

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 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: 59,269,460 shares as of July 31, 2024.

WSFS FINANCIAL CORPORATION
FORM 10-Q
TABLE OF CONTENTS

		<u>Page</u>
PART I. Financial Information		
Item 1.	Financial Statements (Unaudited)	
	Consolidated Statements of Income for the Three and Six Months Ended June 30, 2024 and 2023	5
	Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2024 and 2023	6
	Consolidated Statements of Financial Condition as of June 30, 2024 and December 31, 2023	7
	Consolidated Statements of Changes in Stockholders' Equity for the Three and Six Months Ended June 30, 2024 and 2023	8
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023	10
	Notes to the Consolidated Financial Statements for the Three and Six Months Ended June 30, 2024	12
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	51
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	65
Item 4.	Controls and Procedures	65
PART II. Other Information		
Item 1.	Legal Proceedings	66
Item 1A.	Risk Factors	66
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	66
Item 3.	Defaults upon Senior Securities	66
Item 4.	Mine Safety Disclosures	66
Item 5.	Other Information	66
Item 6.	Exhibits	67

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 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® and/or Wealth Management segments;
- the Company’s ability to successfully integrate and fully realize the cost savings and other benefits of its acquisitions, manage risks related to business disruption following those acquisitions, and post-acquisition Customer acceptance of the Company’s products and services and related Customer disintermediation;
- 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);

[Table of Contents](#)

- possible changes in the speed of loan prepayments by the Company’s Customers and loan origination or sales volumes;
- 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[®], Cash Connect[®], NewLane Finance[®], Powdermill[®] Financial Solutions, WSFS Institutional Services[®], WSFS Mortgage[®] and WSFS Wealth[®] 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars in thousands, except per share and share data)</i>				
Interest income:				
Interest and fees on loans and leases	\$ 230,815	\$ 207,884	\$ 455,518	\$ 401,608
Interest on mortgage-backed securities	25,784	27,130	51,681	54,656
Interest and dividends on investment securities:				
Taxable	699	700	1,399	1,404
Tax-exempt	1,484	1,482	2,968	3,015
Other interest income	6,455	4,573	15,293	7,469
	<u>265,237</u>	<u>241,769</u>	<u>526,859</u>	<u>468,152</u>
Interest expense:				
Interest on deposits	76,693	50,054	149,488	85,246
Interest on Federal Home Loan Bank advances	359	1,597	667	4,968
Interest on senior and subordinated debt	2,441	2,334	4,890	4,907
Interest on federal funds purchased	41	—	41	1,139
Interest on trust preferred borrowings	1,750	1,635	3,506	3,190
Interest on other borrowings	9,504	4,307	18,540	4,328
	<u>90,788</u>	<u>59,927</u>	<u>177,132</u>	<u>103,778</u>
Net interest income	174,449	181,842	349,727	364,374
Provision for credit losses	19,814	15,830	34,952	44,841
Net interest income after provision for credit losses	<u>154,635</u>	<u>166,012</u>	<u>314,775</u>	<u>319,533</u>
Noninterest income:				
Credit/debit card and ATM income	23,875	14,430	43,544	27,791
Investment management and fiduciary income	37,606	32,379	70,534	62,855
Deposit service charges	6,496	6,277	12,983	12,316
Mortgage banking activities, net	2,217	1,304	3,864	2,426
Loan and lease fee income	1,706	1,190	3,229	2,562
Unrealized loss on equity investments, net	—	—	—	(4)
Realized gain on sale of equity investments, net	2,130	—	2,130	—
Bank owned life insurance income	793	760	1,993	2,270
Other income	16,775	10,531	29,178	19,782
	<u>91,598</u>	<u>66,871</u>	<u>167,455</u>	<u>129,998</u>
Noninterest expense:				
Salaries, benefits and other compensation	83,249	72,367	159,055	145,216
Occupancy expense	9,387	10,132	18,866	20,540
Equipment expense	12,054	10,810	22,746	20,602
Data processing and operations expenses	4,807	4,771	8,467	9,495
Professional fees	4,781	6,118	9,262	10,557
Marketing expense	2,020	2,165	3,802	3,881
FDIC expenses	2,390	2,863	6,372	5,445
Loan workout and other credit costs	(1,278)	536	(207)	481
Corporate development expense	158	2,796	366	3,536
Restructuring expense	—	(26)	—	(787)
Other operating expense	38,200	28,721	76,111	55,332
	<u>155,768</u>	<u>141,253</u>	<u>304,840</u>	<u>274,298</u>
Income before taxes	90,465	91,630	177,390	175,233
Income tax provision	21,257	23,035	42,459	43,976
Net income	\$ 69,208	\$ 68,595	\$ 134,931	\$ 131,257
Less: Net (loss) income attributable to noncontrolling interest	(65)	(83)	(103)	175
Net income attributable to WSFS	<u>\$ 69,273</u>	<u>\$ 68,678</u>	<u>\$ 135,034</u>	<u>\$ 131,082</u>
Earnings per share:				
Basic	\$ 1.16	\$ 1.12	\$ 2.25	\$ 2.13
Diluted	\$ 1.16	\$ 1.12	\$ 2.24	\$ 2.13
Weighted average shares of common stock outstanding:				
Basic	59,833,207	61,348,200	60,092,704	61,429,008
Diluted	59,958,628	61,414,273	60,237,232	61,526,331

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 69,208	\$ 68,595	\$ 134,931	\$ 131,257
Less: Net (loss) income attributable to noncontrolling interest	(65)	(83)	(103)	175
Net income attributable to WSFS	69,273	68,678	135,034	131,082
Other comprehensive (loss) income:				
Net change in unrealized (losses) gains on investment securities available-for-sale				
Net unrealized (losses) gains arising during the period, net of tax (benefit) expense of \$(2,874), \$(12,747), \$(15,507), and \$3,993, respectively	(9,100)	(40,367)	(49,107)	12,643
Net change in securities held-to-maturity				
Net change in unrealized gains on available-for-sale securities reclassified to held-to-maturity, net of tax benefit of \$1,203, \$1,386, \$2,361, and \$2,702, respectively	3,808	4,393	7,477	8,558
Net change in unfunded pension liability				
Change in unfunded pension liability related to unrealized gain and prior service cost, net of tax expense of \$16, \$17, \$56, and \$28, respectively	(52)	(54)	(176)	(89)
Net change in cash flow hedge				
Net unrealized loss arising during the period, net of tax benefit of \$185, \$466, \$2,217, and \$361, respectively	(587)	(1,475)	(7,020)	(1,143)
Amortization of unrealized gain on terminated cash flow hedges, net of tax benefit of \$—, \$13, \$—, and \$25, respectively	—	(40)	—	(80)
	(587)	(1,515)	(7,020)	(1,223)
Net change in equity method investments				
Net change in other comprehensive income of equity method investments, net of tax benefit of \$13, \$32, \$19, and \$33, respectively	(40)	(101)	(61)	(104)
Total other comprehensive (loss) income	(5,971)	(37,644)	(48,887)	19,785
Total comprehensive income	\$ 63,302	\$ 31,034	\$ 86,147	\$ 150,867

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)

	June 30, 2024	December 31, 2023
Assets:		
Cash and due from banks	\$ 618,446	\$ 629,310
Cash in non-owned ATMs	400,482	458,889
Interest-bearing deposits in other banks including collateral (restricted cash) of \$2,330 at June 30, 2024 and \$4,270 at December 31, 2023	2,788	4,701
Total cash, cash equivalents, and restricted cash	1,021,716	1,092,900
Investment securities, available-for-sale (amortized cost of \$4,374,333 at June 30, 2024 and \$4,504,342 at December 31, 2023)	3,651,913	3,846,537
Investment securities, held-to-maturity, net of allowance for credit losses of \$7 at June 30, 2024 and \$8 at December 31, 2023 (fair value \$929,668 at June 30, 2024 and \$985,931 at December 31, 2023)	1,038,854	1,058,557
Other investments	16,778	17,434
Loans, held for sale at fair value	54,608	29,268
Loans and leases, net of allowance for credit losses of \$198,253 at June 30, 2024 and \$186,126 at December 31, 2023	12,945,948	12,583,202
Bank owned life insurance	36,090	42,762
Stock in Federal Home Loan Bank (FHLB) of Pittsburgh at cost	16,638	15,398
Other real estate owned	1,342	1,569
Accrued interest receivable	88,878	85,979
Premises and equipment	104,020	104,484
Goodwill and intangible assets	996,181	1,004,560
Other assets	771,564	712,022
Total assets	\$ 20,744,530	\$ 20,594,672
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 4,782,920	\$ 4,917,297
Interest-bearing	11,508,161	11,556,789
Total deposits	16,291,081	16,474,086
FHLB advances	22,306	—
Trust preferred borrowings	90,736	90,638
Senior and subordinated debt	218,515	218,400
Other borrowed funds	810,698	586,038
Accrued interest payable	56,684	46,684
Other liabilities	776,153	709,011
Total liabilities	18,266,173	18,124,857
Stockholders' Equity:		
Common stock \$0.01 par value, 90,000,000 shares authorized; issued 76,208,354 at June 30, 2024 and 76,095,094 at December 31, 2023	762	761
Capital in excess of par value	1,989,289	1,984,746
Accumulated other comprehensive loss	(642,878)	(593,991)
Retained earnings	1,760,598	1,643,657
Treasury stock at cost, 16,947,092 shares at June 30, 2024 and 15,557,263 shares at December 31, 2023	(618,191)	(557,537)
Total stockholders' equity of WSFS	2,489,580	2,477,636
Noncontrolling interest	(11,223)	(7,821)
Total stockholders' equity	2,478,357	2,469,815
Total liabilities and stockholders' equity	\$ 20,744,530	\$ 20,594,672

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 June 30, 2024

<i>(Dollars in thousands, except per share and share amounts)</i>	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, March 31, 2024	76,133,596	\$ 761	\$ 1,987,800	\$ (636,907)	\$ 1,700,349	\$ (578,522)	\$ 2,473,481	\$ (7,859)	\$ 2,465,622
Net income (loss)	—	—	—	—	69,273	—	69,273	(65)	69,208
Other comprehensive loss	—	—	—	(5,971)	—	—	(5,971)	—	(5,971)
Cash dividend, \$0.15 per share	—	—	—	—	(9,024)	—	(9,024)	—	(9,024)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(3,299)	(3,299)
Issuance of common stock including proceeds from exercise of common stock options ⁽¹⁾	74,758	1	(1,698)	—	—	—	(1,697)	—	(1,697)
Stock-based compensation expense	—	—	3,721	—	—	—	3,721	—	3,721
Repurchases of common shares ⁽²⁾	—	—	(534)	—	—	(39,669)	(40,203)	—	(40,203)
Balance, June 30, 2024	<u>76,208,354</u>	<u>\$ 762</u>	<u>\$ 1,989,289</u>	<u>\$ (642,878)</u>	<u>\$ 1,760,598</u>	<u>\$ (618,191)</u>	<u>\$ 2,489,580</u>	<u>\$ (11,223)</u>	<u>\$ 2,478,357</u>

Six Months Ended June 30, 2024

<i>(Dollars in thousands, except per share and share amounts)</i>	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)	—	—	—	—	135,034	—	135,034	(103)	134,931
Other comprehensive loss	—	—	—	(48,887)	—	—	(48,887)	—	(48,887)
Cash dividend, \$0.30 per share	—	—	—	—	(18,093)	—	(18,093)	—	(18,093)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(3,299)	(3,299)
Issuance of common stock including proceeds from exercise of common stock options ⁽³⁾	113,260	1	(1,100)	—	—	—	(1,099)	—	(1,099)
Stock-based compensation expense	—	—	6,177	—	—	—	6,177	—	6,177
Repurchases of common stock ⁽⁴⁾	—	—	(534)	—	—	(60,654)	(61,188)	—	(61,188)
Balance, June 30, 2024	<u>76,208,354</u>	<u>\$ 762</u>	<u>\$ 1,989,289</u>	<u>\$ (642,878)</u>	<u>\$ 1,760,598</u>	<u>\$ (618,191)</u>	<u>\$ 2,489,580</u>	<u>\$ (11,223)</u>	<u>\$ 2,478,357</u>

(1) Issuance of common stock includes 40,417 shares withheld to cover tax liabilities.

