origination date represents the most recent underwriting of the loan which includes new relationships, renewals and extensions.

<sup>(2)</sup> Excludes reverse mortgages at fair value.

<sup>(3)</sup> Includes home equity lines of credit, installment loans, unsecured lines of credit and education loans.





*Troubled Loans*

The Company offers loan modifications to commercial and consumer borrowers that may result in a payment delay, interest rate reduction, term extension, principal forgiveness, or combination thereof. Loan modifications are offered on a case-by-case basis and are generally term extension, payment delay, and interest rate reduction modification types. Forbearance (due to hardship) programs result in modification types including payment delay and/or term extension. In addition, certain reorganization bankruptcy judgments may result in interest rate reduction, term extension, or principal forgiveness modification types.

The following tables show the period-end amortized cost basis of troubled loans modified during the three and nine months ended September 30, 2024 and 2023, disaggregated by portfolio segment and type of modification granted:

Three Months Ended September 30, 2024							
<i>(Dollars in thousands)</i>	Term Extension	Interest Rate Reduction	More-Than-Insignificant Payment Delay	Combination-Term Extension and Payment Delay	Combination-Term Extension and Interest Rate Reduction	Total	% of Total Loan Category
<b>Commercial and industrial</b>	\$ 7,021	\$ —	\$ 15,157	\$ —	\$ 28	\$ 22,206	0.84 %
<b>Commercial mortgages</b>	14,557	—	—	—	—	14,557	0.35 %
<b>Construction</b>	18,120	—	—	—	—	18,120	2.25 %
<b>Residential</b>	—	121	25	—	—	146	0.02 %
<b>Consumer<sup>(1)</sup></b>	307	—	879	1,234	—	2,420	0.11 %
<b>Total</b>	<b>\$ 40,005</b>	<b>\$ 121</b>	<b>\$ 16,061</b>	<b>\$ 1,234</b>	<b>\$ 28</b>	<b>\$ 57,449</b>	<b>0.43 %</b>

Nine Months Ended September 30, 2024							
<i>(Dollars in thousands)</i>	Term Extension	Interest Rate Reduction	More-Than-Insignificant Payment Delay	Combination-Term Extension and Payment Delay	Combination-Term Extension and Interest Rate Reduction	Total	% of Total Loan Category
<b>Commercial and industrial</b>	\$ 66,728	\$ —	\$ 16,028	\$ 755	\$ 28	\$ 83,539	3.17 %
<b>Commercial mortgages</b>	14,557	—	—	—	—	14,557	0.35 %
<b>Construction</b>	21,294	—	—	—	—	21,294	2.64 %
<b>Residential</b>	—	121	25	—	—	146	0.02 %
<b>Consumer<sup>(1)</sup></b>	717	—	1,897	3,406	—	6,020	0.28 %
<b>Total</b>	<b>\$ 103,296</b>	<b>\$ 121</b>	<b>\$ 17,950</b>	<b>\$ 4,161</b>	<b>\$ 28</b>	<b>\$ 125,556</b>	<b>0.94 %</b>

<sup>(1)</sup> Includes home equity lines of credit, installment loans and unsecured lines of credit.

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Three months ended September 30, 2023

<i>(Dollars in thousands)</i>	Term Extension	More-Than-Insignificant Payment Delay	Combination-Term Extension and Payment Delay	Combination-Term Extension and Interest Rate Reduction	Combination - Payment Delay and Interest Rate Reduction	Total	% of Total Loan Category
Commercial and industrial	\$ 23,972	\$ 1,193	\$ —	\$ 31	\$ —	\$ 25,196	0.95 %
Owner-occupied commercial	67	—	—	—	—	67	— %
Construction	9,194	—	—	—	—	9,194	0.88 %
Residential	563	50	—	—	—	613	0.07 %
Consumer <sup>(1)</sup>	392	1,687	3,291	—	300	5,670	0.29 %
<b>Total</b>	<b>\$ 34,188</b>	<b>\$ 2,930</b>	<b>\$ 3,291</b>	<b>\$ 31</b>	<b>\$ 300</b>	<b>\$ 40,740</b>	<b>0.32 %</b>

Nine Months Ended September 30, 2023

<i>(Dollars in thousands)</i>	Term Extension	More-Than-Insignificant Payment Delay	Combination-Term Extension and Payment Delay	Combination-Term Extension and Interest Rate Reduction	Combination - Payment Delay and Interest Rate Reduction	Total	% of Total Loan Category
Commercial and industrial	\$ 36,683	\$ 1,193	\$ 10,163	\$ 31	\$ —	\$ 48,070	1.48 %
Owner-occupied commercial	—	—	1,062	209	—	1,271	0.07 %
Commercial mortgages	9,427	—	—	—	—	9,427	0.26 %
Construction	9,194	—	—	—	—	9,194	0.88 %
Residential	563	50	—	—	—	613	0.07 %
Consumer <sup>(1)</sup>	1,102	2,704	5,154	157	494	9,611	0.49 %
<b>Total</b>	<b>\$ 56,969</b>	<b>\$ 3,947</b>	<b>\$ 16,379</b>	<b>\$ 397</b>	<b>\$ 494</b>	<b>\$ 78,186</b>	<b>0.62 %</b>

<sup>(1)</sup> Includes home equity lines of credit, installment loans and unsecured lines of credit.

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The following table describes the financial effect of the modifications made to troubled loans during the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30, 2024			Nine Months Ended September 30, 2024		
	Term Extension <sup>(1)</sup>	Interest Rate Reduction <sup>(2)</sup>	More-Than-Insignificant Payment Delay <sup>(3)</sup>	Term Extension <sup>(1)</sup>	Interest Rate Reduction <sup>(2)</sup>	More-Than-Insignificant Payment Delay <sup>(3)</sup>
<b>Commercial and industrial</b>	<b>0.31</b>	<b>6.11%</b>	<b>0.11%</b>	<b>0.90</b>	<b>6.11%</b>	<b>0.13%</b>
<b>Commercial mortgages</b>	<b>0.45</b>	—	—	<b>0.45</b>	—	—
<b>Construction</b>	<b>0.17</b>	—	—	<b>0.37</b>	—	—
<b>Residential</b>	—	<b>4.25</b>	—	—	<b>4.25</b>	—
<b>Consumer</b>	<b>0.49</b>	—	<b>0.02</b>	<b>0.48</b>	—	<b>0.04</b>
	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Term Extension <sup>(1)</sup>	Interest Rate Reduction <sup>(2)</sup>	More-Than-Insignificant Payment Delay <sup>(3)</sup>	Term Extension <sup>(1)</sup>	Interest Rate Reduction <sup>(2)</sup>	More-Than-Insignificant Payment Delay <sup>(3)</sup>
Commercial and industrial	1.80	4.00%	0.09%	1.55	4.00%	0.09%
Owner-occupied commercial	0.92	—	—	1.27	2.58	0.01
Commercial mortgages	—	—	—	1.33	—	—
Construction	0.27	—	—	0.27	—	—
Residential	20.18	—	—	20.18	—	—
Consumer	0.39	4.00	0.04	3.07	3.27	0.07

<sup>(1)</sup> Represents the weighted-average increase in the life of modified loans measured in years, which reduces monthly payment amounts for borrowers.

<sup>(2)</sup> Represents the weighted-average decrease in the contractual interest rate on the modified loans.

<sup>(3)</sup> Represents the percentage of loans deferred over the total loan portfolio excluding reverse mortgages at fair value.

As of September 30, 2024 and December 31, 2023, the Company had commitments to extend credit of \$26.0 million and \$18.4 million, respectively, to borrowers experiencing financial difficulty whose terms had been modified.

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

The following tables show the amortized cost of loans that received a modification that had a payment default during the three and nine months ended September 30, 2024 and 2023 and were modified in the 12 months before default to borrowers experiencing financial difficulty.

	Three Months Ended September 30, 2024			
	Term Extension	Interest Rate Reduction	More-Than-Insignificant Payment Delay	Total
<b>Commercial and industrial</b>	\$ 19,176	\$ —	\$ 14,997	\$ 34,173
<b>Residential</b>	—	121	—	121
<b>Consumer</b>	—	—	96	96
<b>Total</b>	<b>\$ 19,176</b>	<b>\$ 121</b>	<b>\$ 15,093</b>	<b>\$ 34,390</b>

	Nine Months Ended September 30, 2024			
	Term Extension	Interest Rate Reduction	More-Than-Insignificant Payment Delay	Total
<b>Commercial and industrial</b>	\$ 34,341	\$ —	\$ 14,997	\$ 49,338
<b>Residential</b>	—	121	—	121
<b>Consumer</b>	—	—	96	96
<b>Total</b>	<b>\$ 34,341</b>	<b>\$ 121</b>	<b>\$ 15,093</b>	<b>\$ 49,555</b>



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	Three Months Ended September 30, 2023			
	Term Extension	More-Than-Insignificant Payment Delay	Combination Term Extension & Payment Delay	Total
Commercial and industrial	\$ 707	\$ —	\$ 10,163	\$ 10,870
Owner-occupied commercial	—	—	1,062	1,062
Consumer	\$ —	\$ 101	\$ —	\$ 101
<b>Total</b>	<b>\$ 707</b>	<b>\$ 101</b>	<b>\$ —</b>	<b>\$ 12,033</b>

	Nine Months Ended September 30, 2023			
	Term Extension	More-Than-Insignificant Payment Delay	Combination Term Extension & Payment Delay	Total
Commercial and industrial	\$ 707	\$ —	\$ 10,163	\$ 10,870
Owner-occupied commercial	—	—	1,062	1,062
Consumer	—	101	—	101
<b>Total</b>	<b>\$ 707</b>	<b>\$ 101</b>	<b>\$ 11,225</b>	<b>\$ 12,033</b>

The Company closely monitors the performance of troubled loans to understand the effectiveness of its modification efforts. The following tables show the performance of loans that have been modified in the last 12 months as of September 30, 2024 and 2023:

	September 30, 2024				
	30-89 Days Past Due and Still Accruing	90+ Days Past Due and Still Accruing	Accruing Current Balances	Nonaccrual Loans	Total
<i>(Dollars in thousands)</i>					
<b>Commercial and industrial</b>	\$ —	\$ —	\$ 63,410	\$ 44,121	\$ 107,531
<b>Commercial mortgages</b>	—	—	30,001	—	30,001
<b>Construction</b>	—	—	21,294	—	21,294
<b>Residential</b>	—	—	—	309	309
<b>Consumer<sup>(1)</sup></b>	<b>908</b>	<b>382</b>	<b>6,147</b>	<b>182</b>	<b>7,619</b>
<b>Total</b>	<b>\$ 908</b>	<b>\$ 382</b>	<b>\$ 120,852</b>	<b>\$ 44,612</b>	<b>\$ 166,754</b>

<sup>(1)</sup> Includes home equity lines of credit, installment loans and unsecured lines of credit.

	September 30, 2023				
	30-89 Days Past Due and Still Accruing	90+ Days Past Due and Still Accruing	Accruing Current Balances	Nonaccrual Loans	Total
Commercial and industrial	\$ 428	\$ —	\$ 36,299	\$ 11,343	\$ 48,070
Owner-occupied commercial	—	—	—	1,271	1,271
Commercial mortgages	—	—	9,427	—	9,427
Construction	8,285	—	909	—	9,194
Residential	—	—	613	—	613
Consumer <sup>(1)</sup>	727	207	8,277	400	9,611
<b>Total</b>	<b>\$ 9,440</b>	<b>\$ 207</b>	<b>\$ 55,525</b>	<b>\$ 13,014</b>	<b>\$ 78,186</b>

<sup>(1)</sup> Includes home equity lines of credit, installment loans and unsecured lines of credit.

## 8. LEASES

As a lessee, the Company enters into leases for its bank branches, corporate offices, and certain equipment. As a lessor, the Company primarily provides financing through its equipment leasing business.

### Lessee

The Company's ongoing leases have remaining lease terms of less than one year to 21 years, which includes renewal options that are exercised at its discretion. The Company's lease terms to calculate the lease liability and right-of-use asset include options to extend the lease when it is reasonably certain that the Company will exercise the option. The lease liability and right-of-use asset is included in *Other liabilities* and *Other assets*, respectively, in the unaudited Consolidated Statements of Financial Condition. Leases with an initial term of 12 months or less are not recorded on the unaudited Consolidated Statements of Financial Condition. Lease expense is recognized on a straight-line basis over the lease term. Operating lease expense is included in *Occupancy expense* in the unaudited Consolidated Statements of Income. The Company accounts for lease components separately from nonlease components. The Company subleases certain real estate to third parties.

The components of operating lease cost were as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(Dollars in thousands)</i>				
Operating lease cost <sup>(1)</sup>	\$ 4,308	\$ 3,077	\$ 12,732	\$ 12,593
Sublease income	(30)	(37)	(90)	(118)
Net lease cost	\$ 4,278	\$ 3,040	\$ 12,642	\$ 12,475

<sup>(1)</sup> Includes variable lease cost and short-term lease cost.

Supplemental information related to operating leases was as follows:

<i>(Dollars in thousands)</i>	September 30, 2024	December 31, 2023
Right-of-use assets	\$ 134,342	\$ 130,601
Lease liabilities	\$ 157,309	\$ 151,596

### Lease term and discount rate

Weighted average remaining lease term (in years)	12.73	13.01
Weighted average discount rate	5.26 %	5.20 %

Maturities of operating lease liabilities were as follows:

<i>(Dollars in thousands)</i>	September 30, 2024
Remaining in 2024	\$ 4,721
2025	18,730
2026	17,985
2027	16,584
2028	16,601
After 2028	145,256
Total lease payments	219,877
Less: Interest	(62,568)
Present value of lease liabilities	\$ 157,309

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Supplemental cash flow information related to operating leases was as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(Dollars in thousands)</i>				
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>				
Operating cash flows from operating leases	\$ 4,999	\$ 4,041	\$ 14,482	\$ 14,235

As of September 30, 2024, the Corporation had not entered into any material leases that have not yet commenced.

**Lessor Equipment Leasing**

The Company provides equipment and small business lease financing through its leasing subsidiary, NewLane Finance<sup>®</sup>. Interest income from direct financing leases where the Company is a lessor is recognized in *Interest and fees on loans and leases* on the unaudited Consolidated Statements of Income. The allowance for credit losses on finance leases is included in *Provision for credit losses* on the unaudited Consolidated Statements of Income.