(2) Repurchase of common stock includes 897,461 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors.

(3) Issuance of common stock includes 50,104 shares withheld to cover tax liabilities.

(4) Repurchase of common stock includes 1,389,829 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors.

[Table of Contents](#)
Three Months Ended June 30, 2023

<i>(Dollars in thousands, except per share and share amounts)</i>	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, March 31, 2023	75,958,600	\$ 759	\$ 1,977,757	\$ (618,415)	\$ 1,464,392	\$ (518,131)	\$ 2,306,362	\$ (3,018)	\$ 2,303,344
Net income (loss)	—	—	—	—	68,678	—	68,678	(83)	68,595
Other comprehensive loss	—	—	—	(37,644)	—	—	(37,644)	—	(37,644)
Cash dividend, \$0.15 per share	—	—	—	—	(9,221)	—	(9,221)	—	(9,221)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(4,174)	(4,174)
Issuance of common stock including proceeds from exercise of common stock options	63,363	1	—	—	—	—	1	—	1
Stock-based compensation expense	—	—	2,553	—	—	—	2,553	—	2,553
Repurchases of common shares ⁽¹⁾	—	—	(2,365)	—	—	(13,705)	(16,070)	—	(16,070)
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

Six Months Ended June 30, 2023

<i>(Dollars in thousands, except per share and share amounts)</i>	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, 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	—	—	—	—	131,082	—	131,082	175	131,257
Other comprehensive income	—	—	—	19,785	—	—	19,785	—	19,785
Cash dividend, \$0.30 per share	—	—	—	—	(18,476)	—	(18,476)	—	(18,476)
Distributions to noncontrolling shareholders	—	—	—	—	—	—	—	(4,223)	(4,223)
Issuance of common stock including proceeds from exercise of common stock options	99,966	1	362	—	—	—	363	—	363
Stock-based compensation expense	—	—	5,738	—	—	—	5,738	—	5,738
Repurchases of common stock ⁽²⁾	—	—	(2,365)	—	—	(26,581)	(28,946)	—	(28,946)
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

⁽¹⁾ Repurchase of common stock includes 357,278 shares repurchased in connection with the Company's share repurchase program approved by the Board of Directors, and 37,231 shares withheld to cover tax liabilities.

⁽²⁾ Repurchase of common stock includes 619,278 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)

	Six Months Ended June 30,	
	2024	2023
<i>(Dollars in thousands)</i>		
Operating activities:		
Net income	\$ 134,931	\$ 131,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	34,952	44,841
Depreciation of premises and equipment, net	7,421	9,023
Accretion of fees and discounts, net	(11,750)	(14,346)
Amortization of intangible assets	7,863	7,689
Amortization of right-of-use lease assets	5,300	8,813
Decrease in operating lease liability	(5,310)	(6,450)
Income from mortgage banking activities, net	(3,864)	(2,426)
Loss on sale of other real estate owned and valuation adjustments, net	296	195
Stock-based compensation expense	6,177	5,738
Unrealized loss on equity investments, net	—	4
Realized gain on sale of equity investments, net	(2,130)	—
Deferred income tax benefit	1,617	1,919
Increase in accrued interest receivable	(2,899)	(3,382)
(Increase) decrease in other assets	(46,599)	11,184
Origination of loans held for sale	(183,742)	(131,703)
Proceeds from sales of loans held for sale	133,724	85,096
(Increase) decrease in value of bank owned life insurance	(56)	827
Increase in capitalized interest, net	(661)	(649)
Increase in accrued interest payable	10,000	20,544
Increase (decrease) in other liabilities	72,440	(45,616)
Net cash provided by operating activities	\$ 157,710	\$ 122,558
Investing activities:		
Repayments, maturities and calls of investment securities held-to-maturity	28,561	41,961
Purchases of investment securities available-for-sale	(41,096)	(20,030)
Repayments, maturities and calls of investment securities available-for-sale	169,544	173,145
Proceeds from bank-owned life insurance death benefit	112	—
Proceeds from bank-owned life insurance surrender	6,616	—
Net increase in loans	(188,531)	(238,112)
Purchase of loans held-for-investment	(176,597)	(159,669)
Purchases of stock of Federal Home Loan Bank of Pittsburgh	(84,226)	(103,879)
Redemptions of stock of Federal Home Loan Bank of Pittsburgh	82,986	118,596
Sales of other real estate owned	509	604
Investment in premises and equipment	(6,957)	(1,812)
Sales of premises and equipment	—	3
Net cash used in investing activities	\$ (209,079)	\$ (189,193)

[Table of Contents](#)

	Six Months Ended June 30,	
	2024	2023
<i>(Dollars in thousands)</i>		
Financing activities:		
Net decrease in demand and saving deposits	\$ (341,207)	\$ (370,288)
Increase in time deposits	199,441	536,663
(Decrease) increase in brokered deposits	(51,676)	44,844
Receipts from FHLB advances	3,922,306	5,265,000
Repayments of FHLB advances	(3,900,000)	(5,615,000)
Receipts from federal funds purchased	175,000	5,150,000
Repayments of federal funds purchased	(175,000)	(5,150,000)
Receipts from Bank Term Funding Program	235,000	565,000
Distributions to noncontrolling shareholders	(3,299)	(4,223)
Cash dividend	(18,093)	(18,476)
Issuance of common stock including proceeds from exercise of common stock options	(1,099)	363
Redemption of senior and subordinated debt	—	(30,000)
Repurchases of common shares	(61,188)	(28,946)
Net cash (used in) provided by financing activities	\$ (19,815)	\$ 344,937
(Decrease) increase in cash, cash equivalents, and restricted cash	(71,184)	278,302
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	\$ 1,021,716	\$ 1,115,560
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 167,133	\$ 83,234
Income taxes	36,619	48,698
Non-cash information:		
Loans transferred to other real estate owned	\$ 282	\$ 298
Loans transferred to portfolio from held-for-sale at fair value	26,354	46,103
Available-for-sale securities purchased, not settled	—	2,667

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 SIX MONTHS ENDED JUNE 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 June 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 Perkasic, 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 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 or on the website at 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 June 30, 2024.

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements were adopted by the Company during the six months ended June 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 June 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 currently evaluating this update to determine the impact on the Company's disclosures.

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Bailment fees	\$ 18,819	\$ 9,385	\$ 33,783	\$ 18,069
Interchange fees	3,971	3,993	7,724	7,879
Other card and ATM fees	1,085	1,052	2,037	1,843
Total credit/debit card and ATM income	\$ 23,875	\$ 14,430	\$ 43,544	\$ 27,791

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Trust fees	\$ 26,143	\$ 21,936	\$ 48,004	\$ 42,452
Wealth management and advisory fees	11,463	10,443	22,530	20,403
Total investment management and fiduciary income	\$ 37,606	\$ 32,379	\$ 70,534	\$ 62,855

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), BMCM, 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service fees	\$ 4,522	\$ 4,315	\$ 8,884	\$ 8,451
Return and overdraft fees	1,648	1,720	3,448	3,367
Other deposit service fees	326	242	651	498
Total deposit service charges	\$ 6,496	\$ 6,277	\$ 12,983	\$ 12,316

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Managed service fees	\$ 5,861	\$ 5,216	\$ 11,447	\$ 10,015
Currency preparation	1,924	1,342	3,599	2,624
ATM loss protection	884	647	1,743	1,295
Capital markets revenue	3,378	1,710	6,379	4,589
Miscellaneous products and services	4,728	1,616	6,010	1,259
Total other income	\$ 16,775	\$ 10,531	\$ 29,178	\$ 19,782

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(Dollars and shares in thousands, except per share data)</i>				
Numerator:				
Net income attributable to WSFS	\$ 69,273	\$ 68,678	\$ 135,034	\$ 131,082
Denominator:				
Weighted average basic shares	59,833	61,348	60,093	61,429
Dilutive potential common shares	126	66	144	97
Weighted average fully diluted shares	59,959	61,414	\$ 60,237	\$ 61,526
Earnings per share:				
Basic	\$ 1.16	\$ 1.12	\$ 2.25	\$ 2.13
Diluted	\$ 1.16	\$ 1.12	\$ 2.24	\$ 2.13
Outstanding common stock equivalents having no dilutive effect	3	98	2	22

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 and unvested restricted stock units under the 2013 Incentive Plan and the 2018 Incentive Plan 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.

	June 30, 2024				
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Allowance for Credit Losses	Fair Value
<i>(Dollars in thousands)</i>					
Available-for-Sale Debt Securities					
Collateralized mortgage obligation (CMO)	\$ 550,076	\$ 193	\$ 100,871	\$ —	\$ 449,398
Fannie Mae (FNMA) mortgage-backed securities (MBS)	3,430,171	136	558,186	—	2,872,121
Freddie Mac (FHLMC) MBS	122,622	—	13,410	—	109,212
Ginnie Mae (GNMA) MBS	47,310	1	4,062	—	43,249
Government-sponsored enterprises (GSE) agency notes	224,154	—	46,221	—	177,933
	\$ 4,374,333	\$ 330	\$ 722,750	\$ —	\$ 3,651,913
Held-to-Maturity Debt Securities⁽¹⁾					
FNMA MBS	\$ 853,910	\$ —	\$ 106,377	\$ —	\$ 747,533
State and political subdivisions	184,951	527	3,336	7	182,135
	\$ 1,038,861	\$ 527	\$ 109,713	\$ 7	\$ 929,668

⁽¹⁾ 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 \$110.6 million at June 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.

	December 31, 2023				
<i>(Dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Allowance for Credit Losses	Fair Value
Available-for-Sale Debt Securities					
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>
Held-to-Maturity Debt Securities⁽¹⁾					
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>

⁽¹⁾ 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 June 30, 2024 and December 31, 2023 are presented in the table below:

<i>(Dollars in thousands)</i>	Available-for-Sale	
	Amortized Cost	Fair Value
June 30, 2024⁽¹⁾		
Within one year	\$ 17,032	\$ 16,616
After one year but within five years	118,845	111,923
After five years but within ten years	520,143	435,930
After ten years	3,718,313	3,087,444
	<u>\$ 4,374,333</u>	<u>\$ 3,651,913</u>
December 31, 2023⁽¹⁾		
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>

⁽¹⁾ Actual maturities could differ from contractual maturities.

As of June 30, 2024, the Company's available-for-sale investment securities consisted of 982 securities, 973 of which were in an unrealized loss position.

As of June 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 June 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.

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

	Held-to-Maturity	
	Amortized Cost	Fair Value
<i>(Dollars in thousands)</i>		
June 30, 2024 ⁽¹⁾		
Within one year	\$ —	\$ —
After one year but within five years	13,255	12,876
After five years but within ten years	47,748	46,336
After ten years	977,858	870,456
	<u>\$ 1,038,861</u>	<u>\$ 929,668</u>
December 31, 2023 ⁽¹⁾		
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>

⁽¹⁾ 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 June 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 \$2.9 billion and \$3.3 billion were pledged as collateral for investment sweep repurchase agreements, municipal deposits, and other obligations as of June 30, 2024 and December 31, 2023, respectively.

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

As of June 30, 2024 and December 31, 2023, the Company's debt securities portfolio had remaining unamortized premiums of \$52.4 million and \$56.9 million, respectively, and unaccreted discounts of \$19.4 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 June 30, 2024.

	Duration of Unrealized Loss Position				Total	
	Less than 12 months		12 months or longer			
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<i>(Dollars in thousands)</i>						
Available-for-sale debt securities:						
CMO	\$ —	\$ —	\$ 439,041	\$ 100,871	\$ 439,041	\$ 100,871
FNMA MBS	23,249	237	2,836,351	557,949	2,859,600	558,186
FHLMC MBS	6	—	109,206	13,410	109,212	13,410
GNMA MBS	2,938	96	39,086	3,966	42,024	4,062
GSE agency notes	—	—	177,933	46,221	177,933	46,221
	<u>\$ 26,193</u>	<u>\$ 333</u>	<u>\$ 3,601,617</u>	<u>\$ 722,417</u>	<u>\$ 3,627,810</u>	<u>\$ 722,750</u>

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>						
Available-for-sale debt securities:						
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 June 30, 2024.