The components of direct finance lease income are summarized in the table below:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(Dollars in thousands)</i>				
<b>Direct financing leases:</b>				
Interest income on lease receivable	\$ 16,051	\$ 13,682	\$ 46,665	\$ 39,200
Interest income on deferred fees and costs, net	(2,034)	(1,643)	(5,715)	(4,479)
Total direct financing lease net interest income	\$ 14,017	\$ 12,039	\$ 40,950	\$ 34,721

Equipment leasing receivables relate to direct financing leases. The composition of the net investment in direct financing leases was as follows:

	September 30, 2024	December 31, 2023
<i>(Dollars in thousands)</i>		
Lease receivables	\$ 747,886	\$ 721,338
Unearned income	(122,591)	(114,341)
Deferred fees and costs	20,126	16,625
Net investment in direct financing leases	\$ 645,421	\$ 623,622

## 9. GOODWILL AND INTANGIBLE ASSETS

In accordance with ASC 805, *Business Combinations* (ASC 805) and ASC 350, *Intangibles - Goodwill and Other* (ASC 350), all assets acquired and liabilities assumed in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles are recorded at fair value as of acquisition date.

WSFS performs its annual goodwill impairment test on October 1, or more frequently if events and circumstances indicate that the fair value of a reporting unit is less than its carrying value. In between annual tests, management performs a qualitative review of goodwill quarterly as part of the Company's review of the overall business to ensure no events or circumstances have occurred that would impact its goodwill evaluation. During the nine months ended September 30, 2024, management determined based on its qualitative assessment that the fair values of our reporting units exceeded their carrying values, and no goodwill impairment existed during the nine months ended September 30, 2024.

The following table shows the allocation of goodwill to the reportable operating segments for purposes of goodwill impairment testing:

*(Dollars in thousands)*

	WSFS Bank	Wealth Management	Consolidated Company
December 31, 2023	\$ 753,586	\$ 132,312	\$ 885,898
<b>Goodwill adjustments</b>	—	—	—
<b>September 30, 2024</b>	<b>\$ 753,586</b>	<b>\$ 132,312</b>	<b>\$ 885,898</b>

ASC 350 requires that an acquired intangible asset be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. The following table summarizes the Company's intangible assets:

*(Dollars in thousands)*

	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Amortization Period
<b>September 30, 2024</b>				
<b>Core deposits</b>	\$ 104,751	\$ (58,463)	\$ 46,288	<b>10 years</b>
<b>Customer relationships</b>	73,880	(22,229)	51,651	<b>7-15 years</b>
<b>Loan servicing rights<sup>(1)</sup></b>	13,200	(7,774)	5,426	<b>10-25 years</b>
<b>Tradename</b>	2,900	—	2,900	<b>indefinite</b>
<b>Total intangible assets</b>	<b>\$ 194,731</b>	<b>\$ (88,466)</b>	<b>\$ 106,265</b>	
<b>December 31, 2023</b>				
Core deposits	\$ 104,751	\$ (50,754)	\$ 53,997	10 years
Customer relationships	73,880	(18,153)	55,727	7-15 years
Loan servicing rights <sup>(2)</sup>	12,613	(6,575)	6,038	10-25 years
Tradename	2,900	—	2,900	indefinite
Total intangible assets	<b>\$ 194,144</b>	<b>\$ (75,482)</b>	<b>\$ 118,662</b>	

<sup>(1)</sup> Includes impairment losses of less than \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2024, respectively.

<sup>(2)</sup> Includes impairment losses of less than \$0.1 million for the year ended December 31, 2023.

The Company recognized amortization expense on intangible assets of \$3.9 million and \$11.8 million for the three and nine months ended September 30, 2024, respectively, compared to \$3.9 million and \$11.6 million for the three and nine months ended September 30, 2023, respectively.



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The following table presents the estimated future amortization expense on definite life intangible assets:

	<b>September 30, 2024</b>
<i>(Dollars in thousands)</i>	
Remaining in 2024	\$ 4,207
2025	16,640
2026	15,923
2027	15,444
2028	14,609
Thereafter	36,542
Total	<u>\$ 103,365</u>

*Servicing Assets*

The Company records mortgage servicing rights on its mortgage loan servicing portfolio, which includes mortgages that it acquires or originates as well as mortgages that it services for others, and servicing rights on Small Business Administration (SBA) loans. Mortgage servicing rights and SBA loan servicing rights are included in *Goodwill and intangible assets* in the accompanying unaudited Consolidated Statements of Financial Condition. Mortgage loans which the Company services for others are not included in Loans and leases, net of allowance in the accompanying unaudited Consolidated Statements of Financial Condition. Servicing rights represent the present value of the future net servicing fees from servicing mortgage loans the Company acquires or originates, or that it services for others.

The value of the Company's mortgage servicing rights was \$1.5 million and \$1.7 million at September 30, 2024 and December 31, 2023, respectively, and the value of its SBA loan servicing rights was \$3.9 million and \$4.3 million at September 30, 2024 and December 31, 2023, respectively. Changes in the value of the Company's servicing rights resulted in impairment losses of less than \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2024, respectively, and a reversal of impairment losses of \$0.2 million and less than \$0.1 million for the three and nine months ended September 30, 2023, respectively. Revenues from originating, marketing and servicing mortgage loans as well as valuation adjustments related to capitalized mortgage servicing rights are included in *Mortgage banking activities, net* in the unaudited Consolidated Statements of Income and revenues from the Company's SBA loan servicing rights are included in *Loan and lease fee income* in the unaudited Consolidated Statements of Income.

Besides the impairment on loan servicing rights noted above, there was no impairment of other intangible assets as of September 30, 2024 or December 31, 2023. Changing economic conditions that may adversely affect the Company's performance and could result in impairment, which could adversely affect earnings in the future.

**10. DEPOSITS**

The following table shows deposits by category:

	<b>September 30, 2024</b>	December 31, 2023
<i>(Dollars in thousands)</i>		
Noninterest-bearing:		
Noninterest demand	<u>\$ 4,685,957</u>	\$ 4,917,297
Total noninterest-bearing	<u>\$ 4,685,957</u>	\$ 4,917,297
Interest-bearing:		
Interest-bearing demand	\$ 2,931,448	\$ 2,935,530
Savings	1,488,373	1,610,143
Money market	5,178,388	5,175,123
Customer time deposits	2,142,865	1,784,317
Brokered deposits	—	51,676
Total interest-bearing	<u>11,741,074</u>	11,556,789
Total deposits	<u>\$ 16,427,031</u>	\$ 16,474,086



## 11. INCOME TAXES

There were no unrecognized tax benefits as of September 30, 2024. The Company records interest and penalties on potential income tax deficiencies as income tax expense. The Company's federal and state tax returns for the 2020 through 2023 tax years are subject to examination as of September 30, 2024. The Company does not expect to record or realize any material unrecognized tax benefits during 2024.

The amortization of the low-income housing credit investments has been reflected as income tax expense of \$1.9 million and \$1.4 million for the three months ended September 30, 2024 and 2023, respectively, and \$5.7 million and \$4.1 million for the nine months ended September 30, 2024 and 2023, respectively.

The amount of affordable housing tax credits, amortization, and tax benefits recorded as income tax expense for the three months ended were \$1.7 million, \$1.9 million, and \$0.6 million, respectively. The amount of affordable housing tax credits, amortization, and tax benefits recorded as income tax expense for the nine months ended September 30, 2024 were \$5.1 million, \$5.7 million and \$1.7 million, respectively. The carrying value of the investment in affordable housing credits is \$81.3 million at September 30, 2024, compared to \$87.1 million at December 31, 2023 and is included in the *Other assets* line item on the unaudited Consolidated Statements of Financial Condition.

## 12. FAIR VALUE DISCLOSURES OF FINANCIAL ASSETS AND LIABILITIES

### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

ASC 820-10, *Fair Value Measurement* (ASC 820-10) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

- Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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The following tables present financial instruments carried at fair value as of September 30, 2024 and December 31, 2023 by level in the valuation hierarchy (as described above):

	September 30, 2024			
<i>(Dollars in thousands)</i>	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Assets measured at fair value on a recurring basis:</b>				
<b>Available-for-sale securities:</b>				
CMO	\$ —	\$ 455,483	\$ —	\$ 455,483
FNMA MBS	—	2,939,887	—	2,939,887
FHLMC MBS	—	111,807	—	111,807
GNMA MBS	—	43,823	—	43,823
GSE agency notes	—	186,119	—	186,119
Other assets	—	166,339	56	166,395
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ —</b>	<b>\$ 3,903,458</b>	<b>\$ 56</b>	<b>\$ 3,903,514</b>
<b>Liabilities measured at fair value on a recurring basis:</b>				
Other liabilities	\$ —	\$ 133,020	\$ 8,285	\$ 141,305
<b>Assets measured at fair value on a nonrecurring basis:</b>				
Other investments	\$ —	\$ —	\$ 14,322	\$ 14,322
Other real estate owned	—	—	1,301	1,301
Loans held for sale	—	42,121	—	42,121
<b>Total assets measured at fair value on a nonrecurring basis</b>	<b>\$ —</b>	<b>\$ 42,121</b>	<b>\$ 15,623</b>	<b>\$ 57,744</b>
	December 31, 2023			
<i>(Dollars in thousands)</i>	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
<b>Assets measured at fair value on a recurring basis:</b>				
<b>Available-for-sale securities:</b>				
CMO	\$ —	\$ 464,619	\$ —	\$ 464,619
FNMA MBS	—	3,042,350	—	3,042,350
FHLMC MBS	—	115,532	—	115,532
GNMA MBS	—	43,340	—	43,340
GSE agency notes	—	180,696	—	180,696
Other assets	—	153,569	78	153,647
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ —</b>	<b>\$ 4,000,106</b>	<b>\$ 78</b>	<b>\$ 4,000,184</b>
<b>Liabilities measured at fair value on a recurring basis:</b>				
Other liabilities	\$ —	\$ 137,616	\$ 14,026	\$ 151,642
<b>Assets measured at fair value on a nonrecurring basis</b>				
Other investments	\$ —	\$ —	\$ 15,206	\$ 15,206
Other real estate owned	—	—	1,569	1,569
Loans held for sale	—	29,268	—	29,268
<b>Total assets measured at fair value on a nonrecurring basis</b>	<b>\$ —</b>	<b>\$ 29,268</b>	<b>\$ 16,775</b>	<b>\$ 46,043</b>

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Fair value is based on quoted market prices, where available. If such quoted market prices are not available, fair value is based on internally developed models or obtained from third parties that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include unobservable parameters. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

### *Available-for-sale securities*

Securities classified as available-for-sale are reported at fair value using Level 2 inputs. The Company believes that this Level 2 designation is appropriate under ASC 820-10, as these securities are GSEs and GNMA securities with almost all fixed income securities, none are exchange traded, and all are priced by correlation to observed market data. For these securities the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, U.S. government and agency yield curves, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the security's terms and conditions, among other factors.

### *Other investments*

Other investments includes equity investments without readily determinable fair values, which are categorized as Level 3. The Company's equity investments without readily determinable fair values are held at cost, and are adjusted for any observable price changes in orderly transactions for the identical or a similar investment of the same issuer during the reporting period.

### *Other real estate owned*

Other real estate owned consists of loan collateral which has been repossessed through foreclosure or other measures. Initially, foreclosed assets are recorded at the fair value of the collateral less estimated selling costs. Subsequent to foreclosure, valuations are updated periodically and the assets may be marked down further, reflecting a new cost basis. The fair value of other real estate owned was estimated using Level 3 inputs based on appraisals obtained from third parties.

### *Loans held for sale*

The fair value of loans held for sale is based on estimates using Level 2 inputs. These inputs are based on pricing information obtained from wholesale mortgage banks and brokers and applied to loans with similar interest rates and maturities.

### *Other assets*

Other assets include the fair value of interest rate products, derivatives on the residential mortgage held for sale loan pipeline, foreign exchange forward contracts, and risk participation agreements. Valuation of interest rate products is obtained from an independent pricing service and also from the derivative counterparty. Valuation of the derivative related to the residential mortgage held for sale loan pipeline is based on valuation of the loans held for sale portfolio as described above in *Loans held for sale*. Valuation of foreign exchange forward contracts and risk participation agreements are obtained from an independent pricing service.

### *Other liabilities*

Other liabilities include the fair value of interest rate products, derivatives on the residential mortgage held for sale loan pipeline, foreign exchange forward contracts, risk participation agreements, and derivative related to the sale of certain Visa Class B common shares. Valuation of interest rate products is obtained from an independent pricing service and also from the derivative counterparty. Valuation of the derivative related to the residential mortgage held for sale loan pipeline is based on valuation of the loans held for sale portfolio as described above in *Loans held for sale*. Valuation of foreign exchange forward contracts and risk participation agreements are obtained from an independent pricing service. Valuation of the derivative related to the sale of certain Visa Class B common shares is based on: (i) the agreed upon graduated fee structure; (ii) the length of time until the resolution of the Visa covered litigation; and (iii) the estimated impact of dilution in the conversion ratio of Class B shares resulting from changes in the Visa covered litigation.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The reported fair values of financial instruments are based on a variety of factors. In certain cases, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions regarding the amount and timing of estimated future cash flows that are discounted to reflect current market rates and varying degrees of risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of period-end or that will be realized in the future.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

### *Cash, cash equivalents, and restricted cash*

For cash and short-term investment securities, including due from banks, federal funds sold or purchased under agreements to resell and interest-bearing deposits with other banks, the carrying amount is a reasonable estimate of fair value.

### *Investment securities*

Investment securities include debt securities classified as held-to-maturity or available-for-sale. Fair value is estimated using quoted prices for similar securities, which the Company obtains from a third party vendor. The Company uses one of the largest providers of securities pricing to the industry and management periodically assesses the inputs used by this vendor to price the various types of securities owned by the Company to validate the vendor's methodology as described above in available-for-sale securities.

### *Other investments*

Other investments includes equity investments without readily determinable fair values (see discussion in "Fair Value of Financial Assets and Liabilities" section above) as well as equity method investments.

### *Loans held for sale*

Loans held for sale are carried at their fair value (see discussion in "Fair Value of Financial Assets and Liabilities" section above).