At June 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 June 30, 2024, aggregated by credit quality indicator:

<i>(Dollars in thousands)</i>	State and political subdivisions	
	FNMA MBS	
A+ rated or higher	\$ —	\$ 184,951
Not rated	853,910	—
Ending balance	<u>\$ 853,910</u>	<u>\$ 184,951</u>

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

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

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 six months ended June 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 six months ended June 30, 2024 and 2023:

<i>(Dollars in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Allowance for credit losses:				
Beginning balance	\$ 8	\$ 9	\$ 8	\$ 10
Recovery of credit losses	(1)	(1)	(1)	(2)
Ending balance	\$ 7	\$ 8	\$ 7	\$ 8

Accrued interest receivable of \$3.6 million and \$3.7 million as of June 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 June 30, 2024 and December 31, 2023.

Equity Investments

The Company had equity investments of \$16.8 million and \$17.4 million as of June 30, 2024 and December 31, 2023, respectively.

During the three and six months ended June 30, 2024, the Company recognized realized gains of \$2.1 million related to our equity investments.

During the three and six months ended June 30, 2023, the Company recognized \$0.4 million and \$1.7 million, respectively, of net losses 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>	June 30, 2024	December 31, 2023
Commercial and industrial	\$ 2,639,152	\$ 2,540,070
Owner-occupied commercial	1,940,677	1,886,087
Commercial mortgages	4,034,818	3,801,180
Construction	879,217	1,035,530
Commercial small business leases	643,520	623,622
Residential ⁽¹⁾	900,384	870,705
Consumer ⁽²⁾	2,106,433	2,012,134
	13,144,201	12,769,328
Less:		
Allowance for credit losses	198,253	186,126
Net loans and leases	\$ 12,945,948	\$ 12,583,202

⁽¹⁾ Includes reverse mortgages at fair value of \$2.8 million at June 30, 2024 and December 31, 2023.

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

Accrued interest receivable on loans and leases was \$72.7 million and \$69.8 million at June 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 six months ended June 30, 2024 and 2023. The increase was primarily due to the impacts of the economic uncertainty and forecast and net loan growth.

<i>(Dollars in thousands)</i>	<u>Commercial and Industrial</u>	<u>Owner-occupied Commercial</u>	<u>Commercial Mortgages</u>	<u>Construction</u>	<u>Commercial Small Business Leases</u>	<u>Residential⁽¹⁾</u>	<u>Consumer⁽²⁾</u>	<u>Total</u>
Three months ended June 30, 2024								
Allowance for credit losses								
Beginning balance	\$ 55,902	\$ 10,569	\$ 36,797	\$ 10,959	\$ 15,459	\$ 5,407	\$ 57,536	\$ 192,629
Charge-offs	(1,906)	—	(4,907)	—	(4,888)	(51)	(5,820)	(17,572)
Recoveries	1,736	4	102	—	831	43	665	3,381
Provision	784	(905)	14,839	(1,761)	4,816	(342)	2,384	19,815
Ending balance	<u>\$ 56,516</u>	<u>\$ 9,668</u>	<u>\$ 46,831</u>	<u>\$ 9,198</u>	<u>\$ 16,218</u>	<u>\$ 5,057</u>	<u>\$ 54,765</u>	<u>\$ 198,253</u>
Six months ended June 30, 2024								
Allowance for credit losses								
Beginning balance	\$ 49,394	\$ 10,719	\$ 36,055	\$ 10,762	\$ 15,170	\$ 5,483	\$ 58,543	\$ 186,126
Charge-offs	(2,382)	—	(4,932)	—	(9,740)	(101)	(12,276)	(29,431)
Recoveries	3,502	205	104	—	1,422	132	1,240	6,605
Provision	6,002	(1,256)	15,604	(1,564)	9,366	(457)	7,258	34,953
Ending balance	<u>\$ 56,516</u>	<u>\$ 9,668</u>	<u>\$ 46,831</u>	<u>\$ 9,198</u>	<u>\$ 16,218</u>	<u>\$ 5,057</u>	<u>\$ 54,765</u>	<u>\$ 198,253</u>
Period-end allowance allocated to:								
Loans evaluated on an individual basis	\$ 8,055	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,055
Loans evaluated on a collective basis	48,461	9,668	46,831	9,198	16,218	5,057	54,765	190,198
Ending balance	<u>\$ 56,516</u>	<u>\$ 9,668</u>	<u>\$ 46,831</u>	<u>\$ 9,198</u>	<u>\$ 16,218</u>	<u>\$ 5,057</u>	<u>\$ 54,765</u>	<u>\$ 198,253</u>
Period-end loan balances:								
Loans evaluated on an individual basis	\$ 39,217	\$ 4,260	\$ 8,991	\$ 3,887	\$ —	\$ 8,300	\$ 2,838	\$ 67,493
Loans evaluated on a collective basis	2,599,935	1,936,417	4,025,827	875,330	643,520	889,273	2,103,595	13,073,897
Ending balance	<u>\$ 2,639,152</u>	<u>\$ 1,940,677</u>	<u>\$ 4,034,818</u>	<u>\$ 879,217</u>	<u>\$ 643,520</u>	<u>\$ 897,573</u>	<u>\$ 2,106,433</u>	<u>\$ 13,141,390</u>

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

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

[Table of Contents](#)

<i>(Dollars in thousands)</i>	Commercial and Industrial	Owner - occupied Commercial	Commercial Mortgages	Construction	Commercial Small Business Leases	Residential ⁽¹⁾	Consumer ⁽²⁾	Total
Three months ended June 30, 2023								
Allowance for credit losses								
Beginning balance	\$ 53,473	\$ 6,056	\$ 30,114	\$ 9,672	\$ 9,236	\$ 5,327	\$ 55,284	\$ 169,162
Charge-offs	(6,453)	(184)	—	—	(3,906)	(33)	(5,298)	(15,874)
Recoveries	1,814	31	1	1	400	113	390	2,750
Provision	3,566	432	1,822	(445)	4,653	(364)	6,167	15,831
Ending balance	<u>\$ 52,400</u>	<u>\$ 6,335</u>	<u>\$ 31,937</u>	<u>\$ 9,228</u>	<u>\$ 10,383</u>	<u>\$ 5,043</u>	<u>\$ 56,543</u>	<u>\$ 171,869</u>
Six months ended June 30, 2023								
Allowance for loan losses								
Beginning balance	\$ 49,526	\$ 6,019	\$ 21,473	\$ 6,987	\$ 9,868	\$ 4,668	\$ 53,320	\$ 151,861
Charge-offs	(13,016)	(184)	—	—	(6,805)	(33)	(9,502)	(29,540)
Recoveries	2,515	36	3	531	915	156	549	4,705
Provision	13,375	464	10,461	1,710	6,405	252	12,176	44,843
Ending balance	<u>\$ 52,400</u>	<u>\$ 6,335</u>	<u>\$ 31,937</u>	<u>\$ 9,228</u>	<u>\$ 10,383</u>	<u>\$ 5,043</u>	<u>\$ 56,543</u>	<u>\$ 171,869</u>
Period-end allowance allocated to:								
Loans evaluated on an individual basis	\$ 1,953	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,953
Loans evaluated on a collective basis	50,447	6,335	31,937	9,228	10,383	5,043	56,543	169,916
Ending balance	<u>\$ 52,400</u>	<u>\$ 6,335</u>	<u>\$ 31,937</u>	<u>\$ 9,228</u>	<u>\$ 10,383</u>	<u>\$ 5,043</u>	<u>\$ 56,543</u>	<u>\$ 171,869</u>
Period-end loan balances:								
Loans evaluated on an individual basis	\$ 18,367	\$ 3,979	\$ 7,515	\$ 741	\$ —	\$ 6,491	\$ 2,175	\$ 39,268
Loans evaluated on a collective basis	2,605,356	1,879,076	3,545,285	954,483	590,063	820,259	1,903,044	12,297,566
Ending balance	<u>\$ 2,623,723</u>	<u>\$ 1,883,055</u>	<u>\$ 3,552,800</u>	<u>\$ 955,224</u>	<u>\$ 590,063</u>	<u>\$ 826,750</u>	<u>\$ 1,905,219</u>	<u>\$ 12,336,834</u>

(1) Period-end loan balance excludes reverse mortgages at fair value of \$3.1 million.

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

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

	June 30, 2024						
<i>(Dollars in thousands)</i>	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
Commercial and industrial	\$ 4,456	\$ 759	\$ 5,215	\$ 2,594,707	\$ 13,411	\$ 25,819	\$ 2,639,152
Owner-occupied commercial	5,196	—	5,196	1,931,542	3,939	—	1,940,677
Commercial mortgages	1,674	46	1,720	4,024,109	8,989	—	4,034,818
Construction	—	—	—	875,330	3,887	—	879,217
Commercial small business leases	10,206	50	10,256	633,264	—	—	643,520
Residential ⁽¹⁾	4,587	8	4,595	887,892	5,086	—	897,573
Consumer ⁽²⁾	14,040	8,935	22,975	2,080,555	2,903	—	2,106,433
Total	\$ 40,159	\$ 9,798	\$ 49,957	\$ 13,027,399	\$ 38,215	\$ 25,819	\$ 13,141,390
% of Total Loans	0.31 %	0.07 %	0.38 %	99.13 %	0.29 %	0.20 %	100 %

(1) Residential accruing current balances excludes reverse mortgages at fair value of \$2.8 million.

(2) Includes \$11.9 million of delinquent, but still accruing, U.S. government-guaranteed student loans that carry little risk of credit loss.

	December 31, 2023						
<i>(Dollars in thousands)</i>	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 ⁽¹⁾	Nonaccrual Loans With An Allowance	Total Loans
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 ⁽²⁾	9,261	—	9,261	856,055	2,579	—	867,895
Consumer ⁽³⁾	15,249	10,032	25,281	1,984,407	2,446	—	2,012,134
Total	\$ 35,813	\$ 11,584	\$ 47,397	\$ 12,655,112	\$ 58,441	\$ 5,568	\$ 12,766,518
% of Total Loans	0.28 %	0.09 %	0.37 %	99.13 %	0.46 %	0.04 %	100 %

(1) Excludes nonaccruing loans held-for-sale.

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

(3) 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 June 30, 2024 and December 31, 2023:

<i>(Dollars in thousands)</i>	June 30, 2024		December 31, 2023	
	Property	Equipment and other	Property	Equipment and other
Commercial and industrial ⁽¹⁾	\$ 30,421	\$ 8,809	\$ 17,230	\$ 1,983
Owner-occupied commercial	3,939	—	4,862	—
Commercial mortgages	8,989	—	22,292	—
Construction	3,887	—	12,617	—
Residential ⁽²⁾	5,086	—	2,579	—
Consumer ⁽³⁾	2,903	—	2,446	—
Total	\$ 55,225	\$ 8,809	\$ 62,026	\$ 1,983

(1) Excludes nonaccruing loans held-for-sale in 2023.

(2) Excludes reverse mortgages at fair value.

(3) Includes home equity lines of credit.

As of June 30, 2024, there were 34 residential loans and 14 commercial loans in the process of foreclosure. The total outstanding balance on these loans was \$5.4 million and \$3.5 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 \$0.3 million and \$(0.1) million during the three and six months ended June 30, 2024, respectively, and \$0.2 million and \$0.3 million during three and six months ended June 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.

[Table of Contents](#)

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 June 30, 2024.