### *Loans and leases*

Loans and leases are segregated by portfolio segments with similar financial characteristics. The fair values of loans and leases, with the exception of reverse mortgages, are estimated by discounting expected cash flows using the current rates at which similar loans would be made to borrowers with comparable credit ratings and for similar remaining maturities. The fair values of reverse mortgages are based on the net present value of the expected cash flows using a discount rate specific to the reverse mortgages portfolio. The fair value of nonperforming loans is based on recent external appraisals of the underlying collateral, if the loan is collateral dependent. Estimated cash flows, discounted using a rate commensurate with current rates and the risk associated with the estimated cash flows, are used if appraisals are not available. This technique does contemplate an exit price.

### *Stock in the Federal Home Loan Bank (FHLB) of Pittsburgh*

The fair value of FHLB stock is assumed to be equal to its cost basis, since the stock is non-marketable but redeemable at its par value.

### *Accrued interest receivable*

The carrying amounts of interest receivable approximate fair value.

### *Other assets*

Other assets include the fair value of interest rate products, derivatives on the residential mortgage held for sale loan pipeline, foreign exchange forward contracts, and risk participation agreements (see discussion in "Fair Value of Financial Assets and Liabilities" section above).

### *Deposits*

The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, money market and interest-bearing demand deposits, is assumed to be equal to the amount payable on demand. The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using rates currently offered for deposits with comparable remaining maturities.



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*Borrowed funds*

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

*Off-balance sheet instruments*

The fair value of off-balance sheet instruments, including swap guarantees of \$6.0 million at September 30, 2024 and \$7.3 million at December 31, 2023, respectively, and standby letters of credit, approximates the recorded net deferred fee amounts. Because letters of credit are generally not assignable by either the Company or the borrower, they only have value to the Company and the borrower. In determining the fair value of the swap guarantees, the Company assesses the underlying credit risk exposure for each borrower in a paying position to the third-party financial institution.

*Accrued interest payable*

The carrying amounts of interest payable approximate fair value.

*Other liabilities*

Other liabilities include the fair value of interest rate products, derivatives on the residential mortgage held for sale loan pipeline, foreign exchange forward contracts, risk participation agreements, and derivative related to the sale of certain Visa Class B common shares (see discussion in “Fair Value of Financial Assets and Liabilities” section above).

*Financial instruments measured at fair value using significant unobservable inputs (Level 3)*

The following tables provide a description of the valuation techniques and significant unobservable inputs for the Company's financial instruments classified as Level 3 as of September 30, 2024 and December 31, 2023:

*(Dollars in thousands)*

Financial Instrument	September 30, 2024			
	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Other investments	\$ 14,322	Observed market comparable transactions	Period of observed transactions	December 2023
Other real estate owned	1,301	Fair market value of collateral	Costs to sell	10.0%-20.0% (19.3%) CDS spread: 110 - 360 bps (189 bps)
Other assets (Risk participation agreements purchased)	56	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	LGD: -% - 30% (30%)
Other liabilities (Risk participation agreements sold)	112	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	CDS spread: 1 - 250 bps (213 bps) LGD: 30%
Other liabilities (Financial derivative related to sales of certain Visa Class B shares)	8,173	Discounted cash flow	Timing of Visa litigation resolution	2.75 years or 2Q 2027

*(Dollars in thousands)*

Financial Instrument	December 31, 2023			
	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Other investments	\$ 15,206	Observed market comparable transactions	Period of observed transactions	December 2023
Other real estate owned	1,569	Fair market value of collateral	Costs to sell	10.0% - 20.0% (18.1%) CDS spread: 110 - 360 bps (195 bps)
Other assets (Risk participation agreements purchased)	78	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	LGD: -% - 30% (30%)
Other liabilities (Risk participation agreements sold)	3	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	CDS spread: 1 - 250 bps (95 bps) LGD: 30%
Other liabilities (Financial derivative related to sales of certain Visa Class B shares)	14,023	Discounted cash flow	Timing of Visa litigation resolution	1.00 - 4.75 years (3.06 years or 4Q 2025)





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The book value and estimated fair value of the Company's financial instruments are as follows:

<i>(Dollars in thousands)</i>	Fair Value Measurement	September 30, 2024		December 31, 2023	
		Book Value	Fair Value	Book Value	Fair Value
<b>Financial assets:</b>					
Cash, cash equivalents, and restricted cash	Level 1	\$ 990,918	\$ 990,918	\$ 1,092,900	\$ 1,092,900
Investment securities available-for-sale	Level 2	3,737,119	3,737,119	3,846,537	3,846,537
Investment securities held-to-maturity, net	Level 2	1,026,305	958,969	1,058,557	985,931
Other investments	Level 3	16,976	16,976	17,434	17,434
Loans, held for sale	Level 2	42,121	42,121	29,268	29,268
Loans and leases, net <sup>(1)</sup>	Level 3	13,124,684	13,360,280	12,583,202	12,514,431
Stock in FHLB of Pittsburgh	Level 2	17,497	17,497	15,398	15,398
Accrued interest receivable	Level 2	87,360	87,360	85,979	85,979
Other assets	Levels 2, 3	166,395	166,395	153,647	153,647
<b>Financial liabilities:</b>					
Deposits	Level 2	\$ 16,427,031	\$ 16,418,398	\$ 16,474,086	\$ 16,449,198
Borrowed funds	Level 2	1,075,161	1,093,335	895,076	912,760
Standby letters of credit	Level 3	675	675	814	814
Accrued interest payable	Level 2	73,418	73,418	46,684	46,684
Other liabilities	Levels 2, 3	141,305	141,305	151,642	151,642

<sup>(1)</sup> Includes reverse mortgage loans.

At September 30, 2024 and December 31, 2023 the Company had no commitments to extend credit measured at fair value.

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

#### *Risk Management Objective of Using Derivatives*

The Company is exposed to certain risks arising from both economic conditions and its business operations. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its assets and liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions. The Company does not use derivative financial instruments for proprietary or speculative trading.

#### *Fair Values of Derivative Instruments*

The table below presents the fair value of derivative financial instruments as well as their location on the unaudited Consolidated Statements of Financial Condition as of September 30, 2024.

<i>(Dollars in thousands)</i>	Fair Values of Derivative Instruments			
	Count	Notional	Balance Sheet Location	Derivatives (Fair Value)
<b>Derivatives designated as hedging instruments:</b>				
Interest rate swaps	18	\$ 1,500,000	Other assets	\$ 32,323
Total		\$ 1,500,000		\$ 32,323
<b>Derivatives not designated as hedging instruments:</b>				
Interest rate swaps		\$ 2,875,981	Other assets	\$ 131,543
Interest rate swaps		2,875,981	Other liabilities	(131,543)
Interest rate lock commitments with customers		67,991	Other assets	1,071
Interest rate lock commitments with customers		390	Other liabilities	(2)
Forward sale commitments		14,548	Other assets	42
Forward sale commitments		58,479	Other liabilities	(258)
FX forwards		34,636	Other assets	1,360
FX forwards		33,204	Other liabilities	(1,217)
Risk participation agreements sold		102,449	Other liabilities	(112)
Risk participation agreements purchased		89,053	Other assets	56
Financial derivatives related to sales of certain Visa Class B shares		55,358	Other liabilities	(8,173)
<b>Total derivatives</b>		<b>\$ 7,708,070</b>		<b>\$ 25,090</b>

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The table below presents the fair value of derivative financial instruments as well as their location on the unaudited Consolidated Statements of Financial Condition as of December 31, 2023.

<i>(Dollars in thousands)</i>	Count	Fair Values of Derivative Instruments		Derivatives (Fair Value)
		Notional	Balance Sheet Location	
<b>Derivatives designated as hedging instruments:</b>				
Interest rate swaps	9	\$ 750,000	Other assets	\$ 15,578
Total		\$ 750,000		\$ 15,578
<b>Derivatives not designated as hedging instruments:</b>				
Interest rate swaps		\$ 2,428,306	Other assets	\$ 136,924
Interest rate swaps		2,383,443	Other liabilities	(136,924)
Interest rate lock commitments with customers		34,651	Other assets	637
Forward sale commitments		1,000	Other assets	1
Forward sale commitments		37,348	Other liabilities	(283)
FX forwards		15,812	Other assets	429
FX forwards		13,064	Other liabilities	(409)
Risk participation agreements sold		103,648	Other liabilities	(3)
Risk participation agreements purchased		116,804	Other assets	78
Financial derivatives related to sales of certain Visa Class B shares		113,177	Other liabilities	(14,023)
<b>Total derivatives</b>		<u>\$ 5,997,253</u>		<u>\$ 2,005</u>

*Effect of Derivative Instruments on the Income Statement*

The table below presents the effect of the derivative financial instruments on the unaudited Consolidated Statements of Income for the three and nine months ended September 30, 2024 and September 30, 2023.

<i>(Dollars in thousands)</i>	Amount of Loss Recognized in OCI on Derivative (Effective Portion)		Amount of Loss Recognized in OCI on Derivative (Effective Portion)		Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2024	2023	2024	2023	
<b>Derivatives in Cash Flow Hedging Relationships</b>					
Interest rate options	\$ 10,722	\$ (1,608)	\$ 3,702	\$ (2,752)	Interest income
Total	<u>\$ 10,722</u>	<u>\$ (1,608)</u>	<u>\$ 3,702</u>	<u>\$ (2,752)</u>	
<i>(Dollars in thousands)</i>	Amount of Gain (Loss) Recognized in Income		Amount of Gain (Loss) Recognized in Income		Location of Gain (Loss) Recognized in Income
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2024	2023	2024	2023	
<b>Derivatives not designated as hedging instruments</b>					
Interest rate swaps and options	\$ 2,774	\$ 3,427	\$ 7,928	\$ 7,397	Other income
Interest rate lock commitments with customers	143	(171)	399	116	Mortgage banking activities, net
Forward sale commitments	(977)	595	(733)	\$ 660	Mortgage banking activities, net
FX forwards	91	97	370	126	Other income
Risk participation agreements	(62)	(317)	(97)	(330)	Other income
Total	<u>\$ 1,969</u>	<u>\$ 3,631</u>	<u>\$ 7,867</u>	<u>\$ 7,969</u>	

**Derivatives Designated as Hedging Instruments:**

*Cash Flow Hedges of Interest Rate Risk*

The Company's objectives in using interest rate derivatives are to add stability to interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate options, including floors, caps, collars, or swaps as part of its interest rate risk management strategy. Interest rate options designated as cash flow hedges involve the receipt of fixed amounts from a counterparty in exchange for the Company making variable-rate payments over the life of the agreements without exchange of the underlying notional amount.

The Company has agreements with certain derivative counterparties that contain a provision under which, if it defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. The Company also has agreements with certain derivative counterparties that contain a provision where if it fails to maintain its status as a well-capitalized or adequately capitalized institution, then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements.

As of September 30, 2024, the Company had 18 interest rate floors purchased at an aggregate premium of \$29.7 million with an aggregate notional amount of \$1.5 billion to hedge variable cash flows associated with a variable rate loan pool through the third quarter of 2027. Changes to the fair value of derivatives designated and that qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecast transaction affects earnings. If the Company determines that a cash flow hedge is no longer highly effective, future changes in the fair value of the hedging instrument would be reported in earnings. As of September 30, 2024, the Company determined the cash flow hedges remain highly effective. During the three and nine months ended September 30, 2024, \$1.3 million and \$3.1 million, respectively, of amortization expense on the premium was reclassified into interest income compared to \$0.4 million and \$0.6 million during the three and nine months ended September 30, 2023, respectively. The Company does not expect any unrealized gains or losses related to cash flow hedges to be reclassified into earnings in the next twelve months.

**Derivatives Not Designated as Hedging Instruments:**

*Customer Derivatives – Interest Rate Swaps*

The Company enters into interest rate swaps with commercial loan customers wishing to manage interest rate risk. The Company then enters into corresponding swap agreements with swap dealer counterparties to economically hedge the exposure arising from these contracts. The interest rate swaps with both the customers and third parties are not designated as hedges under ASC 815, *Derivatives and Hedging* (ASC 815) and are marked to market through earnings. As the interest rate swaps are structured to offset each other, changes to the underlying benchmark interest rates considered in the valuation of these instruments do not result in an impact to earnings; however, there may be fair value adjustments related to credit quality variations between counterparties, which may impact earnings as required by ASC 820. As of September 30, 2024, there were no fair value adjustments related to credit quality.

*Derivative Financial Instruments from Mortgage Banking Activities*

Derivative financial instruments related to mortgage banking activities are recorded at fair value and are not designated as accounting hedges. This includes commitments to originate certain fixed-rate residential mortgage loans to customers, also referred to as interest rate lock commitments. The Company may also enter into forward sale commitments to sell loans to investors at a fixed price at a future date and trade asset-backed securities to mitigate interest rate risk.

*Foreign Exchange Forward Contracts*

The Company enters into foreign exchange forward contracts (FX forwards) with customers to exchange one currency for another on an agreed date in the future at an agreed exchange rate. The Corporation then enters into corresponding FX forwards with swap dealer counterparties to economically hedge its exposure on the exchange rate component of the customer agreements. The FX forwards with both the customers and third parties are not designated as hedges under ASC 815 and are marked to market through earnings. Exposure to gains and losses on these contracts increase or decrease over their respective lives as currency exchange and interest rates fluctuate. As the FX forwards are structured to offset each other, changes to the underlying term structure of currency exchange rates considered in the valuation of these instruments do not result in an impact to earnings; however, there may be fair value adjustments related to credit quality variations between counterparties, which may impact earnings as required by ASC 820. As of September 30, 2024, there were no fair value adjustments related to credit quality.

### *Risk Participation Agreements*

The Company may enter into a risk participation agreement (RPA) with another institution as a means to assume a portion of the credit risk associated with a loan structure which includes a derivative instrument, in exchange for fee income commensurate with the risk assumed. This type of derivative is referred to as an “RPA sold.” In addition, in an effort to reduce the credit risk associated with an interest rate swap agreement with a borrower for whom the Corporation has provided a loan structured with a derivative, the Corporation may purchase an RPA from an institution participating in the facility in exchange for a fee commensurate with the risk shared. This type of derivative is referred to as an “RPA purchased.”