	Term Loans Amortized Cost Basis by Origination Year ⁽¹⁾							Revolving loans amortized cost basis	Revolving loans converted to term	Total
(Dollars in thousands)	2024	2023	2022	2021	2020	Prior				
Commercial and industrial:										
<i>Risk Rating</i>										
Pass	\$ 342,046	\$ 716,383	\$ 411,996	\$ 153,043	\$ 178,489	\$ 334,222	\$ 9,499	\$ 247,094	\$ 2,392,772	
Special mention	3,088	1,519	2,857	—	—	1,524	—	14,892	23,880	
Substandard or Lower	52,436	47,126	54,201	6,844	5,333	42,762	29	13,769	222,500	
	<u>\$ 397,570</u>	<u>\$ 765,028</u>	<u>\$ 469,054</u>	<u>\$ 159,887</u>	<u>\$ 183,822</u>	<u>\$ 378,508</u>	<u>\$ 9,528</u>	<u>\$ 275,755</u>	<u>\$ 2,639,152</u>	
Current-period gross writeoffs	\$ —	\$ 74	\$ 134	\$ 151	\$ 206	\$ 1,817	\$ —	\$ —	\$ 2,382	
Owner-occupied commercial:										
<i>Risk Rating</i>										
Pass	\$ 148,343	\$ 327,387	\$ 217,530	\$ 238,638	\$ 177,313	\$ 454,474	\$ —	\$ 210,962	\$ 1,774,647	
Special mention	—	248	20,831	1,379	25,932	21,554	—	1,554	71,498	
Substandard or Lower	493	693	20,516	10,811	5,382	44,714	—	11,923	94,532	
	<u>\$ 148,836</u>	<u>\$ 328,328</u>	<u>\$ 258,877</u>	<u>\$ 250,828</u>	<u>\$ 208,627</u>	<u>\$ 520,742</u>	<u>\$ —</u>	<u>\$ 224,439</u>	<u>\$ 1,940,677</u>	
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Commercial mortgages:										
<i>Risk Rating</i>										
Pass	\$ 276,251	\$ 779,662	\$ 568,431	\$ 446,777	\$ 415,596	\$ 969,561	\$ —	\$ 434,855	\$ 3,891,133	
Special mention	—	33,637	571	4,886	1,797	2,159	—	14,515	57,565	
Substandard or Lower	18,306	7,249	999	956	25,456	32,416	—	738	86,120	
	<u>\$ 294,557</u>	<u>\$ 820,548</u>	<u>\$ 570,001</u>	<u>\$ 452,619</u>	<u>\$ 442,849</u>	<u>\$ 1,004,136</u>	<u>\$ —</u>	<u>\$ 450,108</u>	<u>\$ 4,034,818</u>	
Current-period gross writeoffs	\$ —	\$ 25	\$ —	\$ —	\$ —	\$ 4,907	\$ —	\$ —	\$ 4,932	
Construction:										
<i>Risk Rating</i>										
Pass	\$ 191,277	\$ 322,283	\$ 193,905	\$ 25,024	\$ 89	\$ 4,438	\$ —	\$ 93,264	\$ 830,280	
Special mention	8,057	—	3,313	—	—	—	—	—	11,370	
Substandard or Lower	9,128	23,706	—	4,042	—	145	—	546	37,567	
	<u>\$ 208,462</u>	<u>\$ 345,989</u>	<u>\$ 197,218</u>	<u>\$ 29,066</u>	<u>\$ 89</u>	<u>\$ 4,583</u>	<u>\$ —</u>	<u>\$ 93,810</u>	<u>\$ 879,217</u>	
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Commercial small business leases:										
<i>Risk Rating</i>										
Performing	\$ 137,975	\$ 225,819	\$ 156,005	\$ 78,843	\$ 26,664	\$ 18,214	\$ —	\$ —	\$ 643,520	
Nonperforming	—	—	—	—	—	—	—	—	—	
	<u>\$ 137,975</u>	<u>\$ 225,819</u>	<u>\$ 156,005</u>	<u>\$ 78,843</u>	<u>\$ 26,664</u>	<u>\$ 18,214</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 643,520</u>	
Current-period gross writeoffs	\$ 11	\$ 2,548	\$ 3,955	\$ 2,042	\$ 846	\$ 338	\$ —	\$ —	\$ 9,740	
Residential⁽²⁾:										
<i>Risk Rating</i>										
Performing	\$ 67,721	\$ 185,317	\$ 65,007	\$ 95,534	\$ 56,120	\$ 419,412	\$ —	\$ —	\$ 889,111	
Nonperforming	—	—	365	3,477	690	3,930	—	—	8,462	
	<u>\$ 67,721</u>	<u>\$ 185,317</u>	<u>\$ 65,372</u>	<u>\$ 99,011</u>	<u>\$ 56,810</u>	<u>\$ 423,342</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 897,573</u>	
Current-period gross writeoffs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 101	\$ —	\$ —	\$ 101	
Consumer⁽³⁾:										
<i>Risk Rating</i>										
Performing	\$ 149,512	\$ 402,536	\$ 507,860	\$ 134,878	\$ 94,424	\$ 292,334	\$ 515,249	\$ 6,802	\$ 2,103,595	
Nonperforming	—	249	—	270	352	227	1,576	164	2,838	
	<u>\$ 149,512</u>	<u>\$ 402,785</u>	<u>\$ 507,860</u>	<u>\$ 135,148</u>	<u>\$ 94,776</u>	<u>\$ 292,561</u>	<u>\$ 516,825</u>	<u>\$ 6,966</u>	<u>\$ 2,106,433</u>	
Current-period gross writeoffs	\$ 521	\$ 1,662	\$ 7,697	\$ 1,573	\$ 477	\$ 346	\$ —	\$ —	\$ 12,276	

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

⁽²⁾ Excludes reverse mortgages at fair value.

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

[Table of Contents](#)

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 ⁽¹⁾							Revolving loans amortized cost basis	Revolving loans converted to term	Total
(Dollars in thousands)	2023	2022	2021	2020	2019	Prior				
Commercial and industrial:										
<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	
Owner-occupied commercial:										
<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	
Commercial mortgages:										
<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	
Construction:										
<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	
Commercial small business leases:										
<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	
Residential⁽²⁾:										
<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	
Consumer⁽³⁾:										
<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	

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

⁽²⁾ Excludes reverse mortgages at fair value.

⁽³⁾ 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 six months ended June 30, 2024 and 2023, disaggregated by portfolio segment and type of modification granted:

	Three Months Ended June 30, 2024				
<i>(Dollars in thousands)</i>	Term Extension	More-Than- Insignificant Payment Delay	Combination- Term Extension and Payment Delay	Total	% of Total Loan Category
Commercial and industrial	\$ 30,075	\$ 606	\$ 92	\$ 30,773	1.17 %
Owner-occupied commercial	493	—	—	493	0.03 %
Commercial mortgages	83	—	—	83	— %
Construction	10,620	—	—	10,620	1.21 %
Consumer⁽¹⁾	256	784	1,270	2,310	0.11 %
Total	<u>\$ 41,527</u>	<u>\$ 1,390</u>	<u>\$ 1,362</u>	<u>\$ 44,279</u>	<u>0.34 %</u>

	Six Months Ended June 30, 2024				
<i>(Dollars in thousands)</i>	Term Extension	More-Than- Insignificant Payment Delay	Combination- Term Extension and Payment Delay	Total	% of Total Loan Category
Commercial and industrial	\$ 61,803	\$ 955	\$ 805	\$ 63,563	2.41 %
Owner-occupied commercial	493	—	—	493	0.03 %
Commercial mortgages	83	—	—	83	— %
Construction	10,620	—	—	10,620	1.21 %
Consumer⁽¹⁾	502	1,389	2,886	4,777	0.23 %
Total	<u>\$ 73,501</u>	<u>\$ 2,344</u>	<u>\$ 3,691</u>	<u>\$ 79,536</u>	<u>0.61 %</u>

⁽¹⁾ Includes home equity lines of credit, installment loans and unsecured lines of credit.

Three months ended June 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	\$ 8,819	\$ —	\$ 10,164	\$ —	\$ —	\$ 18,983	0.72 %
Owner-occupied commercial	—	—	1,062	—	—	1,062	0.06 %
Commercial mortgages	9,468	—	—	—	—	9,468	0.27 %
Construction	3,305	—	—	—	—	3,305	0.35 %
Consumer ⁽¹⁾	172	720	1,967	—	75	2,934	0.15 %
Total	\$ 21,764	\$ 720	\$ 13,193	\$ —	\$ 75	\$ 35,752	0.29 %

Six Months Ended June 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 ⁽¹⁾	\$ 21,530	\$ —	\$ 10,164	\$ —	\$ —	\$ 31,694	1.21 %
Owner-occupied commercial	—	—	1,062	144	—	1,206	0.06 %
Commercial mortgages	9,468	—	—	—	—	9,468	0.27 %
Construction	3,305	—	—	—	—	3,305	0.35 %
Consumer ⁽²⁾	888	871	3,344	158	195	5,456	0.29 %
Total	\$ 35,191	\$ 871	\$ 14,570	\$ 302	\$ 195	\$ 51,129	0.41 %

⁽¹⁾ Includes home equity lines of credit, installment loans and unsecured lines of credit.

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

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	Term Extension ⁽¹⁾	More-Than-Insignificant Payment Delay ⁽²⁾	Term Extension ⁽¹⁾	More-Than-Insignificant Payment Delay ⁽²⁾
Commercial and industrial	0.86	0.01%	1.01	0.01%
Owner-occupied commercial	0.54	—	0.54	—
Commercial mortgages	0.59	—	0.59	—
Construction	0.60	—	0.60	—
Consumer	0.48	0.02	0.47	0.03

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023		
	Term Extension ⁽¹⁾	More-Than-Insignificant Payment Delay ⁽²⁾	Term Extension ⁽¹⁾	Interest Rate Reduction ⁽³⁾	More-Than-Insignificant Payment Delay ⁽²⁾
Commercial and industrial	1.11	0.08%	1.08	—%	0.08%
Owner-occupied commercial	1.34	0.01	1.29	2.57	0.01
Commercial mortgages	1.33	—	1.33	—	—
Construction	0.25	—	0.25	—	—
Consumer	0.44	0.02	4.35	2.65	0.04

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

⁽²⁾ Represents the percentage of loans deferred over the total loan portfolio excluding reverse mortgages at fair value.

⁽³⁾ Represents the weighted-average decrease in the contractual interest rate on the modified loans.

As of June 30, 2024 and December 31, 2023, the Company had commitments to extend credit of \$31.8 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 table shows the amortized cost of loans that received a modification that had a payment default during the six months ended June 30, 2024 and were modified in the 12 months before default to borrowers experiencing financial difficulty. There were no loans that received a modification that had a payment default during the three months ended June 30, 2024 and were modified in the 12 months before default to borrowers experiencing financial difficulty. There were \$0.9 million of C&I loans that received a term extension modification that had a payment default during the three and six months ended June 30, 2023 and were modified in the 12 months before default to borrowers experiencing financial difficulty.

	Six Months Ended June 30, 2024		
	Term Extension	More-Than- Insignificant Payment Delay	Total
Commercial and industrial	\$ 3,870	\$ 61	\$ 3,931
Total	\$ 3,870	\$ 61	\$ 3,931

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 June 30, 2024 and 2023:

	June 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>					
Commercial and industrial	\$ —	\$ —	\$ 83,960	\$ 13,765	\$ 97,725
Owner-occupied commercial	—	—	493	—	493
Commercial mortgages	—	—	15,432	83	15,515
Construction	—	—	10,620	—	10,620
Residential	—	—	40	165	205
Consumer⁽¹⁾	1,034	339	7,054	95	8,522
Total	\$ 1,034	\$ 339	\$ 117,599	\$ 14,108	\$ 133,080

⁽¹⁾ Includes home equity lines of credit, installment loans and unsecured lines of credit.

	June 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	\$ —	\$ —	\$ 30,301	\$ 1,393	\$ 31,694
Owner-occupied commercial	—	—	1,062	144	1,206
Commercial mortgages	—	—	9,468	—	9,468
Construction	—	—	3,305	—	3,305
Consumer⁽¹⁾	358	101	4,997	—	5,456
Total	\$ 358	\$ 101	\$ 49,133	\$ 1,537	\$ 51,129

⁽¹⁾ 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		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(Dollars in thousands)</i>				
Operating lease cost ⁽¹⁾	\$ 4,452	\$ 4,723	\$ 8,424	\$ 9,516
Sublease income	(29)	(32)	(61)	(81)
Net lease cost	\$ 4,423	\$ 4,691	\$ 8,363	\$ 9,435

⁽¹⁾ Includes variable lease cost and short-term lease cost.

Supplemental information related to operating leases was as follows:

	June 30, 2024	December 31, 2023
<i>(Dollars in thousands)</i>		
Right-of-use assets	\$ 136,669	\$ 130,601
Lease liabilities	\$ 160,068	\$ 151,596
Lease term and discount rate		
Weighted average remaining lease term (in years)	12.91	13.01
Weighted average discount rate	5.25 %	5.20 %

Maturities of operating lease liabilities were as follows:

	June 30, 2024
<i>(Dollars in thousands)</i>	
Remaining in 2024	\$ 9,423
2025	18,690
2026	17,945
2027	16,584
2028	16,601
After 2028	145,418
Total lease payments	224,661
Less: Interest	(64,593)
Present value of lease liabilities	\$ 160,068

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

<i>(Dollars in thousands)</i>	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 4,762	\$ 5,134	\$ 9,483	\$ 10,194

As of June 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®. 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:

<i>(Dollars in thousands)</i>	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Direct financing leases:				
Interest income on lease receivable	\$ 15,815	\$ 13,136	\$ 30,615	\$ 25,518
Interest income on deferred fees and costs, net	(1,890)	(1,450)	(3,682)	(2,836)
Total direct financing lease net interest income	\$ 13,925	\$ 11,686	\$ 26,933	\$ 22,682

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

<i>(Dollars in thousands)</i>	June 30, 2024	December 31, 2023
Lease receivables	\$ 745,572	\$ 721,338
Unearned income	(121,401)	(114,341)
Deferred fees and costs	19,349	16,625
Net investment in direct financing leases	\$ 643,520	\$ 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 six months ended June 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 six months ended June 30, 2024.

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

<i>(Dollars in thousands)</i>	WSFS Bank	Wealth Management	Consolidated Company
December 31, 2023	\$ 753,586	\$ 132,312	\$ 885,898
Goodwill adjustments	—	—	—
June 30, 2024	\$ 753,586	\$ 132,312	\$ 885,898

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:

<i>(Dollars in thousands)</i>	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Amortization Period
June 30, 2024				
Core deposits	\$ 104,751	\$ (55,899)	\$ 48,852	10 years
Customer relationships	73,880	(20,871)	53,009	7-15 years
Loan servicing rights⁽¹⁾	12,905	(7,383)	5,522	10-25 years
Tradename	2,900	—	2,900	indefinite
Total intangible assets	\$ 194,436	\$ (84,153)	\$ 110,283	
December 31, 2023				
Core deposits	\$ 104,751	\$ (50,754)	\$ 53,997	10 years
Customer relationships	73,880	(18,153)	55,727	7-15 years
Loan servicing rights ⁽²⁾	12,613	(6,575)	6,038	10-25 years
Tradename	2,900	—	2,900	indefinite
Total intangible assets	\$ 194,144	\$ (75,482)	\$ 118,662	

⁽¹⁾ Includes impairment losses of \$0.1 million and \$0.2 million for the three and six months ended June 30, 2024, respectively.

⁽²⁾ 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 \$7.9 million for the three and six months ended June 30, 2024, respectively, compared to \$3.8 million and \$7.7 million for the three and six months ended June 30, 2023, respectively.

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

<i>(Dollars in thousands)</i>	June 30, 2024
Remaining in 2024	\$ 8,426
2025	16,583
2026	15,877
2027	15,409
2028	14,582
Thereafter	36,506
Total	\$ 107,383

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 \$1.6 million and \$1.7 million at June 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 June 30, 2024 and December 31, 2023, respectively. Changes in the value of the Company's servicing rights resulted in impairment losses of \$0.1 million and \$0.2 million for the three and six months ended June 30, 2024, respectively, and impairment losses of \$0.2 million for the three and six months ended June 30, 2023. 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 June 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:

<i>(Dollars in thousands)</i>	June 30, 2024	December 31, 2023
Noninterest-bearing:		
Noninterest demand	\$ 4,782,920	\$ 4,917,297
Total noninterest-bearing	\$ 4,782,920	\$ 4,917,297
Interest-bearing:		
Interest-bearing demand	\$ 2,811,933	\$ 2,935,530
Savings	1,537,516	1,610,143
Money market	5,174,905	5,175,123
Customer time deposits	1,983,807	1,784,317
Brokered deposits	—	51,676
Total interest-bearing	11,508,161	11,556,789
Total deposits	\$ 16,291,081	\$ 16,474,086

11. INCOME TAXES

There were no unrecognized tax benefits as of June 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 June 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 June 30, 2024 and 2023, respectively, and \$3.8 million and \$2.7 million for the six months ended June 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 \$0.5 million, respectively. The amount of affordable housing tax credits, amortization, and tax benefits recorded as income tax expense for the six months ended June 30, 2024 were \$3.4 million, \$3.8 million and \$1.1 million, respectively. The carrying value of the investment in affordable housing credits is \$83.3 million at June 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.

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

	June 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
Assets measured at fair value on a recurring basis:				
Available-for-sale securities:				
CMO	\$ —	\$ 449,398	\$ —	\$ 449,398
FNMA MBS	—	2,872,121	—	2,872,121
FHLMC MBS	—	109,212	—	109,212
GNMA MBS	—	43,249	—	43,249
GSE agency notes	—	177,933	—	177,933
Other assets	—	175,035	43	175,078
Total assets measured at fair value on a recurring basis	\$ —	\$ 3,826,948	\$ 43	\$ 3,826,991
Liabilities measured at fair value on a recurring basis:				
Other liabilities	\$ —	\$ 160,873	\$ 8,902	\$ 169,775
Assets measured at fair value on a nonrecurring basis:				
Other investments	\$ —	\$ —	\$ 14,320	\$ 14,320
Other real estate owned	—	—	1,342	1,342
Loans held for sale	—	54,608	—	54,608
Total assets measured at fair value on a nonrecurring basis	\$ —	\$ 54,608	\$ 15,662	\$ 70,270
	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
Assets measured at fair value on a recurring basis:				
Available-for-sale securities:				
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
Total assets measured at fair value on a recurring basis	\$ —	\$ 4,000,106	\$ 78	\$ 4,000,184
Liabilities measured at fair value on a recurring basis:				
Other liabilities	\$ —	\$ 137,616	\$ 14,026	\$ 151,642
Assets measured at fair value on a nonrecurring basis:				
Other investments	\$ —	\$ —	\$ 15,206	\$ 15,206
Other real estate owned	—	—	1,569	1,569
Loans held for sale	—	29,268	—	29,268
Total assets measured at fair value on a nonrecurring basis	\$ —	\$ 29,268	\$ 16,775	\$ 46,043

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.

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 \$6.5 million at June 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 June 30, 2024 and December 31, 2023:

(Dollars in thousands)

Financial Instrument	June 30, 2024			
	Fair Value	Valuation Technique(s)	Unobservable Input	Range (Weighted Average)
Other investments	\$ 14,320	Observed market comparable transactions	Period of observed transactions	December 2023
Other real estate owned	1,342	Fair market value of collateral	Costs to sell	10.0%-20.0% (19.3%)
Other assets (Risk participation agreements purchased)	43	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	CDS spread: 110 - 360 bps (191 bps) LGD: -% - 30% (30%)
Other liabilities (Risk participation agreements sold)	2	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	CDS spread: 1 - 250 bps (82 bps) LGD: -% - 30% (30%)
Other liabilities (Financial derivative related to sales of certain Visa Class B shares)	8,900	Discounted cash flow	Timing of Visa litigation resolution	3.00 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%)
Other assets (Risk participation agreements purchased)	78	Credit Valuation Adjustment	CDS Spread and Loss Given Default (LGD)	CDS spread: 110 - 360 bps (195 bps) 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)

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

<i>(Dollars in thousands)</i>	Fair Value Measurement	June 30, 2024		December 31, 2023	
		Book Value	Fair Value	Book Value	Fair Value
Financial assets:					
Cash, cash equivalents, and restricted cash	Level 1	\$ 1,021,716	\$ 1,021,716	\$ 1,092,900	\$ 1,092,900
Investment securities available-for-sale	Level 2	3,651,913	3,651,913	3,846,537	3,846,537
Investment securities held-to-maturity, net	Level 2	1,038,854	929,668	1,058,557	985,931
Other investments	Level 3	16,778	16,778	17,434	17,434
Loans, held for sale	Level 2	54,608	54,608	29,268	29,268
Loans and leases, net ⁽¹⁾	Level 3	12,945,948	12,887,446	12,583,202	12,514,431
Stock in FHLB of Pittsburgh	Level 2	16,638	16,638	15,398	15,398
Accrued interest receivable	Level 2	88,878	88,878	85,979	85,979
Other assets	Levels 2, 3	175,078	175,078	153,647	153,647
Financial liabilities:					
Deposits	Level 2	\$ 16,291,081	\$ 16,175,575	\$ 16,474,086	\$ 16,449,198
Borrowed funds	Level 2	1,142,255	1,134,269	895,076	912,760
Standby letters of credit	Level 3	754	754	814	814
Accrued interest payable	Level 2	56,684	56,684	46,684	46,684
Other liabilities	Levels 2, 3	169,775	169,775	151,642	151,642

⁽¹⁾ Includes reverse mortgage loans.

At June 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 trading purposes.

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 June 30, 2024.

<i>(Dollars in thousands)</i>	Fair Values of Derivative Instruments			Derivatives (Fair Value)
	Count	Notional	Balance Sheet Location	
Derivatives designated as hedging instruments:				
Interest rate swaps	15	\$ 1,200,000	Other assets	\$ 13,141
Total		\$ 1,200,000		\$ 13,141
Derivatives not designated as hedging instruments:				
Interest rate swaps		\$ 2,710,817	Other assets	\$ 159,901
Interest rate swaps		2,701,548	Other liabilities	(159,901)
Interest rate lock commitments with customers		55,558	Other assets	906
Interest rate lock commitments with customers		145	Other liabilities	(2)
Forward sale commitments		23,750	Other assets	80
Forward sale commitments		39,898	Other liabilities	(97)
FX forwards		30,543	Other assets	1,007
FX forwards		20,470	Other liabilities	(873)
Risk participation agreements sold		102,374	Other liabilities	(2)
Risk participation agreements purchased		86,730	Other assets	43
Financial derivatives related to sales of certain Visa Class B shares		73,811	Other liabilities	(8,900)
Total derivatives		\$ 7,045,644		\$ 5,303

[Table of Contents](#)

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	
Derivatives designated as hedging instruments:				
Interest rate swaps	9	\$ 750,000	Other assets	\$ 15,578
Total		\$ 750,000		\$ 15,578
Derivatives not designated as hedging instruments:				
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)
Total derivatives		\$ 5,997,253		\$ 2,005

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 six months ended June 30, 2024 and June 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 June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	
Derivatives in Cash Flow Hedging Relationships					
Interest rate options	\$ (587)	\$ (1,475)	\$ (7,020)	\$ (1,143)	Interest income
Total	\$ (587)	\$ (1,475)	\$ (7,020)	\$ (1,143)	
Derivatives not designated as hedging instruments					
<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 June 30,		Six Months Ended June 30,		
	2024	2023	2024	2023	
Interest rate swaps and options	\$ 2,719	\$ 1,531	\$ 5,154	\$ 3,971	Other income
Interest rate lock commitments with customers	4	(134)	256	287	Mortgage banking activities, net
Forward sale commitments	130	213	244	66	Mortgage banking activities, net
FX forwards	121	13	280	28	Other income
Risk participation agreements	(1)	(17)	(35)	(14)	Other income
Total	\$ 2,973	\$ 1,606	\$ 5,899	\$ 4,338	

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 June 30, 2024, the Company had 15 interest rate floors purchased at an aggregate premium of \$23.4 million with an aggregate notional amount of \$1.2 billion to hedge variable cash flows associated with a variable rate loan pool through the second 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 June 30, 2024, the Company determined the cash flow hedges remain highly effective. During the three and six months ended June 30, 2024, \$1.0 million and \$1.9 million, respectively, of amortization expense on the premium was reclassified into interest income compared to \$0.1 million and \$0.2 million during the three and six months ended June 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 June 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 June 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 June 30, 2024 and December 31, 2023, there were 175 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 June 30, 2024 and December 31, 2023. At June 30, 2024, the swap transactions remaining maturities ranged from under 1 year to 11 years. At June 30, 2024, none of these customer swaps were in a paying position to third parties, with our swap guarantees having a fair value of \$6.5 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. However, 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 \$2.3 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 June 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[®], and Wealth Management.