### *Swap Guarantees*

The Company entered into agreements with one unrelated financial institution whereby that financial institution entered into interest rate derivative contracts (interest rate swap transactions) directly with customers referred to them by the Company. Under the terms of the agreements, the financial institution has recourse to us for any exposure created under each swap transaction, only in the event that the customer defaults on the swap agreement and the agreement is in a paying position to the third-party financial institution. This is a customary arrangement that allows us to provide access to interest rate swap transactions for our customers without creating the swap ourselves. These swap guarantees are accounted for as credit derivatives.

At September 30, 2024 and December 31, 2023, there were 161 and 188 variable-rate to fixed-rate swap transactions between the third-party financial institutions and the Company's customers, respectively. The initial notional aggregate amount was approximately \$0.7 billion at September 30, 2024 and December 31, 2023. At September 30, 2024, the swap transactions remaining maturities ranged from under 1 year to 11 years. At September 30, 2024, one of these customer swaps was in a paying position to third parties for less than \$0.1 million, with our swap guarantees having a fair value of \$6.0 million. At December 31, 2023, none of these customer swaps were in a paying position to third parties, with the Company's swap guarantees having a fair value of \$7.3 million. For both periods, none of the Company's customers were in default of the swap agreements.

### *Credit-risk-related Contingent Features*

The Company has agreements with certain derivative counterparties that contain a provision under which, if it defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations.

The Company has minimum collateral posting thresholds with certain of its derivative counterparties, and has posted collateral of \$3.7 million in cash against its obligations under these agreements which meets or exceeds the minimum collateral posting requirements. If the Company had breached any of these provisions at September 30, 2024, it could have been required to settle its obligations under the agreements at the termination value.

## 14. SEGMENT INFORMATION

As defined in ASC 280, *Segment Reporting* (ASC 280), an operating segment is a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the enterprise's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company evaluates performance based on pretax net income relative to resources used, and allocate resources based on these results. The accounting policies applicable to the Company's segments are those that apply to its preparation of the accompanying unaudited Consolidated Financial Statements. Based on these criteria, the Company has identified three segments: WSFS Bank, Cash Connect<sup>®</sup>, and Wealth Management.

The WSFS Bank segment provides financial products to commercial and consumer customers. Commercial and Consumer Banking and other banking business units are operating departments of WSFS Bank. These departments share the same regulators, the same market, many of the same customers and provide similar products and services through the general infrastructure of the Bank. Accordingly, these departments are not considered discrete segments and are appropriately aggregated in the WSFS Bank segment.

The Company's Cash Connect<sup>®</sup> segment provides ATM vault cash, smart safe and other cash logistics services through strategic partnerships with several of the largest networks, manufacturers and service providers in the ATM industry. Cash Connect<sup>®</sup> services non-bank and WSFS-branded ATMs and smart safes nationwide. The balance sheet category *Cash in non-owned ATMs* includes cash from which fee income is earned through bailment arrangements with customers of Cash Connect<sup>®</sup>.

The Wealth Management segment provides a broad array of planning and advisory services, investment management, trust services, and credit and deposit products to individual, corporate, and institutional clients. Bryn Mawr Trust<sup>®</sup> is our predominant Private Wealth Management brand, providing advisory, investment management and trustee services to institutions, affluent and high-net-worth individuals. Private Wealth Management, which includes Private Banking, serves high-net-worth clients and institutions by providing trustee and advisory services, financial planning, customized investment strategies, brokerage products such as annuities and customized banking services including credit and deposit products tailored to its clientele. Private Wealth Management includes businesses that operate under the bank's charter, through a broker/dealer and as a registered investment advisor (RIA). It generates revenue through fee-only arrangements, net interest income and other fee-only services such as estate administration, trust tax planning and custody. Powdermill<sup>®</sup> is a multi-family office specializing in providing independent solutions to high-net-worth individuals, families and corporate executives through a coordinated, centralized approach.

The Bryn Mawr Trust Company of Delaware provides personal trust and fiduciary services to families and individuals across the U.S. and internationally. WSFS Institutional Services<sup>®</sup> provides trustee, agency, bankruptcy administration, custodial and commercial domicile services to institutional, corporate clients and special purpose vehicles.

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The following tables show segment results for the three and nine months ended September 30, 2024 and 2023:

<i>(Dollars in thousands)</i>	Three Months Ended September 30, 2024				Three Months Ended September 30, 2023			
	WSFS Bank	Cash Connect®	Wealth Management	Total	WSFS Bank	Cash Connect®	Wealth Management	Total
<b>Statements of Income</b>								
External customer revenues:								
Interest income	\$ 267,430	\$ —	\$ 5,954	\$ 273,384	\$ 245,520	\$ —	\$ 5,619	\$ 251,139
Noninterest income	21,338	31,805	37,015	90,158	18,371	21,231	33,066	72,668
Total external customer revenues	288,768	31,805	42,969	363,542	263,891	21,231	38,685	323,807
Inter-segment revenues:								
Interest income	8,587	293	28,414	37,294	7,213	340	27,011	34,564
Noninterest income	8,901	468	227	9,596	7,384	499	190	8,073
Total inter-segment revenues	17,488	761	28,641	46,890	14,597	839	27,201	42,637
Total revenue	306,256	32,566	71,610	410,432	278,488	22,070	65,886	366,444
External customer expenses:								
Interest expense	86,768	—	9,112	95,880	60,133	—	8,404	68,537
Noninterest expenses	118,219	24,481	21,023	163,723	105,655	15,524	18,510	139,689
Provision for (release of) credit losses	18,426	—	(4)	18,422	18,544	—	(130)	18,414
Total external customer expenses	223,413	24,481	30,131	278,025	184,332	15,524	26,784	226,640
Inter-segment expenses:								
Interest expense	28,707	4,885	3,702	37,294	27,351	4,068	3,145	34,564
Noninterest expenses	695	1,571	7,330	9,596	689	1,391	5,993	8,073
Total inter-segment expenses	29,402	6,456	11,032	46,890	28,040	5,459	9,138	42,637
Total expenses	252,815	30,937	41,163	324,915	212,372	20,983	35,922	269,277
Income before taxes	\$ 53,441	\$ 1,629	\$ 30,447	\$ 85,517	\$ 66,116	\$ 1,087	\$ 29,964	\$ 97,167
Income tax provision				21,108				22,904
Consolidated net income				64,409				74,263
Net (loss) income attributable to noncontrolling interest				(26)				97
Net income attributable to WSFS				\$ 64,435				\$ 74,166
<b>Supplemental Information</b>								
Capital expenditures for the period ended	\$ 2,896	\$ 124	\$ 618	\$ 3,638	\$ 1,131	\$ —	\$ 10	\$ 1,141



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<i>(Dollars in thousands)</i>	Nine Months Ended September 30, 2024				Nine Months Ended September 30, 2023			
	WSFS Bank	Cash Connect®	Wealth Management	Total	WSFS Bank	Cash Connect®	Wealth Management	Total
<b>Statements of Income</b>								
External customer revenues:								
Interest income	\$ 782,950	\$ —	\$ 17,293	\$ 800,243	\$ 703,210	\$ —	\$ 16,081	\$ 719,291
Noninterest income	60,198	89,155	108,260	257,613	46,610	59,402	96,654	202,666
Total external customer revenues	843,148	89,155	125,553	1,057,856	749,820	59,402	112,735	921,957
Inter-segment revenues:								
Interest income	23,132	1,119	84,606	108,857	20,037	1,058	72,686	93,781
Noninterest income	24,662	1,381	698	26,741	21,545	1,455	389	23,389
Total inter-segment revenues	47,794	2,500	85,304	135,598	41,582	2,513	73,075	117,170
Total revenue	890,942	91,655	210,857	1,193,454	791,402	61,915	185,810	1,039,127
External customer expenses:								
Interest expense	241,528	—	31,484	273,012	152,582	—	19,733	172,315
Noninterest expenses	335,488	70,358	62,717	468,563	314,751	43,562	55,674	413,987
Provision for credit losses	53,046	—	328	53,374	62,589	—	666	63,255
Total external customer expenses	630,062	70,358	94,529	794,949	529,922	43,562	76,073	649,557
Inter-segment expenses:								
Interest expense	85,725	12,308	10,824	108,857	73,744	11,478	8,559	93,781
Noninterest expenses	2,079	4,630	20,032	26,741	1,844	4,221	17,324	23,389
Total inter-segment expenses	87,804	16,938	30,856	135,598	75,588	15,699	25,883	117,170
Total expenses	717,866	87,296	125,385	930,547	605,510	59,261	101,956	766,727
Income before taxes	\$ 173,076	\$ 4,359	\$ 85,472	\$ 262,907	\$ 185,892	\$ 2,654	\$ 83,854	\$ 272,400
Income tax provision				63,567				66,880
Consolidated net income				199,340				205,520
Net (loss) income attributable to noncontrolling interest				(129)				272
Net income attributable to WSFS				\$ 199,469				\$ 205,248
<b>Supplemental Information</b>								
Capital expenditures for the period ended	\$ 9,289	\$ 247	\$ 1,059	\$ 10,595	\$ 2,943	\$ —	\$ 10	\$ 2,953

The following table shows significant components of segment net assets as of September 30, 2024 and December 31, 2023:

<i>(Dollars in thousands)</i>	September 30, 2024				December 31, 2023			
	WSFS Bank	Cash Connect®	Wealth Management	Total	WSFS Bank	Cash Connect®	Wealth Management	Total
<b>Statements of Financial Condition</b>								
Cash and cash equivalents	\$ 585,912	\$ 366,675	\$ 38,331	\$ 990,918	\$ 600,483	\$ 443,431	\$ 48,986	\$ 1,092,900
Goodwill	753,586	—	132,312	885,898	753,586	—	132,312	885,898
Other segment assets	18,574,502	17,097	436,794	19,028,393	18,191,585	15,654	408,635	18,615,874
Total segment assets	\$ 19,914,000	\$ 383,772	\$ 607,437	\$ 20,905,209	\$ 19,545,654	\$ 459,085	\$ 589,933	\$ 20,594,672

## 15. COMMITMENTS AND CONTINGENCIES

### *Secondary Market Loan Sales*

The Company typically sells newly originated residential mortgage loans in the secondary market to mortgage loan aggregators and to GSEs such as FHLMC, FNMA, and on a more limited basis, the FHLB. Loans held for sale are reflected on the unaudited Consolidated Statements of Financial Condition at fair value with changes in the value reflected in the unaudited Consolidated Statements of Income. Gains and losses are recognized at the time of sale. The Company periodically retains the servicing rights on residential mortgage loans sold which results in monthly service fee income. The mortgage servicing rights are included in *Goodwill and intangible assets* on the unaudited Consolidated Statements of Financial Condition. Otherwise, the Company sells loans with servicing released on a nonrecourse basis. Rate-locked loan commitments that the Company intends to sell in the secondary market are accounted for as derivatives under ASC 815.

The Company does not sell loans with recourse, except for standard loan sale contract provisions covering violations of representations and warranties and, under certain circumstances, early payment default by the borrower. These are customary repurchase provisions in the secondary market for residential mortgage loan sales. These provisions may include either an indemnification from loss or the repurchase of the loans. Repurchases and losses have been rare and no provision is made for losses at the time of sale. There were three repurchases during the nine months ended September 30, 2024 for an aggregate of \$0.7 million and one repurchase for \$0.8 million during the same period in 2023.

### *Unfunded Lending Commitments*

At September 30, 2024 and December 31, 2023, the allowance for credit losses of unfunded lending commitments was \$12.8 million and \$12.1 million, respectively. A provision expense of \$1.3 million and \$0.7 million was recognized during the three and nine months ended September 30, 2024, respectively, compared to a provision expense of \$0.1 million and \$0.2 million during the three and nine months ended September 30, 2023, respectively.

## 16. CHANGE IN ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss includes unrealized gains and losses on available-for-sale investments, unrealized gains and losses on cash flow hedges, as well as unrecognized prior service costs and actuarial gains and losses on defined benefit pension plans. Changes to accumulated other comprehensive loss are presented, net of tax, as a component of stockholders' equity. Amounts that are reclassified out of accumulated other comprehensive loss are recorded on the unaudited Consolidated Statements of Income either as a gain or loss. Changes to accumulated other comprehensive loss by component are shown, net of taxes, in the following tables for the period indicated:

<i>(Dollars in thousands)</i>	Net change in investment securities available-for-sale	Net change in investment securities held-to-maturity	Net change in defined benefit plan	Net change in fair value of derivatives used for cash flow hedges	Net change in equity method investments	Total
<b>Balance, June 30, 2024</b>	\$ (549,039)	\$ (84,046)	\$ (4,790)	\$ (5,423)	\$ 420	\$ (642,878)
Other comprehensive income (loss)	128,223	—	(4)	10,722	4	138,945
Less: Amounts reclassified from accumulated other comprehensive loss	—	3,965	(49)	—	—	3,916
Net current-period other comprehensive income (loss)	128,223	3,965	(53)	10,722	4	142,861
<b>Balance, September 30, 2024</b>	<u>\$ (420,816)</u>	<u>\$ (80,081)</u>	<u>\$ (4,843)</u>	<u>\$ 5,299</u>	<u>\$ 424</u>	<u>\$ (500,017)</u>
<b>Balance, June 30, 2023</b>	\$ (550,890)	\$ (99,945)	\$ (4,571)	\$ (1,115)	\$ 462	\$ (656,059)
Other comprehensive (loss) income	(127,523)	—	(3)	(1,608)	192	(128,942)
Less: Amounts reclassified from accumulated other comprehensive loss	—	4,366	(48)	(28)	—	4,290
Net current-period other comprehensive (loss) income	(127,523)	4,366	(51)	(1,636)	192	(124,652)
<b>Balance, September 30, 2023</b>	<u>\$ (678,413)</u>	<u>\$ (95,579)</u>	<u>\$ (4,622)</u>	<u>\$ (2,751)</u>	<u>\$ 654</u>	<u>\$ (780,711)</u>
<i>(Dollars in thousands)</i>	Net change in investment securities available-for-sale	Net change in investment securities held-to-maturity	Net change in defined benefit plan	Net change in fair value of derivatives used for cash flow hedges <sup>(1)</sup>	Net change in equity method investments	Total
<b>Balance, December 31, 2023</b>	\$ (499,932)	\$ (91,523)	\$ (4,614)	\$ 1,597	\$ 481	\$ (593,991)
Other comprehensive income (loss)	79,116	—	(81)	3,702	(57)	82,680
Less: Amounts reclassified from accumulated other comprehensive loss	—	11,442	(148)	—	—	11,294
Net current-period other comprehensive income (loss)	79,116	11,442	(229)	3,702	(57)	93,974
<b>Balance, September 30, 2024</b>	<u>\$ (420,816)</u>	<u>\$ (80,081)</u>	<u>\$ (4,843)</u>	<u>\$ 5,299</u>	<u>\$ 424</u>	<u>\$ (500,017)</u>
<b>Balance, December 31, 2022</b>	\$ (563,533)	\$ (108,503)	\$ (4,482)	\$ 108	\$ 566	\$ (675,844)
Other comprehensive (loss) income	(114,880)	—	2	(2,752)	88	(117,542)
Less: Amounts reclassified from accumulated other comprehensive loss	—	12,924	(142)	(107)	—	12,675
Net current-period other comprehensive (loss) income	(114,880)	12,924	(140)	(2,859)	88	(104,867)
<b>Balance, September 30, 2023</b>	<u>\$ (678,413)</u>	<u>\$ (95,579)</u>	<u>\$ (4,622)</u>	<u>\$ (2,751)</u>	<u>\$ 654</u>	<u>\$ (780,711)</u>

<sup>(1)</sup> Includes amortization of net gain for cash flow hedges terminated as of April 1, 2020.