The WSFS Bank segment provides financial products to commercial and consumer customers. Commercial and Consumer Banking, Commercial Real Estate Lending 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[®] 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[®] 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[®].

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[®] 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[®] 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[®] provides trustee, agency, bankruptcy administration, custodial and commercial domicile services to institutional, corporate clients and special purpose vehicles.

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

<i>(Dollars in thousands)</i>	Three Months Ended June 30, 2024				Three Months Ended June 30, 2023			
	WSFS Bank	Cash Connect [®]	Wealth Management	Total	WSFS Bank	Cash Connect [®]	Wealth Management	Total
Statements of Income								
External customer revenues:								
Interest income	\$ 259,387	\$ —	\$ 5,850	\$ 265,237	\$ 236,405	\$ —	\$ 5,364	\$ 241,769
Noninterest income	22,640	31,000	37,958	91,598	14,089	19,992	32,790	66,871
Total external customer revenues	282,027	31,000	43,808	356,835	250,494	19,992	38,154	308,640
Inter-segment revenues:								
Interest income	7,979	386	27,321	35,686	6,725	323	24,948	31,996
Noninterest income	8,488	478	264	9,230	7,261	495	94	7,850
Total inter-segment revenues	16,467	864	27,585	44,916	13,986	818	25,042	39,846
Total revenue	298,494	31,864	71,393	401,751	264,480	20,810	63,196	348,486
External customer expenses:								
Interest expense	79,681	—	11,107	90,788	53,962	—	5,965	59,927
Noninterest expenses	110,637	23,942	21,189	155,768	108,147	14,538	18,568	141,253
Provision for credit losses	19,800	—	14	19,814	16,328	—	(498)	15,830
Total external customer expenses	210,118	23,942	32,310	266,370	178,437	14,538	24,035	217,010
Inter-segment expenses:								
Interest expense	27,707	4,294	3,685	35,686	25,271	3,851	2,874	31,996
Noninterest expenses	742	1,650	6,838	9,230	589	1,484	5,777	7,850
Total inter-segment expenses	28,449	5,944	10,523	44,916	25,860	5,335	8,651	39,846
Total expenses	238,567	29,886	42,833	311,286	204,297	19,873	32,686	256,856
Income before taxes	\$ 59,927	\$ 1,978	\$ 28,560	\$ 90,465	\$ 60,183	\$ 937	\$ 30,510	\$ 91,630
Income tax provision				21,257				23,035
Consolidated net income				69,208				68,595
Net (loss) income attributable to noncontrolling interest				(65)				(83)
Net income attributable to WSFS				\$ 69,273				\$ 68,678
Supplemental Information								
Capital expenditures for the period ended	\$ 2,173	\$ 123	\$ 428	\$ 2,724	\$ 956	\$ —	\$ —	\$ 956

[Table of Contents](#)

<i>(Dollars in thousands)</i>	Six Months Ended June 30, 2024				Six Months Ended June 30, 2023			
	WSFS Bank	Cash Connect®	Wealth Management	Total	WSFS Bank	Cash Connect®	Wealth Management	Total
Statements of Income								
External customer revenues:								
Interest income	\$ 515,520	\$ —	\$ 11,339	\$ 526,859	\$ 457,690	\$ —	\$ 10,462	\$ 468,152
Noninterest income	38,860	57,350	71,245	167,455	28,239	38,171	63,588	129,998
Total external customer revenues	554,380	57,350	82,584	694,314	485,929	38,171	74,050	598,150
Inter-segment revenues:								
Interest income	14,545	826	56,192	71,563	12,824	718	45,675	59,217
Noninterest income	15,761	913	471	17,145	14,161	956	199	15,316
Total inter-segment revenues	30,306	1,739	56,663	88,708	26,985	1,674	45,874	74,533
Total revenue	584,686	59,089	139,247	783,022	512,914	39,845	119,924	672,683
External customer expenses:								
Interest expense	154,760	—	22,372	177,132	92,449	—	11,329	103,778
Noninterest expenses	217,269	45,877	41,694	304,840	209,096	28,038	37,164	274,298
Provision for credit losses	34,620	—	332	34,952	44,045	—	796	44,841
Total external customer expenses	406,649	45,877	64,398	516,924	345,590	28,038	49,289	422,917
Inter-segment expenses:								
Interest expense	57,018	7,423	7,122	71,563	46,393	7,410	5,414	59,217
Noninterest expenses	1,384	3,059	12,702	17,145	1,155	2,830	11,331	15,316
Total inter-segment expenses	58,402	10,482	19,824	88,708	47,548	10,240	16,745	74,533
Total expenses	465,051	56,359	84,222	605,632	393,138	38,278	66,034	497,450
Income before taxes	\$ 119,635	\$ 2,730	\$ 55,025	\$ 177,390	\$ 119,776	\$ 1,567	\$ 53,890	\$ 175,233
Income tax provision				42,459				43,976
Consolidated net income				134,931				131,257
Net income attributable to noncontrolling interest				(103)				175
Net income attributable to WSFS				\$ 135,034				\$ 131,082
Supplemental Information								
Capital expenditures for the period ended	\$ 6,393	\$ 123	\$ 441	\$ 6,957	\$ 1,812	\$ —	\$ —	\$ 1,812

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

<i>(Dollars in thousands)</i>	June 30, 2024				December 31, 2023			
	WSFS Bank	Cash Connect®	Wealth Management	Total	WSFS Bank	Cash Connect®	Wealth Management	Total
Statements of Financial Condition								
Cash and cash equivalents	\$ 609,850	\$ 371,122	\$ 40,744	\$ 1,021,716	\$ 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	18,393,939	20,302	422,675	18,836,916	18,191,585	15,654	408,635	18,615,874
Total segment assets	\$ 19,757,375	\$ 391,424	\$ 595,731	\$ 20,744,530	\$ 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 two repurchases during the six months ended June 30, 2024 for an aggregate of \$0.5 million and one repurchase for \$0.8 million during the same period in 2023.

Unfunded Lending Commitments

At June 30, 2024 and December 31, 2023, the allowance for credit losses of unfunded lending commitments was \$11.5 million and \$12.1 million, respectively. A provision release of \$0.3 million and \$0.6 million was recognized during the three and six months ended June 30, 2024, respectively, compared to a provision expense of \$0.4 million and \$0.2 million during the three and six months ended June 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
Balance, March 31, 2024	\$ (539,939)	\$ (87,854)	\$ (4,738)	\$ (4,836)	\$ 460	\$ (636,907)
Other comprehensive (loss) income	(9,100)	—	(2)	(587)	(40)	(9,729)
Less: Amounts reclassified from accumulated other comprehensive loss	—	3,808	(50)	—	—	3,758
Net current-period other comprehensive (loss) income	(9,100)	3,808	(52)	(587)	(40)	(5,971)
Balance, June 30, 2024	<u>\$ (549,039)</u>	<u>\$ (84,046)</u>	<u>\$ (4,790)</u>	<u>\$ (5,423)</u>	<u>\$ 420</u>	<u>\$ (642,878)</u>
Balance, March 31, 2023	\$ (510,523)	\$ (104,338)	\$ (4,517)	\$ 400	\$ 563	\$ (618,415)
Other comprehensive (loss) income	(40,367)	—	(7)	(1,475)	(101)	(41,950)
Less: Amounts reclassified from accumulated other comprehensive loss	—	4,393	(47)	(40)	—	4,306
Net current-period other comprehensive (loss) income	(40,367)	4,393	(54)	(1,515)	(101)	(37,644)
Balance, June 30, 2023	<u>\$ (550,890)</u>	<u>\$ (99,945)</u>	<u>\$ (4,571)</u>	<u>\$ (1,115)</u>	<u>\$ 462</u>	<u>\$ (656,059)</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 ⁽¹⁾	Net change in equity method investments	Total
Balance, December 31, 2023	\$ (499,932)	\$ (91,523)	\$ (4,614)	\$ 1,597	\$ 481	\$ (593,991)
Other comprehensive (loss) income	(49,107)	—	(77)	(7,020)	(61)	(56,265)
Less: Amounts reclassified from accumulated other comprehensive loss	—	7,477	(99)	—	—	7,378
Net current-period other comprehensive (loss) income	(49,107)	7,477	(176)	(7,020)	(61)	(48,887)
Balance, June 30, 2024	<u>\$ (549,039)</u>	<u>\$ (84,046)</u>	<u>\$ (4,790)</u>	<u>\$ (5,423)</u>	<u>\$ 420</u>	<u>\$ (642,878)</u>
Balance, December 31, 2022	\$ (563,533)	\$ (108,503)	\$ (4,482)	\$ 108	\$ 566	\$ (675,844)
Other comprehensive income (loss)	12,643	—	5	(1,143)	(104)	11,401
Less: Amounts reclassified from accumulated other comprehensive loss	—	8,558	(94)	(80)	—	8,384
Net current-period other comprehensive income (loss)	12,643	8,558	(89)	(1,223)	(104)	19,785
Balance, June 30, 2023	<u>\$ (550,890)</u>	<u>\$ (99,945)</u>	<u>\$ (4,571)</u>	<u>\$ (1,115)</u>	<u>\$ 462</u>	<u>\$ (656,059)</u>

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

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

	Three Months Ended June 30,		Affected line item in unaudited Consolidated Statements of Income
	2024	2023	
<i>(Dollars in thousands)</i>			
Net unrealized holding losses on securities transferred between available-for-sale and held-to-maturity:			
Amortization of net unrealized losses to income during the period	5,011	5,779	Net interest income
Income taxes	(1,203)	(1,386)	Income tax provision
Net of tax	3,808	4,393	
Amortization of defined benefit pension plan-related items:			
Prior service credits	(19)	(19)	
Actuarial gains	(47)	(43)	
Total before tax	(66)	(62)	Salaries, benefits and other compensation
Income taxes	16	15	Income tax provision
Net of tax	(50)	(47)	
Net unrealized gains on terminated cash flow hedges:			
Amortization of net unrealized gains to income during the period	—	(53)	Interest and fees on loans and leases
Income taxes	—	13	Income tax provision
Net of tax	—	(40)	
Total reclassifications	\$ 3,758	\$ 4,306	
	Six Months Ended June 30,		Affected line item in unaudited Consolidated Statements of Operations
	2024	2023	
Net unrealized holding losses on securities transferred between available-for-sale and held-to-maturity:			
Amortization of net unrealized losses to income during the period	9,838	11,260	Net interest income
Income taxes	(2,361)	(2,702)	Income tax provision
Net of tax	7,477	8,558	
Amortization of defined benefit pension plan-related items:			
Prior service credits	(38)	(38)	
Actuarial gains	(92)	(86)	
Total before tax	(130)	(124)	Salaries, benefits and other compensation
Income taxes	31	30	Income tax provision
Net of tax	(99)	(94)	
Net unrealized gains on terminated cash flow hedges:			
Amortization of net unrealized gains to income during the period	—	(105)	Interest and fees on loans and leases
Income taxes	—	25	Income tax provision
Net of tax	—	(80)	
Total reclassifications	\$ 7,378	\$ 8,384	

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.

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 \$20.7 billion in assets and \$84.9 billion in assets under management (AUM) and assets under administration (AUA) at June 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 June 30, 2024, we had six consolidated subsidiaries: WSFS Bank, The Bryn Mawr Trust Company of Delaware (BMT-DE), Bryn Mawr Capital Management, LLC (BMCML), 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 \$13.1 billion as of June 30, 2024, which was funded primarily through commercial relationships and consumer and customer generated deposits. We have built a \$10.1 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 \$1.7 billion in total cash and services approximately 33,100 non-bank ATMs and 9,400 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, ATM processing equipment sales and deposit safe cash logistics. Cash Connect® also supports 579 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 \$84.9 billion of AUM and AUA at June 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.

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

Highlights and Other Notables Items for Three and Six Months Ended June 30, 2024

- **Three Months Ended June 30, 2024**

- Noninterest income was \$91.6 million, or 34.38% of total net revenue, and included:
 - 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.
 - Post-close distributions of \$2.0 million related to the sale of our equity interests in Spring EQ that occurred in the fourth quarter of 2023.
- WSFS repurchased 897,461 shares of common stock under the Company's share repurchase programs at an average price of \$44.20 per share, for an aggregate purchase price of approximately \$39.7 million.
- The Board of Directors approved a \$0.15 per share quarterly cash dividend.
- During the quarter, 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.
- 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.
- 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 13.07% and 13.29%, respectively, and total risk-based capital of 14.32% and 15.34%, respectively.

- **Six Months Ended June 30, 2024**

- Net loans and leases grew \$362.7 million, or 6% annualized, compared to December 31, 2023.
- The allowance for credit losses (ACL) on loans and leases increased \$12.1 million when compared to December 31, 2023, primarily due to higher provision on our commercial mortgages portfolio.
- During the six months ended June 30, 2024, WSFS had capital returns of \$78.7 million to stockholders, comprised of \$60.7 million from share repurchases and \$18.1 million from quarterly dividends.
- WSFS recorded a \$0.9 million expense for the final FDIC Special Assessment received during the year.

FINANCIAL CONDITION

Total assets increased \$149.9 million to \$20.7 billion at June 30, 2024 compared to December 31, 2023. This increase is primarily comprised of the following:

- Net loans and leases held for investment increased \$362.7 million, primarily due to increases of \$99.1 million in commercial and industrial and \$94.3 million in consumer loans primarily from Spring EQ home equity loans. Commercial mortgages increased \$233.6 million with a corresponding decrease of \$156.3 million in construction due to the migration of construction loans to permanent commercial mortgages. Additionally, owner-occupied commercial loans increased \$54.6 million and residential mortgage loans increased \$29.7 million.
- Other assets increased \$59.5 million, primarily due to increases of \$23.7 million in derivatives from our capital markets business due to changes in fair value, \$13.1 million in our deferred tax asset primarily related to unrealized losses on available-for-sale securities, and \$8.4 million in lease right of use asset due to additional leases entered into in 2024.
- Total investment securities decreased \$214.3 million:
 - Investment securities, available-for-sale decreased \$194.6 million, primarily due to repayments, maturities and calls of \$169.5 million and decreased market values of \$64.6 million, partially offset by purchases of \$41.1 million.
 - Investment securities, held-to-maturity decreased \$19.7 million, primarily due to repayments, maturities and calls of \$28.6 million, partially offset by \$7.3 million of amortization of net unrealized losses on available-for-sale securities transferred to held-to-maturity.
- Total cash and cash equivalents decreased \$71.2 million, primarily due to a shift to external funding sources in our Cash Connect[®] business.
- Goodwill and intangible assets decreased \$8.4 million due to scheduled amortization of intangible assets.

Total liabilities increased \$141.3 million to \$18.3 billion at June 30, 2024 compared to December 31, 2023. This increase is primarily comprised of the following:

- Other borrowed funds increased \$224.7 million, primarily due to \$235.0 million borrowed from the Bank Term Funding Program (BTFP) as a result of favorable terms and pricing.
- Other liabilities increased \$67.1 million, primarily due to increases of \$70.2 million in collateral held on derivatives and derivative liabilities, partially offset by a decrease of \$5.1 million due to the reduction of our Visa B derivative liability.
- Customer deposits decreased \$131.3 million primarily due to transactional accounts, which drive notable inflows and outflows of deposits in our Trust and Commercial businesses, offset by growth in our Private Wealth Management and Consumer businesses.

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

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Stockholders' equity of WSFS increased \$11.9 million between December 31, 2023 and June 30, 2024. This increase was primarily due to \$135.0 million of earnings, partially offset by \$60.7 million from the repurchase of shares of common stock under our stock repurchase plan, an increase of \$48.9 million in accumulated other comprehensive loss driven by market value decreases on available-for-sale mortgage-backed securities, and the payment of dividends on our common stock of \$18.1 million.

During the three months ended June 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 August 23, 2024 to stockholders of record as of August 9, 2024.

Book value per share of common stock was \$42.01 at June 30, 2024, an increase of \$1.08 from \$40.93 at December 31, 2023. Tangible book value per share of common stock (a non-GAAP financial measure) was \$25.20 at June 30, 2024, an increase of \$0.87 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."

The table below compares the Bank's and the Company's consolidated capital position to the minimum regulatory requirements as of June 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	\$ 2,333,593	14.32 %	\$ 1,303,890	8.00 %	\$ 1,629,863	10.00 %
WSFS Financial Corporation	2,500,508	15.34	1,304,346	8.00	1,630,433	10.00
Tier 1 Capital (to Risk-Weighted Assets)						
Wilmington Savings Fund Society, FSB	2,129,779	13.07	977,918	6.00	1,303,890	8.00
WSFS Financial Corporation	2,166,672	13.29	978,260	6.00	1,304,346	8.00
Common Equity Tier 1 Capital (to Risk-Weighted Assets)						
Wilmington Savings Fund Society, FSB	2,129,779	13.07	733,438	4.50	1,059,411	6.50
WSFS Financial Corporation	2,166,672	13.29	733,695	4.50	1,059,781	6.50
Tier 1 Leverage Capital						
Wilmington Savings Fund Society, FSB	2,129,779	10.44	815,873	4.00	1,019,841	5.00
WSFS Financial Corporation	2,166,672	10.61	816,469	4.00	1,020,587	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 June 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 \$330.5 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 June 30, 2024, the Company had \$1.0 billion in cash, cash equivalents, and restricted cash. As of June 30, 2024, our estimated uninsured deposits were \$6.0 billion, or 37% of total customer deposits, and our estimated unprotected deposits (uninsured and uncollateralized) were \$5.2 billion, or 32% of total customer deposits.

As of June 30, 2024, the Company had a readily available, secured borrowing capacity of \$5.3 billion from the FHLB and \$1.8 billion through the Federal Reserve Discount Window. In addition, the Company had \$1.7 billion in unpledged securities that could be used to support additional borrowings and \$0.4 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 June 30, 2024, we had \$224.7 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 June 30, 2024, we had obligations for principal payments on long-term debt including \$67.0 million for our trust preferred borrowings, due June 1, 2035, \$70.0 million in aggregate principal amount of fixed-to-floating rate subordinated notes due 2027, and \$150.0 million for our senior debt, due December 15, 2030. At June 30, 2024, we had advances of \$800 million under the BTFP, due January 2025. 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 \$23.7 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 June 30, 2024, the Company had total commitments to extend credit of \$4.0 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>	June 30, 2024	December 31, 2023
Nonaccruing loans ⁽¹⁾ :		
Commercial and industrial	\$ 39,230	\$ 29,389
Owner-occupied commercial	3,939	4,862
Commercial mortgages	8,989	22,292
Construction	3,887	12,617
Residential	5,086	2,579
Consumer	2,903	2,446
Total nonaccruing loans ⁽²⁾	64,034	74,185
Other real estate owned	1,342	1,569
Total nonperforming assets	\$ 65,376	\$ 75,754
Past due loans:		
Commercial	\$ 855	\$ 1,552
Residential	8	—
Consumer ⁽³⁾	8,935	10,032
Total past due loans	\$ 9,798	\$ 11,584
Troubled loans:		
Commercial	\$ 124,353	\$ 85,330
Residential	205	777
Consumer	8,522	9,161
Total troubled loans	\$ 133,080	\$ 95,268
Ratio of allowance for credit losses to total loans and leases ⁽⁴⁾	1.51 %	1.46 %
Ratio of nonaccruing loans to total gross loans and leases ⁽⁵⁾	0.49	0.58
Ratio of nonperforming assets to total assets	0.32	0.37
Ratio of allowance for credit losses to nonaccruing loans	310	251
Ratio of allowance for credit losses to total nonperforming assets ⁽⁶⁾	303	246

⁽¹⁾ Includes nonaccruing troubled loans.

⁽²⁾ Includes nonaccrual loans held-for-sale as of December 31, 2023.

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

⁽⁴⁾ Represents amortized cost basis for loans and leases.

⁽⁵⁾ Total loans exclude loans held for sale and reverse mortgages.

⁽⁶⁾ Excludes acquired PCD loans.

Nonperforming assets decreased \$10.4 million between December 31, 2023 and June 30, 2024. This decrease was primarily driven 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 decreased from 0.37% at December 31, 2023 to 0.32% at June 30, 2024.

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

<i>(Dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Beginning balance	\$ 75,754	\$ 43,372
Additions	64,648	37,483
Collections	(55,521)	(10,983)
Transfers to accrual ⁽¹⁾	(216)	(19,903)
Charge-offs	(19,289)	(16,439)
Ending balance	\$ 65,376	\$ 33,530

⁽¹⁾ 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 raised the federal funds target rate four times in 2023 for a total of 100 basis points and has suggested it may lower interest rates 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 June 30, 2024, interest-bearing liabilities exceeded interest-earning assets that mature or reprice within one year (interest-sensitive gap) by \$62.0 million. Our interest-sensitive assets as a percentage of interest-sensitive liabilities within the one-year window was 99.32% at June 30, 2024 compared with 99.67% at December 31, 2023. Likewise, the one-year interest-sensitive gap as a percentage of total assets was (0.30)% at June 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 June 30, 2024 and December 31, 2023:

% Change in Interest Rate (Basis Points)	June 30, 2024		December 31, 2023	
	% Change in Net Interest Margin ⁽¹⁾	Economic Value of Equity ⁽²⁾	% Change in Net Interest Margin ⁽¹⁾	Economic Value of Equity ⁽²⁾
+300	16.3%	22.39%	15.7%	22.44%
+200	10.8%	21.54%	10.4%	21.46%
+100	5.4%	20.62%	5.2%	20.41%
+50	2.7%	20.13%	2.6%	19.85%
+25	1.3%	19.88%	1.3%	19.56%
—	—%	19.63%	—%	19.26%
-25	(1.3)%	19.37%	(1.3)%	18.96%
-50	(2.6)%	19.10%	(2.6)%	18.64%
-100	(4.6)%	18.60%	(4.9)%	18.00%
-200	(8.3)%	17.30%	(9.6)%	16.50%
-300	(11.9)%	15.90%	(14.2)%	14.80%

⁽¹⁾ 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.

⁽²⁾ 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 June 30, 2024: Net income for the three months ended June 30, 2024 was \$69.3 million, compared to \$68.7 million for the three months ended June 30, 2023.

- Net interest income decreased \$7.4 million, primarily due to lagging increases in deposit pricing following rate hikes in 2023 and a continued shift to customer time deposits. See “Net Interest Income” for further information.
- Our provision for credit losses increased \$4.0 million, primarily due to a higher provision on our commercial mortgages portfolio. See “Allowance for Credit Losses” for further information.
- Noninterest income increased \$24.7 million, primarily due to increases in income from Cash Connect[®] due to additional customers added during the fourth quarter of 2023 and first half of 2024 and the higher rate environment, Wealth Management fee income, a gain on our Visa B derivative liability, post-close distributions from our investment in Spring EQ, and capital markets income. See “Noninterest Income” for further information.
- Noninterest expense increased \$14.5 million, primarily due to higher salaries and benefits and Cash Connect[®] funding costs associated with a shift towards external funding, partially offset by decreases in net corporate development and restructuring costs, loan workout and OREO expenses, and professional fees.
- Income tax provision decreased \$1.8 million, primarily due to the \$1.2 million decrease in pre-tax income, the benefit from solar and other tax credit investments, and lower state income taxes.