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The unaudited Consolidated Statements of Income were impacted by components of other comprehensive income (loss) as shown in the tables below:

	<b>Three Months Ended September 30,</b>		<b>Affected line item in unaudited Consolidated Statements of Income</b>
	<b>2024</b>	<b>2023</b>	
<i>(Dollars in thousands)</i>			
<b>Net unrealized holding losses on securities transferred between available-for-sale and held-to-maturity:</b>			
Amortization of net unrealized losses to income during the period	5,217	5,745	Net interest income
Income taxes	<u>(1,252)</u>	<u>(1,379)</u>	Income tax provision
<b>Net of tax</b>	<u>3,965</u>	<u>4,366</u>	
<b>Amortization of defined benefit pension plan-related items:</b>			
Prior service credits	(19)	(19)	
Actuarial gains	<u>(46)</u>	<u>(44)</u>	
Total before tax	(65)	(63)	Salaries, benefits and other compensation
Income taxes	<u>16</u>	<u>15</u>	Income tax provision
<b>Net of tax</b>	<u>(49)</u>	<u>(48)</u>	
<b>Net unrealized gains on terminated cash flow hedges:</b>			
Amortization of net unrealized gains to income during the period	—	(37)	Interest and fees on loans and leases
Income taxes	<u>—</u>	<u>9</u>	Income tax provision
<b>Net of tax</b>	<u>—</u>	<u>(28)</u>	
<b>Total reclassifications</b>	<u>\$ 3,916</u>	<u>\$ 4,290</u>	
	<b>Nine Months Ended September 30,</b>		<b>Affected line item in unaudited Consolidated Statements of Income</b>
	<b>2024</b>	<b>2023</b>	
<b>Net unrealized holding losses on securities transferred between available-for-sale and held-to-maturity:</b>			
Amortization of net unrealized losses to income during the period	15,055	17,005	Net interest income
Income taxes	<u>(3,613)</u>	<u>(4,081)</u>	Income tax provision
<b>Net of tax</b>	<u>11,442</u>	<u>12,924</u>	
<b>Amortization of defined benefit pension plan-related items:</b>			
Prior service credits	(57)	(57)	
Actuarial gains	<u>(138)</u>	<u>(130)</u>	
Total before tax	(195)	(187)	Salaries, benefits and other compensation
Income taxes	<u>47</u>	<u>45</u>	Income tax provision
<b>Net of tax</b>	<u>(148)</u>	<u>(142)</u>	
<b>Net unrealized gains on terminated cash flow hedges:</b>			
Amortization of net unrealized gains to income during the period	—	(141)	Interest and fees on loans and leases
Income taxes	<u>—</u>	<u>34</u>	Income tax provision
<b>Net of tax</b>	<u>—</u>	<u>(107)</u>	
<b>Total reclassifications</b>	<u>\$ 11,294</u>	<u>\$ 12,675</u>	

## 17. LEGAL AND OTHER PROCEEDINGS

In accordance with the current accounting standards for loss contingencies, the Company establishes reserves for litigation-related matters that arise in the ordinary course of its business activities when it is probable that a loss associated with a claim or proceeding has been incurred and the amount of the loss can be reasonably estimated. Litigation claims and proceedings of all types are subject to many uncertain factors that generally cannot be predicted with assurance. In addition, the Company's defense of litigation claims may result in legal fees, which it expenses as incurred.

There were no material changes or additions to other significant pending legal or other proceedings involving the Company other than those arising out of routine operations.

## 18. SUBSEQUENT EVENTS

The Company evaluated subsequent events in accordance with ASC Topic 855 and determined that the following qualifies as a non-recognized subsequent event:

### *Repayment of Borrowed Funds*

On October 11, 2024 and October 18, 2024, WSFS Bank executed repayments of advances under the Bank Term Funding Program (BTFP) totaling \$700.0 million of principal and \$25.1 million of accrued interest. The Bank has no borrowings remaining under the BTFP.

## **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **OVERVIEW**

WSFS Financial Corporation (WSFS, and together with its subsidiaries, the Company) is a savings and loan holding company headquartered in Wilmington, Delaware. Substantially all of our assets are held by our subsidiary, Wilmington Savings Fund Society, FSB (WSFS Bank or the Bank), one of the ten oldest bank and trust companies in the United States (U.S.) continuously operating under the same name. With \$20.9 billion in assets and \$87.2 billion in assets under management (AUM) and assets under administration (AUA) at September 30, 2024, WSFS Bank is the oldest and largest locally-managed bank and trust company headquartered in the Greater Philadelphia and Delaware region. As a federal savings bank that was formerly chartered as a state mutual savings bank, WSFS Bank enjoys a broader scope of permissible activities than most other financial institutions. A fixture in the community, we have been in operation for more than 192 years. In addition to our focus on stellar customer experience, we have continued to fuel growth and remain a leader in our community. We are a relationship-focused, locally-managed, community banking institution. Our mission is simple: “We Stand for Service.” Our strategy of “Engaged Associates, living our culture, enriching the communities we serve” focuses on exceeding customer expectations, delivering stellar experiences and building customer advocacy through highly-trained, relationship-oriented, friendly, knowledgeable and empowered Associates.

As of September 30, 2024, we had six consolidated subsidiaries: WSFS Bank, The Bryn Mawr Trust Company of Delaware (BMT-DE), Bryn Mawr Capital Management, LLC (BMCM), WSFS Wealth Management, LLC (Powdermill®), WSFS SPE Services, LLC, and 601 Perkasio, LLC. The Company also has three unconsolidated subsidiaries: WSFS Capital Trust III, Royal Bancshares Capital Trust I, and Royal Bancshares Capital Trust II. WSFS Bank has two wholly-owned subsidiaries: Beneficial Equipment Finance Corporation (BEFC) and 1832 Holdings, Inc., and one majority-owned subsidiary, NewLane Finance Company (NewLane Finance®).

Our banking business had a total loan and lease portfolio of \$13.3 billion as of September 30, 2024, which was funded primarily through commercial relationships and consumer and customer generated deposits. We have built a \$10.2 billion commercial loan and lease portfolio by recruiting seasoned commercial lenders in our markets, offering the high level of service and flexibility typically associated with a community bank and through acquisitions. We also offer a broad variety of consumer loan products and retail securities brokerage through our retail branches, in addition to mortgage and title services through our branches and WSFS Mortgage®, our mortgage banking company specializing in a variety of residential mortgage and refinancing solutions. Our leasing business, conducted by NewLane Finance®, originates small business leases and provides commercial financing to businesses nationwide, targeting various equipment categories including technology, software, office, medical, veterinary and other areas. In addition, NewLane Finance® offers captive insurance through its subsidiary, Prime Protect.

Our Cash Connect® business is a premier provider of ATM vault cash, smart safe (safes that automatically accept, validate, record and hold cash in a secure environment) and other cash logistics services through strategic partnerships with several of the largest networks, manufacturers and service providers in the ATM industry. Cash Connect® services non-bank and WSFS-branded ATMs and smart safes nationwide, and manages approximately \$1.6 billion in total cash and services approximately 32,400 non-bank ATMs and 9,700 smart safes nationwide. Cash Connect® provides related services such as online reporting and ATM cash management, predictive cash ordering and reconciliation services, armored carrier management, loss protection, and deposit safe cash logistics. Cash Connect® also supports 569 owned or branded ATMs for WSFS Bank Customers, which is one of the largest branded ATM networks in our market.

Our Wealth Management business provides a broad array of planning and advisory services, investment management, trust services, and credit and deposit products to individual, corporate and institutional clients. Combined, these businesses had \$87.2 billion of AUM and AUA at September 30, 2024.

Bryn Mawr Trust® is our predominant Private Wealth Management brand, providing advisory, investment management and trustee services to institutions, affluent and high-net-worth individuals. Private Wealth Management serves high-net-worth clients and institutions by providing trustee and advisory services, financial planning, customized investment strategies, brokerage products such as annuities and traditional banking services such as credit and deposit products tailored to its clientele. Private Wealth Management includes businesses that operate under the Bank’s charter, through a broker/dealer and as a registered investment advisor (RIA). It generates revenue through a percentage fee based on account assets, fee-only arrangements, net interest income and other fee-only services such as estate administration, trust tax planning and custody. Powdermill® is a multi-family office specializing in providing independent solutions to high-net-worth individuals, families and corporate executives through a coordinated, centralized approach.

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BMT-DE provides personal trust and fiduciary services to families and individuals across the U.S. and internationally. WSFS Institutional Services® provides trustee, agency, bankruptcy administration, custodial and commercial domicile services to institutional, corporate clients and special purpose vehicles.

As of September 30, 2024, we service our customers primarily from 114 offices located in Pennsylvania (57), Delaware (39), New Jersey (14), Florida (2) Nevada (1) and Virginia (1), our ATM network, our website at [www.wsfsbank.com](http://www.wsfsbank.com) and our mobile app.

### **Highlights and Other Notables Items for Three and Nine Months Ended September 30, 2024**

#### • ***Three Months Ended September 30, 2024***

- The Wealth Management business completed the conversion of its trust accounting system and Client portal as part of the Bryn Mawr Trust integration plan.
- During the quarter, WSFS Associates surpassed the Bank's 2024 volunteer commitment goal of 24,000 hours of service.
- During the quarter, WSFS recognized \$2.3 million in revenue from our partnership with Spring EQ related to the annual earnout from the previously announced sale, recognized within *Other income* on the unaudited Consolidated Statements of Income.
- WSFS repurchased 266,672 shares of common stock under the Company's share repurchase programs at an average price of \$51.82 per share, for an aggregate purchase price of approximately \$13.8 million.
- The Board of Directors approved a \$0.15 per share quarterly cash dividend.
- The Bank and the Company continue to be well above well-capitalized across all measures of regulatory capital, with total common equity Tier 1 capital of 13.46% and 13.56%, respectively, and total risk-based capital of 14.71% and 15.61%, respectively.

#### • ***Nine Months Ended September 30, 2024***

- Net loans and leases grew \$541.5 million, or 6% annualized, compared to December 31, 2023.
- The allowance for credit losses (ACL) on loans and leases increased \$11.4 million when compared to December 31, 2023, primarily due to higher provision on our commercial mortgages portfolio.
- During the nine months ended September 30, 2024, WSFS had capital returns of \$101.5 million to stockholders, comprised of \$74.5 million from share repurchases and \$27.0 million from quarterly dividends.
- WSFS recorded a \$0.9 million expense for the final FDIC Special Assessment received during the year.
- During the year, WSFS recognized \$4.3 million of nonrecurring income from our partnership with Spring EQ, comprised of the \$2.3 million annual earnout mentioned above and post-close distributions of \$2.0 million related to the sale of our equity investment in Spring EQ that occurred in the fourth quarter of 2023.
- As a result of the Visa Class B exchange program, (i) a \$3.4 million gain resulting from the reduction of our Visa B derivative liability established from our previous sale of 360,000 shares in 2Q 2020 and (ii) a \$0.1 million gain on the liquidation of a portion of our remaining equity investment.
- In July 2024, Moody's Investor Services reaffirmed the Company's investment-grade issuer rating of Baa2 with a stable outlook. The ratings reaffirmation reflects the benefits of our diversified business model, our strong capital levels, earnings, liquidity, and asset quality.
- During the year, we held our second annual "We Stand for Service Day", during which nearly 1,500 of our Associates volunteered at more than 130 community organizations across the Greater Philadelphia, Southern New Jersey and Delaware region.





## **FINANCIAL CONDITION**

Total assets increased \$310.5 million to \$20.9 billion at September 30, 2024 compared to December 31, 2023. This increase is primarily comprised of the following:

- Net loans and leases held for investment increased \$541.5 million, primarily due to increases of \$125.9 million in consumer loans primarily from Spring EQ home equity loans, \$117.6 million in owner-occupied commercial loans, \$99.2 million in commercial and industrial loans and \$70.1 million in residential mortgage loans. Commercial mortgages increased \$347.9 million with a corresponding decrease of \$229.7 million in construction due to the migration of construction loans to permanent commercial mortgages.
- Total investment securities decreased \$141.7 million:
  - Investment securities, available-for-sale decreased \$109.4 million, primarily due to repayments, maturities and calls of \$262.8 million, partially offset by increased market values of \$104.1 million and purchases of \$51.6 million.
  - Investment securities, held-to-maturity decreased \$32.3 million, primarily due to repayments, maturities and calls of \$45.8 million, partially offset by \$11.2 million of amortization of net unrealized losses on available-for-sale securities transferred to held-to-maturity.
- Total cash and cash equivalents decreased \$102.0 million, due to loan growth and a shift to external funding sources in our Cash Connect® business, partially offset by an increase in wholesale funding.

Total liabilities increased \$113.3 million to \$18.2 billion at September 30, 2024 compared to December 31, 2023. This increase is primarily comprised of the following:

- Other borrowed funds increased \$136.6 million, primarily due to \$135.0 million borrowed from the Bank Term Funding Program (BTFP) as a result of favorable terms and pricing.
- Federal Home Loan Bank advances increased \$43.2 million due to favorable pricing terms.
- Accrued interest payable increased \$26.7 million due to the timing of interest payments on BTFP borrowings.
- Brokered deposits decreased \$51.7 million due to a shift in funding sources.
- Other liabilities decreased \$46.4 million, primarily due to a decrease of \$54.4 million in collateral held on derivatives and derivative liabilities, partially offset by an increase of \$5.7 million in our lease liabilities related to new leases and extensions.

For further information, see "Notes to the Consolidated Financial Statements (Unaudited).

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Capital Resources**

Stockholders' equity of WSFS increased \$200.6 million between December 31, 2023 and September 30, 2024. This increase was primarily due to \$199.5 million of earnings and a decrease of \$94.0 million in accumulated other comprehensive loss driven by market value increases on available-for-sale mortgage-backed securities, partially offset by \$74.5 million from the repurchase of shares of common stock under our stock repurchase plan and the payment of dividends on our common stock of \$27.0 million.

During the three months ended September 30, 2024, our Board of Directors approved a quarterly cash dividend of \$0.15 per share of common stock. This dividend will be paid on November 22, 2024 to stockholders of record as of November 8, 2024.

Book value per share of common stock was \$45.37 at September 30, 2024, an increase of \$4.44 from \$40.93 at December 31, 2023. Tangible book value per share of common stock (a non-GAAP financial measure) was \$28.56 at September 30, 2024, an increase of \$4.23 from \$24.33 at December 31, 2023. We believe tangible book value per common share helps management and investors better understand and assess changes from period to period in stockholders' equity exclusive of changes in intangible assets. This non-GAAP measure should be considered in addition to results prepared in accordance with Generally Accepted Accounting Principles in the U.S. (GAAP), and is not a substitute for, or superior to, GAAP results. For a reconciliation of tangible book value per common share to book value per share in accordance with GAAP, see "Reconciliation of Non-GAAP Measure to GAAP Measure."



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The table below compares the Bank's and the Company's consolidated capital position to the minimum regulatory requirements as of September 30, 2024:

	Consolidated Capital		Minimum For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Percent	Amount	Percent	Amount	Percent
<i>(Dollars in thousands)</i>						
Total Capital (to Risk-Weighted Assets)						
Wilmington Savings Fund Society, FSB	\$ 2,402,661	14.71 %	\$ 1,306,575	8.00 %	\$ 1,633,219	10.00 %
WSFS Financial Corporation	2,549,909	15.61	1,307,069	8.00	1,633,836	10.00
Tier 1 Capital (to Risk-Weighted Assets)						
Wilmington Savings Fund Society, FSB	2,198,431	13.46	979,932	6.00	1,306,575	8.00
WSFS Financial Corporation	2,215,602	13.56	980,301	6.00	1,307,069	8.00
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Wilmington Savings Fund Society, FSB	2,198,431	13.46	734,949	4.50	1,061,592	6.50
WSFS Financial Corporation	2,215,602	13.56	735,226	4.50	1,061,993	6.50
Tier 1 Leverage Capital						
Wilmington Savings Fund Society, FSB	2,198,431	10.68	823,529	4.00	1,029,411	5.00
WSFS Financial Corporation	2,215,602	10.75	824,057	4.00	1,030,071	5.00

Under the prompt corrective action regime, regulators have established five capital tiers: well-capitalized, adequately-capitalized, under-capitalized, significantly under-capitalized, and critically under-capitalized. A depository institution's capital tier depends on its capital levels in relation to various relevant capital measures, which include leverage and risk-based capital measures and certain other factors. Depository institutions that are not classified as well-capitalized are subject to various restrictions, which may include restrictions on capital distributions, payment of management fees, acceptance of brokered deposits and other operating activities.

Regulatory capital requirements for the Bank and the Company include a minimum common equity Tier 1 capital ratio of 4.50% of risk-weighted assets, a Tier 1 capital ratio of 6.00% of risk-weighted assets, a minimum total capital ratio of 8.00% of risk-weighted assets and a minimum Tier 1 leverage capital ratio of 4.00% of average assets. In order to avoid limits on capital distributions and discretionary bonus payments, the Bank and the Company must maintain a capital conservation buffer of 2.5% of common equity Tier 1 capital over each of the risk-based capital requirements. As of September 30, 2024, the Bank and the Company were in compliance with the regulatory capital requirements and met or exceeded the amounts required to be considered "well-capitalized" as defined in the regulations.

Not included in the Bank's capital, WSFS separately held \$307.4 million in cash to support share repurchases, potential dividends, acquisitions, strategic growth plans and other general corporate purposes.

## Liquidity

We manage our liquidity and funding needs through our Treasury function and our Asset/Liability Committee. We have a policy that separately addresses liquidity, and management monitors our adherence to policy limits. Also, liquidity risk management is a primary area of examination by the banking regulators.

Funding sources to support growth and meet our liquidity needs include cash from operations, commercial, consumer, wealth and trust deposits, loan repayments, FHLB borrowings, repurchase agreements, access to the Federal Reserve Discount Window, and access to the brokered deposit market as well as other wholesale funding avenues. In addition, we have a large portfolio of high-quality, liquid investments, primarily short-duration mortgage-backed securities, that provide a near-continuous source of cash flow to meet current cash needs, or can be sold to meet larger discrete needs for cash. We believe these sources are sufficient to meet our funding needs as well as maintain required and prudent levels of liquidity over the next twelve months and beyond.

As of September 30, 2024, the Company had \$1.0 billion in cash, cash equivalents, and restricted cash. As of September 30, 2024, our estimated uninsured deposits were \$6.1 billion, or 37% of total customer deposits, and our estimated unprotected deposits (uninsured and uncollateralized) were \$4.9 billion, or 30% of total customer deposits.

As of September 30, 2024, the Company had a readily available, secured borrowing capacity of \$5.6 billion from the FHLB and \$2.0 billion through the Federal Reserve Discount Window. In addition, the Company had \$1.4 billion in unpledged securities that could be used to support additional borrowings and \$0.3 billion of cash deposited with the Federal Reserve Bank.

Our primary cash contractual obligations relate to operating leases, long-term debt, credit obligations, and data processing. At September 30, 2024, we had \$219.9 million in total contractual payments for ongoing leases that have remaining lease terms of less than one year to 21 years, which includes renewal options that are exercised at our discretion. For additional information on our operating leases, see Note 8 to the unaudited Consolidated Financial Statements. At September 30, 2024, we had obligations for principal payments on long-term debt including \$43.2 million of FHLB advances, \$67.0 million for our trust preferred borrowings, due June 1, 2035, \$70.0 million of fixed-to-floating rate subordinated notes due 2027, and \$150.0 million for our senior debt, due December 15, 2030. At September 30, 2024, we had advances of \$700.0 million under the BTFP, due January 2025. On October 11, 2024 and October 18, 2024, WSFS Bank executed repayments of advances under the Bank Term Funding Program (BTFP) totaling \$700.0 million of principal and \$25.1 million of accrued interest. Royal Bancshares Capital Trust I (Trust I) and Royal Bancshares Capital Trust II (Trust II) (collectively, the RBC Trusts), which were acquired from Bryn Mawr Bank Corporation, were utilized for the sole purpose of issuing and selling capital securities representing preferred beneficial interests. Although WSFS owns an aggregate of \$0.8 million of the common securities of Trust I and Trust II, the RBC Trusts are not consolidated into the Company's Consolidated Financial Statements. Inclusive of the fair value marks, WSFS assumed junior subordinated debentures owed to the RBC Trusts with a current carrying value of \$11.9 million each, totaling \$23.8 million. The Company records its investments in the RBC Trusts' common securities of \$0.4 million each as investments in unconsolidated entities and records dividend income upon declaration by Trust I and Trust II. The Company has fully and unconditionally guaranteed all of the obligations of the RBC Trusts, including any distributions and payments on liquidation or redemption of the capital securities. We are also contractually obligated to make interest payments on our long-term debt through their respective maturities.

Commitments to extend credit provide for financing on predetermined terms as long as the customer continues to meet specific criteria. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. At September 30, 2024, the Company had total commitments to extend credit of \$4.1 billion, which are generally one year commitments.

**NONPERFORMING ASSETS**

Nonperforming assets include nonaccruing loans, OREO and restructured loans. Nonaccruing loans are those on which we no longer accrue interest. Loans are placed on nonaccrual status immediately if, in the opinion of management, collection is doubtful, or when principal or interest is past due 90 days or more and the value of the collateral is insufficient to cover principal and interest. Interest accrued but not collected at the date a loan is placed on nonaccrual status is reversed and charged against interest income. In addition, the amortization of net deferred loan fees is suspended when a loan is placed on nonaccrual status. Subsequent cash receipts are applied either to the outstanding principal balance or recorded as interest income, depending on management's assessment of the ultimate collectability of principal and interest. Past due loans are defined as loans contractually past due 90 days or more as to principal or interest payments but which remain in accrual status because they are considered well secured and in the process of collection.

The following table shows our nonperforming assets and past due loans at the dates indicated:

<i>(Dollars in thousands)</i>	<b>September 30, 2024</b>	December 31, 2023
Nonaccruing loans <sup>(1)</sup> :		
Commercial and industrial	\$ 64,939	\$ 29,389
Owner-occupied commercial	6,154	4,862
Commercial mortgages	7,449	22,292
Construction	3,308	12,617
Residential	5,099	2,579
Consumer	3,090	2,446
Total nonaccruing loans <sup>(2)</sup>	<u>90,039</u>	<u>74,185</u>
Other real estate owned	1,301	1,569
Total nonperforming assets	<u>\$ 91,340</u>	<u>\$ 75,754</u>
Past due loans:		
Commercial	\$ 23,945	\$ 1,552
Residential	15	—
Consumer <sup>(3)</sup>	7,754	10,032
Total past due loans	<u>\$ 31,714</u>	<u>\$ 11,584</u>
Troubled loans:		
Commercial	\$ 158,826	\$ 85,330
Residential	309	777
Consumer	7,619	9,161
Total troubled loans	<u>\$ 166,754</u>	<u>\$ 95,268</u>
Ratio of allowance for credit losses to total loans and leases <sup>(4)</sup>	1.48 %	1.46 %
Ratio of nonaccruing loans to total gross loans and leases <sup>(5)</sup>	0.68	0.58
Ratio of nonperforming assets to total assets	0.44	0.37
Ratio of allowance for credit losses to nonaccruing loans	219	251
Ratio of allowance for credit losses to total nonperforming assets <sup>(6)</sup>	216	246

<sup>(1)</sup> Includes nonaccruing troubled loans.

<sup>(2)</sup> Includes nonaccrual loans held-for-sale as of December 31, 2023

<sup>(3)</sup> Includes U.S. government guaranteed student loans with little risk of credit loss.

<sup>(4)</sup> Represents amortized cost basis for loans and leases.

<sup>(5)</sup> Total loans exclude loans held for sale and reverse mortgages.

<sup>(6)</sup> Excludes acquired purchase credit deteriorated loans.

Nonperforming assets increased \$15.6 million between December 31, 2023 and September 30, 2024. This increase was primarily driven by the addition of two C&I relationships during the third quarter, partially offset by favorable resolutions and paydowns of multiple loans during the year and a charge-off on a commercial mortgage relationship. The ratio of nonperforming assets to total assets increased from 0.37% at December 31, 2023 to 0.44% at September 30, 2024.

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The following table summarizes the changes in nonperforming assets during the periods indicated:

<i>(Dollars in thousands)</i>	Nine Months Ended September 30,	
	2024	2023
Beginning balance	\$ 75,754	\$ 43,372
Additions	146,457	75,216
Collections	(63,672)	(16,487)
Transfers to accrual <sup>(1)</sup>	(15,430)	(20,263)
Charge-offs	(51,769)	(24,080)
Ending balance	\$ 91,340	\$ 57,758

<sup>(1)</sup> Includes impact of ASU No. 2022-02 adoption in 2023.

The timely identification of problem loans is a key element in our strategy to manage our loan portfolio. Problem loans are all criticized, classified and nonperforming loans and other real estate owned. Timely identification enables us to take appropriate action and accordingly, minimize losses. An asset review system established to monitor the asset quality of our loans and investments in real estate portfolios facilitates the identification of problem assets. In general, this system uses guidelines established by federal regulation.

**INTEREST RATE SENSITIVITY**

Our primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on net interest income and capital, while maximizing the yield/cost spread on our asset/liability structure. Interest rates are partly a function of decisions by the Federal Open Market Committee (FOMC) on the target range for the federal funds rate, and these decisions are sometimes difficult to anticipate. The FOMC lowered the federal funds target rate once in 2024 for a total of 50 basis points and increased the target rate four times in 2023 for a total of 100 basis points, and has suggested it may continue lowering interest rates further in 2024. In order to manage the risks associated with changes or possible changes in interest rates, we rely primarily on our asset/liability structure.

Our primary tool for achieving our asset/liability management strategies is to match maturities or repricing periods of interest rate-sensitive assets and liabilities to promote a favorable interest rate spread and mitigate exposure to fluctuations in interest rates. We regularly review our interest rate sensitivity and adjust the sensitivity within acceptable tolerance ranges. At September 30, 2024, interest-bearing liabilities exceeded interest-earning assets that mature or reprice within one year (interest-sensitive gap) by \$162.4 million. Our interest-sensitive assets as a percentage of interest-sensitive liabilities within the one-year window was 98.25% at September 30, 2024 compared with 99.67% at December 31, 2023. Likewise, the one-year interest-sensitive gap as a percentage of total assets was (0.78)% at September 30, 2024 compared with (0.14)% at December 31, 2023.

Market risk is the risk of loss from adverse changes in market prices and rates. Our market risk arises primarily from interest rate risk inherent in our lending, investing, and funding activities. To that end, we actively monitor and manage our interest rate risk exposure. One measure evaluates the impact of an immediate change in interest rates in 100 basis point increments on the economic value of equity ratio. The economic value of the equity ratio is defined as the economic value of the estimated cash flows from assets and liabilities as a percentage of economic value of cash flows from total assets.

The following table shows the estimated impact of immediate changes in interest rates on our net interest margin and economic value of equity ratio at the specified levels at September 30, 2024 and December 31, 2023:

% Change in Interest Rate (Basis Points)	September 30, 2024		December 31, 2023	
	% Change in Net Interest Margin <sup>(1)</sup>	Economic Value of Equity <sup>(2)</sup>	% Change in Net Interest Margin <sup>(1)</sup>	Economic Value of Equity <sup>(2)</sup>
+300	<b>13.8%</b>	<b>15.25%</b>	15.7%	22.44%
+200	<b>9.1%</b>	<b>15.73%</b>	10.4%	21.46%
+100	<b>4.4%</b>	<b>16.17%</b>	5.2%	20.41%
+50	<b>2.1%</b>	<b>16.42%</b>	2.6%	19.85%
+25	<b>0.9%</b>	<b>16.48%</b>	1.3%	19.56%
—	—%	<b>16.54%</b>	—%	19.26%
-25	<b>(1.0)%</b>	<b>16.60%</b>	(1.3)%	18.96%
-50	<b>(1.9)%</b>	<b>16.65%</b>	(2.6)%	18.64%
-100	<b>(3.4)%</b>	<b>16.50%</b>	(4.9)%	18.00%
-200	<b>(5.7)%</b>	<b>15.90%</b>	(9.6)%	16.50%
-300	<b>(8.1)%</b>	<b>14.40%</b>	(14.2)%	14.80%

<sup>(1)</sup> The percentage difference between net interest margin in a stable interest rate environment and net interest margin as projected under the various rate change environments.

<sup>(2)</sup> The economic value of equity ratio in a stable interest rate environment and the economic value of equity ratio as projected under the various rate change environments.

We also engage in other business activities that are sensitive to changes in interest rates. For example, mortgage banking revenues and expenses can fluctuate with changing interest rates. These fluctuations are difficult to model and estimate.

## **RESULTS OF OPERATIONS**

***Three months ended September 30, 2024:*** Net income for the three months ended September 30, 2024 was \$64.4 million, compared to \$74.2 million for the three months ended September 30, 2023.

- Net interest income decreased \$5.1 million, primarily due to continued deposit mix shift and growth in higher priced deposit products over the past year. See “Net Interest Income” for further information.
- Our provision for credit losses was flat. See “Allowance for Credit Losses” for further information.
- Noninterest income increased \$17.5 million, driven by the Cash Connect<sup>®</sup>, Wealth Management, Core Banking, and Mortgage business lines. Growth in Cash Connect<sup>®</sup> was driven by bailment Customers added in the fourth quarter of 2023 and first half of 2024. Growth in Wealth Management was driven by growth across all key product lines. We also recognized revenue from our partnership with Spring EQ. See “Noninterest Income” for further information.
- Noninterest expense increased \$24.0 million, primarily due to higher salaries and benefits from annual performance-based increases and talent additions in key business lines and Cash Connect<sup>®</sup> funding costs associated with a shift towards external funding.
- Income tax provision decreased \$1.8 million, primarily due to the \$11.7 million decrease in pre-tax income, partially offset by higher state income taxes.

***Nine months ended September 30, 2024:*** Net income for the nine months ended September 30, 2024 was \$199.5 million, compared to \$205.2 million for the nine months ended September 30, 2023.

- Net interest income decreased \$19.7 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to the reasons described above. See “Net Interest Income” for further information.
- Our provision for credit losses for the nine months ended September 30, 2024 decreased \$9.9 million compared to the nine months ended September 30, 2023, due to lower losses within our commercial and industrial loan portfolio and our residential and consumer loan portfolios, partially offset by higher losses on our commercial mortgages and commercial small business leases portfolios. See “Allowance for Credit Losses” for further information.
- Noninterest income for the nine months ended September 30, 2024 increased \$54.9 million compared to the nine months ended September 30, 2023, primarily due to increases from Cash Connect<sup>®</sup>, Wealth Management fee income, revenue from our partnership with Spring EQ, a gain on our Visa B derivative liability, mortgage banking activities, and capital markets income. See “Noninterest Income” for further information.
- Noninterest expense increased \$54.6 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to increases in Cash Connect<sup>®</sup> funding costs associated with a shift towards external funding and salaries and benefits from annual performance-based increases and talent additions in key business lines. The increase was partially offset by decreases in net corporate development and restructuring costs.
- Income tax provision for the nine months ended September 30, 2024 decreased \$3.3 million compared to the nine months ended September 30, 2023, primarily due to the benefit from our low-income housing tax credit investments, solar tax credit investments and research and development tax credits.



**Net Interest Income**

The following tables provide information concerning the balances, yields and rates on interest-earning assets and interest-bearing liabilities during the periods indicated:

	<b>Three months ended September 30,</b>					
	<b>2024</b>			<b>2023</b>		
	<b>Average Balance</b>	<b>Interest</b>	<b>Yield/ Rate<sup>(1)</sup></b>	<b>Average Balance</b>	<b>Interest</b>	<b>Yield/ Rate<sup>(1)</sup></b>
<i>(Dollars in thousands)</i>						
<b>Assets:</b>						
Interest-earning assets:						
Loans: <sup>(2)</sup>						
Commercial loans and leases	\$ 5,246,721	\$ 93,594	7.11 %	\$ 5,107,501	\$ 90,098	7.01 %
Commercial real estate loans	4,952,571	89,516	7.19	4,611,968	82,040	7.06
Residential loans	924,830	11,916	5.15	841,510	10,698	5.09
Consumer loans	2,112,423	39,909	7.52	1,940,418	34,972	7.15
Loans held for sale	50,556	1,042	8.20	54,072	1,095	8.03
Total loans and leases	<u>13,287,101</u>	<u>235,977</u>	<u>7.07</u>	<u>12,555,469</u>	<u>218,903</u>	<u>6.92</u>
Mortgage-backed securities <sup>(3)</sup>	4,354,462	25,348	2.33	4,602,107	26,654	2.32
Investment securities <sup>(3)</sup>	366,098	2,184	2.62	364,565	2,180	2.64
Other interest-earning assets	709,358	9,875	5.54	251,273	3,402	5.37
Total interest-earning assets	<u>\$ 18,717,019</u>	<u>\$ 273,384</u>	<u>5.82 %</u>	<u>\$ 17,773,414</u>	<u>\$ 251,139</u>	<u>5.61 %</u>
Allowance for credit losses	(199,380)			(173,052)		
Cash and due from banks	189,523			277,780		
Cash in non-owned ATMs	387,019			363,131		
Bank-owned life insurance	35,689			101,411		
Other noninterest-earning assets	1,931,521			1,922,080		
Total assets	<u>\$ 21,061,391</u>			<u>\$ 20,264,764</u>		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Interest-bearing demand	\$ 2,806,850	\$ 9,074	1.29 %	\$ 2,955,613	\$ 7,156	0.96 %
Savings	1,519,457	2,038	0.53	1,750,809	1,521	0.34
Money market	5,125,286	46,686	3.62	4,499,909	34,639	3.05
Customer time deposits	2,061,526	22,849	4.41	1,661,885	12,828	3.06
Total interest-bearing customer deposits	<u>11,513,119</u>	<u>80,647</u>	<u>2.79</u>	<u>10,868,216</u>	<u>56,144</u>	<u>2.05</u>
Brokered deposits	—	—	—	88,594	1,111	4.98
Total interest-bearing deposits	<u>11,513,119</u>	<u>80,647</u>	<u>2.79</u>	<u>10,956,810</u>	<u>57,255</u>	<u>2.07</u>
Federal Home Loan Bank advances	108,196	1,472	5.41	11,576	167	5.72
Trust preferred borrowings	90,753	1,749	7.67	90,557	1,764	7.73
Senior and subordinated debt	218,535	2,446	4.48	218,304	2,453	4.49
Other borrowed funds <sup>(4)</sup>	816,373	9,566	4.66	604,156	6,898	4.53
Total interest-bearing liabilities	<u>\$ 12,746,976</u>	<u>\$ 95,880</u>	<u>2.99 %</u>	<u>\$ 11,881,403</u>	<u>\$ 68,537</u>	<u>2.29 %</u>
Noninterest-bearing demand deposits	4,979,859			5,248,931		
Other noninterest-bearing liabilities	770,572			813,858		
Stockholders' equity	2,575,182			2,327,853		
Noncontrolling interest	(11,198)			(7,281)		
Total liabilities and stockholders' equity	<u>\$ 21,061,391</u>			<u>\$ 20,264,764</u>		
Excess of interest-earning assets over interest-bearing liabilities	<u>\$ 5,970,043</u>			<u>\$ 5,892,011</u>		
Net interest income		<u>\$ 177,504</u>			<u>\$ 182,602</u>	
Interest rate spread			<u>2.83 %</u>			<u>3.32 %</u>
Net interest margin			<u>3.78 %</u>			<u>4.08 %</u>

(1) Weighted average yields for tax-exempt securities and loans have been computed on a tax-equivalent basis.

(2) Average balances are net of unearned income and include nonperforming loans.

(3) Includes securities available-for-sale at fair value.

(4) Includes federal funds purchased.

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Nine months ended September 30,

	2024			2023		
	Average Balance	Interest	Yield/Rate <sup>(1)</sup>	Average Balance	Interest	Yield/Rate <sup>(1)</sup>
<i>(Dollars in thousands)</i>						
<b>Assets:</b>						
Interest-earning assets:						
Loans: <sup>(2)</sup>						
Commercial loans and leases	\$ 5,136,810	\$ 273,125	7.11 %	\$ 5,038,365	\$ 256,915	6.83 %
Commercial real estate loans	4,936,360	265,092	7.17	4,507,845	231,886	6.88
Residential loans	897,325	33,490	4.98	805,424	28,710	4.75
Consumer loans	2,080,780	117,156	7.52	1,899,370	100,015	7.04
Loans held for sale	42,520	2,632	8.27	47,827	2,985	8.34
Total loans and leases	13,093,795	691,495	7.06	12,298,831	620,511	6.75
Mortgage-backed securities <sup>(3)</sup>	4,388,650	77,029	2.34	4,729,796	81,310	2.29
Investment securities	364,196	6,551	2.66	370,573	6,599	2.71
Other interest-earning assets	607,780	25,168	5.53	279,373	10,871	5.20
Total interest-earning assets	\$ 18,454,421	\$ 800,243	5.80 %	\$ 17,678,573	\$ 719,291	5.45 %
Allowance for credit losses	(194,584)			(165,807)		
Cash and due from banks	179,898			254,702		
Cash in non-owned ATMs	323,706			390,474		
Bank-owned life insurance	39,834			101,350		
Other noninterest-earning assets	1,940,836			1,904,597		
Total assets	\$ 20,744,111			\$ 20,163,889		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Interest-bearing demand	\$ 2,816,260	\$ 24,547	1.16 %	\$ 3,045,247	\$ 18,705	0.82 %
Savings	1,553,451	5,392	0.46	1,895,379	4,119	0.29
Money market	5,161,325	138,509	3.58	4,168,793	81,795	2.62
Customer time deposits	1,945,165	61,509	4.22	1,506,980	29,418	2.61
Total interest-bearing customer deposits	11,476,201	229,957	2.68	10,616,399	134,037	1.69
Brokered deposits	6,114	178	3.89	246,544	8,464	4.59
Total interest-bearing deposits	11,482,315	230,135	2.68	10,862,943	142,501	1.75
Federal Home Loan Bank advances	51,995	2,139	5.50	133,143	5,135	5.16
Trust preferred borrowings	90,704	5,255	7.74	90,510	4,954	7.32
Senior debt	218,478	7,336	4.48	223,192	7,360	4.40
Other borrowed funds <sup>(4)</sup>	805,090	28,147	4.67	377,050	12,365	4.38
Total interest-bearing liabilities	\$ 12,648,582	\$ 273,012	2.88 %	\$ 11,686,838	\$ 172,315	1.97 %
Noninterest-bearing demand deposits	4,805,047			5,421,479		
Other noninterest-bearing liabilities	800,492			753,067		
Stockholders' equity	2,499,612			2,307,002		
Noncontrolling interest	(9,622)			(4,497)		
Total liabilities and stockholders' equity	\$ 20,744,111			\$ 20,163,889		
Excess of interest-earning assets over interest-bearing liabilities	\$ 5,805,839			\$ 5,991,735		
Net interest and dividend income		\$ 527,231			\$ 546,976	
Interest rate spread			2.92 %			3.48 %
Net interest margin			3.82 %			4.15 %

<sup>(1)</sup> Weighted average yields for tax-exempt securities and loans have been computed on a tax-equivalent basis.

<sup>(2)</sup> Average balances are net of unearned income and include nonperforming loans.

<sup>(3)</sup> Includes securities available-for-sale at fair value.

<sup>(4)</sup> Includes federal funds purchased.

**Three months ended September 30, 2024:** During the three months ended September 30, 2024, net interest income decreased \$5.1 million from the three months ended September 30, 2023 primarily due to continued deposit mix shift and growth in higher priced deposit products. Net interest margin was 3.78% for the third quarter of 2024, a 30 basis point decrease compared to 4.08% for the third quarter of 2023. The decrease was primarily due to an unfavorable decrease of 45 basis points from deposit mix shift and growth in higher priced deposit products, partially offset by an increase of 17 basis points from our loan yields.

**Nine months ended September 30, 2024:** During the nine months ended September 30, 2024, net interest income decreased \$19.7 million from the nine months ended September 30, 2023 due to the reasons noted above. Net interest margin was 3.82% for the nine months ended September 30, 2024, a 33 basis point decrease compared to 4.15% for the nine months ended September 30, 2023. The decrease was due to a 64 basis point decrease from the mix shift and growth in higher yielding products mentioned above, partially offset by a 35 basis point increase from our loan yields.

### **Allowance for Credit Losses**

We maintain the allowance for credit losses at an appropriate level based on our assessment of estimable and expected losses in the loan portfolio. Our allowance for credit losses is based on our historical loss experience that includes the inherent risk of our loans and various other factors including but not limited to, collateral values, trends in asset quality, level of delinquent loans and concentrations. Further, regional and national economic forecasts are considered in our expected credit losses. Our evaluation is based on a review of the portfolio and requires significant, complex and difficult judgments.

During the three months ended September 30, 2024, we recorded a provision for credit losses of \$18.4 million, which was flat compared to the provision for credit losses for the three months ended September 30, 2023.

During the nine months ended September 30, 2024, we recorded a provision for credit losses of \$53.4 million, a decrease of \$9.9 million, compared to the provision for credit losses of \$63.3 million for the nine months ended September 30, 2023. This decrease was primarily due to lower losses within our commercial and industrial loan portfolio and our residential and consumer loan portfolios, partially offset by higher losses on our commercial mortgages and commercial small business leases portfolios.

The allowance for credit losses increased to \$197.5 million at September 30, 2024 from \$186.1 million at December 31, 2023. The ratio of allowance for credit losses to total loans and leases was 1.48% at September 30, 2024 and 1.46% at December 31, 2023.

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The following tables detail the allocation of the ACL and show our net charge-offs (recoveries) by portfolio category:

<i>(Dollars in thousands)</i>	Commercial and Industrial	Owner-occupied Commercial	Commercial Mortgages	Construction	Commercial Small Business Leases	Residential <sup>(1)</sup>	Consumer <sup>(2)</sup>	Total
<b>As of September 30, 2024</b>								
Allowance for credit losses	\$ 56,795	\$ 9,787	\$ 48,989	\$ 8,348	\$ 15,374	\$ 5,463	\$ 52,734	\$ 197,490
% of ACL to total ACL	28 %	5 %	25 %	4 %	8 %	3 %	27 %	100 %
Loan portfolio balance	\$ 2,639,266	\$ 2,003,722	\$ 4,149,049	\$ 805,857	\$ 645,421	\$ 937,594	\$ 2,138,079	\$ 13,318,988
% to total loans and leases	20 %	15 %	31 %	6 %	5 %	7 %	16 %	100 %
<b>Three months ended September 30, 2024</b>								
Charge-offs	\$ 11,277	\$ 177	\$ 205	\$ —	\$ 5,451	\$ 8	\$ 5,983	\$ 23,101
Recoveries	(2,481)	(4)	(79)	—	(664)	(44)	(644)	(3,916)
Net charge-offs (recoveries)	\$ 8,796	\$ 173	\$ 126	\$ —	\$ 4,787	\$ (36)	\$ 5,339	\$ 19,185
Average loan balance	\$ 2,639,118	\$ 1,965,881	\$ 4,088,430	\$ 864,142	\$ 641,723	\$ 921,843	\$ 2,112,423	\$ 13,233,560
Ratio of net charge-offs (recoveries) to average gross loans	1.33 %	0.04 %	0.01 %	— %	2.97 %	(0.02)%	1.01 %	0.58 %
<b>Nine months ended September 30, 2024</b>								
Charge-offs	\$ 13,659	\$ 177	\$ 5,137	\$ —	\$ 15,191	\$ 109	\$ 18,259	\$ 52,532
Recoveries	(5,983)	(209)	(183)	—	(2,086)	(176)	(1,884)	(10,521)
Net charge-offs (recoveries)	\$ 7,676	\$ (32)	\$ 4,954	\$ —	\$ 13,105	\$ (67)	\$ 16,375	\$ 42,011
Average loan balance	\$ 2,584,491	\$ 1,917,033	\$ 3,945,673	\$ 990,687	\$ 635,286	\$ 894,489	\$ 2,080,780	\$ 13,048,439
Ratio of net charge-offs (recoveries) to average gross loans	0.40 %	NMF	0.17 %	— %	2.76 %	(0.01)%	1.05 %	0.43 %

<sup>(1)</sup> Excludes reverse mortgages.

<sup>(2)</sup> Includes home equity lines of credit, installment loans unsecured lines of credit and education loans.

<i>(Dollars in thousands)</i>	Commercial and Industrial	Owner-occupied Commercial	Commercial Mortgages	Construction	Commercial Small Business Leases	Residential <sup>(1)</sup>	Consumer <sup>(2)</sup>	Total
<b>As of December 31, 2023</b>								
Allowance for credit losses	\$ 49,394	\$ 10,719	\$ 36,055	\$ 10,762	\$ 15,170	\$ 5,483	\$ 58,543	\$ 186,126
% of ACL to total ACL	27 %	6 %	19 %	6 %	8 %	3 %	31 %	100 %
Loan portfolio balance	\$ 2,540,070	\$ 1,886,087	\$ 3,801,180	\$ 1,035,530	\$ 623,622	\$ 867,895	\$ 2,012,134	\$ 12,766,518
% to total loans and leases	19 %	15 %	30 %	8 %	5 %	7 %	16 %	100 %
<b>Year ended December 31, 2023</b>								
Charge-offs	\$ 26,653	\$ 184	\$ 300	\$ 794	\$ 15,641	\$ 41	\$ 22,394	\$ 66,007
Recoveries	(7,735)	(54)	(7)	(532)	(1,986)	(260)	(1,625)	(12,199)
Net charge-offs (recoveries)	\$ 18,918	\$ 130	\$ 293	\$ 262	\$ 13,655	\$ (219)	\$ 20,769	\$ 53,808
Average loan balance	\$ 2,589,147	\$ 1,863,542	\$ 3,562,070	\$ 1,008,768	\$ 588,592	\$ 817,758	\$ 1,922,828	\$ 12,352,704
Ratio of net charge-offs (recoveries) to average gross loans	0.73 %	0.01 %	0.01 %	0.03 %	2.32 %	(0.03)%	1.08 %	0.44 %

<sup>(1)</sup> Excludes reverse mortgages.

<sup>(2)</sup> Includes home equity lines of credit, installment loans unsecured lines of credit and education loans.

See Note 7 to the unaudited Consolidated Financial Statements and "Nonperforming Assets" above for further information.

## Noninterest Income

**Three months ended September 30, 2024:** During the three months ended September 30, 2024, noninterest income was \$90.2 million, an increase of \$17.5 million from \$72.7 million during the three months ended September 30, 2023. The growth was driven by the Cash Connect<sup>®</sup>, Wealth Management, Core Banking, and Mortgage business lines. Growth in Cash Connect<sup>®</sup> of \$10.6 million was driven by the addition of bailment Customers during the fourth quarter of 2023 and first half of 2024. Growth in Wealth Management of \$3.4 million was driven by growth across all key product lines. We also recognized \$2.3 million in revenue from our partnership with Spring EQ related to the annual earnout from the previously announced sale.

**Nine months ended September 30, 2024:** During the nine months ended September 30, 2024, noninterest income was \$257.6 million, an increase of \$54.9 million from \$202.7 million during the nine months ended September 30, 2023. This increase was primarily driven by \$29.8 million from Cash Connect<sup>®</sup> due to the reason mentioned above, \$11.1 million in Wealth Management fees, \$4.3 million from our partnership with Spring EQ, comprised of the \$2.3 million annual earnout mentioned above and post-close distributions of \$2.0 million, a \$2.7 million net gain on our Visa B derivative liability established from our previous sale of 360,000 shares in 2Q 2020, \$2.3 million from mortgage banking activities, and \$2.0 million in capital markets income.

For further information, see Note 3 to the unaudited Consolidated Financial Statements.

## Noninterest Expense

**Three months ended September 30, 2024:** During the three months ended September 30, 2024, noninterest expense was \$163.7 million, an increase of \$24.0 million from \$139.7 million for the three months ended September 30, 2023. The increase was primarily due to \$11.7 million from salaries and benefits from annual and performance-based increases and talent additions in key business lines and \$9.3 million from other operating expense driven by higher funding costs from Cash Connect<sup>®</sup> due to a shift towards external funding (which was offset in noninterest income).

**Nine months ended September 30, 2024:** During the nine months ended September 30, 2024, noninterest expense was \$468.6 million, an increase of \$54.6 million from \$414.0 million for the nine months ended September 30, 2023. The increase was primarily due to \$30.1 million in other operating expense driven by higher funding costs from Cash Connect<sup>®</sup> due to a shift towards external funding and \$25.5 million in salaries and benefits, partially offset by a \$2.5 million decrease in net corporate development and restructuring costs.

## Income Taxes

We and our subsidiaries file a consolidated federal income tax return and separate state income tax returns. Income taxes are accounted for in accordance with ASC 740, *Income Taxes*, which requires the recording of deferred income taxes for tax consequences of temporary differences. We recorded income tax expense of \$21.1 million and \$63.6 million during the three and nine months ended September 30, 2024, respectively, compared to income tax expense of \$22.9 million and \$66.9 million for the same periods in 2023, respectively.

Our effective tax rate was 24.7% and 24.2% for the three and nine months ended September 30, 2024, respectively, compared to 23.6% and 24.6% for the three and nine months ended September 30, 2023, respectively. The effective tax rate for the three months ended September 30, 2024 increased primarily due to an increase in state income taxes. The effective tax rate for the nine months ended September 30, 2024 decreased primarily due to projected tax benefits from our low-income housing tax credit investments, solar tax credit investments and research and development tax credits.

The effective tax rate reflects the recognition of certain tax benefits in the financial statements including those benefits from tax-exempt interest income, federal low-income housing tax credits, solar tax credits, research and development tax credits, and excess tax benefits from recognized stock compensation. These tax benefits are offset by the tax effect of stock-based compensation expense related to incentive stock options, tax deficiencies from recognized stock compensation, and a provision for state income tax expense. We frequently analyze our projections of taxable income and make adjustments to our provision for income taxes accordingly.

## **RECONCILIATION OF NON-GAAP MEASURE TO GAAP MEASURE**

The following table provides a reconciliation of tangible book value per share of common stock to book value per share of common stock, the most directly comparable GAAP financial measure. We believe this measure helps management and investors better understand and assess changes from period to period in stockholders' equity exclusive of changes in intangible assets. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results.

*(Dollars and share amounts in thousands, except per share amounts)*

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Stockholders' equity of WSFS	\$ 2,678,264	\$ 2,477,636
Less: Goodwill and other intangible assets	992,163	1,004,560
Tangible common equity (numerator)	<u>\$ 1,686,101</u>	<u>\$ 1,473,076</u>
Shares of common stock outstanding (denominator)	59,033	60,538
Book value per share of common stock	\$ 45.37	\$ 40.93
Goodwill and other intangible assets	16.81	16.58
Tangible book value per share of common stock	<u>\$ 28.56</u>	<u>\$ 24.33</u>

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the unaudited Consolidated Financial Statements in accordance with U.S. GAAP requires us to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenue and expenses. We regularly evaluate these estimates and assumptions including those related to the allowance for credit losses, business combinations, deferred taxes, fair value measurements and goodwill and other intangible assets. We base our estimates on historical experience and various other factors and assumptions that are believed to be reasonable under the circumstances. These form the basis for making judgments on the carrying value of certain assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Although our current estimates contemplate current economic conditions and how we expect them to change in the future, for the remainder of 2024, it is possible that actual conditions may be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates at September 30, 2024 did not significantly change from our critical accounting estimates at December 31, 2023, which are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

## **RECENT REGULATORY DEVELOPMENTS**

Recent regulatory developments at September 30, 2024 did not significantly change from our recent regulatory developments at December 31, 2023, which are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, except as noted below.

### ***Bank Merger Review Standards***

In September 2024, the Office of the Comptroller of the Currency ("OCC") finalized a new Policy Statement Regarding Statutory Factors Under the Bank Merger Act (the "Policy Statement"), which outlines factors that the OCC will consider when evaluating a proposed bank merger transaction, including factors related to financial stability, the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community. The Policy Statement also lists thirteen indicators that will be present in merger applications that are more likely to be approved expeditiously, including that the resulting institution will have total assets less than \$50 billion and that the target's total assets are less than 50 percent of the acquirer's total assets. It remains uncertain how the OCC will apply the Policy Statement to particular transactions, and the Policy Statement may make it more difficult and/or costly for us to obtain regulatory approval for an acquisition or otherwise result in more onerous conditions in approval orders than the OCC has previously imposed.

Also in September 2024, the U.S. Department of Justice ("DOJ") withdrew from its 1995 Bank Merger Guidelines and announced that it will instead evaluate the competitive impact of bank mergers using its 2023 Merger Guidelines that apply across all industries. Compared to the 1995 Bank Merger Guidelines, the 2023 Merger Guidelines set forth more stringent concentration limits and add several largely qualitative bases on which the DOJ may challenge a merger. This change in the DOJ's bank merger antitrust policy creates uncertainty regarding the types of transactions that the DOJ may challenge as anticompetitive.



**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The information required by this Item is incorporated herein by reference to the information provided in Part I Item 2 (Interest Rate Sensitivity) of this Quarterly Report on Form-10-Q.

**Item 4. Controls and Procedures**

- (a) **Evaluation of disclosure controls and procedures.** Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q such disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.
- (b) **Changes in internal control over financial reporting.** There was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting during the three months ended September 30, 2024.

**Part II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

The information required by this Item is incorporated herein by reference to the information provided in Note 17 – Legal and Other Proceedings to the unaudited Consolidated Financial Statements.

**Item 1A. Risk Factors**

There have not been any material changes to the risk factors previously disclosed under Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During the second quarter of 2022, the Board of Directors of the Company approved a share repurchase program authorizing the repurchase of 6,358,727 shares of common stock, or 10% of its outstanding shares as of June 30, 2022. Under the program, repurchases may be made from time to time in the open market or through negotiated transactions, subject to market conditions and other factors, and in accordance with applicable securities laws. The program is consistent with our intent to return a minimum of 35% of annual net income to stockholders through dividends and share repurchases while maintaining capital ratios in excess of “well-capitalized” regulatory benchmarks.

The following table represents information with respect to repurchases of common stock made by the Company during the three months ended September 30, 2024.

Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2024 - July 31, 2024	15,572	\$ 54.24	15,572	3,936,192
August 1, 2024 - August 31, 2024	137,000	51.71	137,000	3,799,192
September 1, 2024 - September 30, 2024	114,100	51.63	114,100	3,685,092
Total	<u>266,672</u>	<u>\$ 51.82</u>	<u>266,672</u>	

**Item 3. Defaults upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**



Not applicable.

**Item 5. Other Information**

During the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
31.1	<a href="#">Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document *
101.SCH	XBRL Schema Document *
101.CAL	XBRL Calculation Linkbase Document *
101.LAB	XBRL Labels Linkbase Document *
101.PRE	XBRL Presentation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *
104	The cover page of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, filed with the SEC on November 6, 2024, is formatted in Inline XBRL.

\* Submitted as Exhibits 101 to this Quarterly Report on Form 10-Q are documents formatted in XBRL (Extensible Business Reporting Language). Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability.

**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: November 6, 2024

/s/ Rodger Levenson

Rodger Levenson

Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 6, 2024

/s/ David Burg

David Burg

Executive Vice President, Chief Financial Officer  
(Principal Financial and Accounting Officer)