Six months ended June 30, 2024: Net income for the six months ended June 30, 2024 was \$135.0 million, compared to \$131.1 million for the six months ended June 30, 2023.

- Net interest income decreased \$14.6 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to the reasons described above. See “Net Interest Income” for further information.
- Our provision for credit losses for the six months ended June 30, 2024 decreased \$9.9 million compared to the six months ended June 30, 2023, due to lower losses across most of our commercial loan portfolios and our consumer portfolio, partially offset by higher losses on our commercial mortgages portfolio. See “Allowance for Credit Losses” for further information.
- Noninterest income for the six months ended June 30, 2024 increased \$37.5 million compared to the six months ended June 30, 2023, primarily due to increases from Cash Connect[®], Wealth Management fee income, a gain on our Visa B derivative liability, capital markets income, post-close distributions from our investment in Spring EQ, and mortgage banking activities. See “Noninterest Income” for further information.
- Noninterest expense increased \$30.5 million during the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to an increase in Cash Connect[®] funding costs associated with a shift towards external funding and salaries and benefits, partially offset by decreases in net corporate development and restructuring costs, occupancy expense, and professional fees.
- Income tax provision for the six months ended June 30, 2024 decreased \$1.5 million compared to the six months ended June 30, 2023, primarily due to the benefit from solar and other tax credit investments and lower state income taxes.

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:

	Three months ended June 30,					
	2024			2023		
	Average Balance	Interest	Yield/Rate ⁽¹⁾	Average Balance	Interest	Yield/Rate ⁽¹⁾
<i>(Dollars in thousands)</i>						
Assets:						
Interest-earning assets:						
Loans: ⁽²⁾						
Commercial loans and leases	\$ 5,115,017	\$ 91,001	7.17 %	\$ 5,051,292	\$ 86,073	6.85 %
Commercial real estate loans	4,968,847	88,852	7.19	4,484,162	78,018	6.98
Residential loans	892,139	10,995	4.93	804,390	9,384	4.67
Consumer loans	2,088,180	39,019	7.52	1,907,294	33,508	7.05
Loans held for sale	42,010	948	9.08	45,766	901	7.90
Total loans and leases	13,106,193	230,815	7.09	12,292,904	207,884	6.79
Mortgage-backed securities ⁽³⁾	4,335,831	25,784	2.38	4,766,207	27,130	2.28
Investment securities ⁽³⁾	361,093	2,183	2.70	370,530	2,182	2.62
Other interest-earning assets	469,120	6,455	5.53	345,791	4,573	5.30
Total interest-earning assets	\$ 18,272,237	\$ 265,237	5.85 %	\$ 17,775,432	\$ 241,769	5.46 %
Allowance for credit losses	(195,557)			(170,968)		
Cash and due from banks	308,226			255,590		
Cash in non-owned ATMs	339,430			387,889		
Bank-owned life insurance	41,067			101,031		
Other noninterest-earning assets	2,020,925			1,872,610		
Total assets	\$ 20,786,328			\$ 20,221,584		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Interest-bearing demand	\$ 2,807,761	\$ 8,107	1.16 %	\$ 3,039,257	\$ 6,525	0.86 %
Savings	1,553,044	1,774	0.46	1,873,572	1,342	0.29
Money market	5,172,682	46,390	3.61	4,137,867	27,898	2.70
Customer time deposits	1,937,265	20,422	4.24	1,578,615	10,597	2.69
Total interest-bearing customer deposits	11,470,752	76,693	2.69	10,629,311	46,362	1.75
Brokered deposits	—	—	—	307,515	3,692	4.82
Total interest-bearing deposits	11,470,752	76,693	2.69	10,936,826	50,054	1.84
Federal Home Loan Bank advances	25,742	359	5.61	123,297	1,597	5.20
Trust preferred borrowings	90,704	1,750	7.76	90,511	1,635	7.25
Senior and subordinated debt	218,478	2,441	4.47	218,247	2,334	4.28
Other borrowed funds ⁽⁴⁾	816,919	9,545	4.70	390,576	4,307	4.42
Total interest-bearing liabilities	\$ 12,622,595	\$ 90,788	2.89 %	\$ 11,759,457	\$ 59,927	2.04 %
Noninterest-bearing demand deposits	4,835,912			5,458,676		
Other noninterest-bearing liabilities	891,273			674,300		
Stockholders' equity	2,446,371			2,332,147		
Noncontrolling interest	(9,823)			(2,996)		
Total liabilities and stockholders' equity	\$ 20,786,328			\$ 20,221,584		
Excess of interest-earning assets over interest-bearing liabilities	\$ 5,649,642			\$ 6,015,975		
Net interest income		\$ 174,449			\$ 181,842	
Interest rate spread			2.96 %			3.42 %
Net interest margin			3.85 %			4.11 %

(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.

[Table of Contents](#)

	Six months ended June 30,					
	2024			2023		
(Dollars in thousands)	Average Balance	Interest	Yield/Rate ⁽¹⁾	Average Balance	Interest	Yield/Rate ⁽¹⁾
Assets:						
Interest-earning assets:						
Loans: ⁽²⁾						
Commercial loans and leases	\$ 5,081,250	\$ 179,531	7.12 %	\$ 5,003,224	\$ 166,817	6.74 %
Commercial real estate loans	4,928,165	175,576	7.16	4,454,920	149,846	6.78
Residential loans	883,421	21,574	4.88	787,082	18,012	4.58
Consumer loans	2,064,785	77,247	7.52	1,878,506	65,043	6.98
Loans held for sale	38,458	1,590	8.31	44,653	1,890	8.54
Total loans and leases	12,996,079	455,518	7.05	12,168,385	401,608	6.66
Mortgage-backed securities ⁽³⁾	4,405,932	51,681	2.35	4,794,699	54,656	2.28
Investment securities	363,234	4,367	2.68	373,628	4,419	2.74
Other interest-earning assets	556,434	15,293	5.53	293,656	7,469	5.13
Total interest-earning assets	\$ 18,321,679	\$ 526,859	5.79 %	\$ 17,630,368	\$ 468,152	5.37 %
Allowance for credit losses	(192,159)			(162,124)		
Cash and due from banks	290,752			242,962		
Cash in non-owned ATMs	291,690			404,381		
Bank-owned life insurance	41,929			101,320		
Other noninterest-earning assets	1,986,980			1,895,709		
Total assets	\$ 20,740,871			\$ 20,112,616		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Interest-bearing demand	\$ 2,821,017	\$ 15,473	1.10 %	\$ 3,090,807	\$ 11,549	0.75 %
Savings	1,570,634	3,354	0.43	1,968,863	2,598	0.27
Money market	5,179,542	91,823	3.57	4,000,491	47,156	2.38
Customer time deposits	1,886,344	38,660	4.12	1,428,245	16,590	2.34
Total interest-bearing customer deposits	11,457,537	149,310	2.62	10,488,406	77,893	1.50
Brokered deposits	9,205	178	3.89	326,828	7,353	4.54
Total interest-bearing deposits	11,466,742	149,488	2.62	10,815,234	85,246	1.59
Federal Home Loan Bank advances	23,585	667	5.69	194,934	4,968	5.14
Trust preferred borrowings	90,680	3,506	7.78	90,485	3,190	7.11
Senior debt	218,449	4,890	4.48	225,677	4,907	4.35
Other borrowed funds ⁽⁴⁾	799,387	18,581	4.67	261,615	5,467	4.21
Total interest-bearing liabilities	\$ 12,598,843	\$ 177,132	2.83 %	\$ 11,587,945	\$ 103,778	1.81 %
Noninterest-bearing demand deposits	4,832,389			5,509,184		
Other noninterest-bearing liabilities	857,053			722,166		
Stockholders' equity	2,461,412			2,296,403		
Noncontrolling interest	(8,826)			(3,082)		
Total liabilities and stockholders' equity	\$ 20,740,871			\$ 20,112,616		
Excess of interest-earning assets over interest-bearing liabilities	\$ 5,722,836			\$ 6,042,423		
Net interest and dividend income		\$ 349,727			\$ 364,374	
Interest rate spread			2.96 %			3.56 %
Net interest margin			3.85 %			4.18 %

(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.

Three months ended June 30, 2024: During the three months ended June 30, 2024, net interest income decreased \$7.4 million from the three months ended June 30, 2023 primarily due to lagging deposit pricing increases following rate hikes in 2023 and a continued shift to customer time deposits. Net interest margin was 3.85% for the second quarter of 2024, a 26 basis point decrease compared to 4.11% for the second quarter of 2023. The decrease was due to an unfavorable decrease of 40 basis points from the lagging deposit pricing increases mentioned above and 4 basis points from purchase accounting accretion, partially offset by an increase of 18 basis points from our balance sheet size and mix.

Six months ended June 30, 2024: During the six months ended June 30, 2024, net interest income decreased \$14.6 million from the six months ended June 30, 2023 due to the reasons noted above. Net interest margin was 3.85% for the six months ended June 30, 2024, a 33 basis point decrease compared to 4.18% for the six months ended June 30, 2023. The decrease was due to a 44 basis point decrease from the lagging deposit increases noted above and a 4 basis point decrease from purchase accounting accretion, partially offset by a 15 basis point increase from our balance sheet size and mix.

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 June 30, 2024, we recorded a provision for credit losses of \$19.8 million, an increase of \$4.0 million, as compared with the provision for credit losses of \$15.8 million for the three months ended June 30, 2023. This increase was primarily due to a higher provision on our commercial mortgages portfolio.

During the six months ended June 30, 2024, we recorded a provision for credit losses of \$35.0 million, a decrease of \$9.9 million, as compared with the provision for credit losses of \$44.8 million for the six months ended June 30, 2023. This decrease was primarily due to lower losses across most of our commercial loan portfolios and our consumer portfolio, partially offset by higher losses on our commercial mortgages portfolio.

The allowance for credit losses increased to \$198.3 million at June 30, 2024 from \$186.1 million at December 31, 2023. The ratio of allowance for credit losses to total loans and leases was 1.51% at June 30, 2024 and 1.46% at December 31, 2023.

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 ⁽¹⁾	Consumer ⁽²⁾	Total
As of June 30, 2024								
Allowance for credit losses	\$ 56,516	\$ 9,668	\$ 46,831	\$ 9,198	\$ 16,218	\$ 5,057	\$ 54,765	\$ 198,253
% of ACL to total ACL	28 %	4 %	24 %	5 %	8 %	3 %	28 %	100 %
Loan portfolio balance	\$ 2,639,152	\$ 1,940,677	\$ 4,034,818	\$ 879,217	\$ 643,520	\$ 897,573	\$ 2,106,433	\$ 13,141,390
% to total loans and leases	19 %	15 %	31 %	7 %	5 %	7 %	16 %	100 %
Three months ended June 30, 2024								
Charge-offs	\$ 1,906	\$ —	\$ 4,907	\$ —	\$ 4,888	\$ 51	\$ 5,820	\$ 17,572
Recoveries	(1,736)	(4)	(102)	—	(831)	(43)	(665)	(3,381)
Net charge-offs (recoveries)	\$ 170	\$ (4)	\$ 4,805	\$ —	\$ 4,057	\$ 8	\$ 5,155	\$ 14,191
Average loan balance	\$ 2,583,882	\$ 1,892,519	\$ 3,931,305	\$ 1,037,542	\$ 638,616	\$ 889,502	\$ 2,088,180	\$ 13,061,546
Ratio of net charge-offs (recoveries) to average gross loans	0.03 %	NMF	0.49 %	— %	2.56 %	NMF	0.99 %	0.44 %
Six months ended June 30, 2024								
Charge-offs	\$ 2,382	\$ —	\$ 4,932	\$ —	\$ 9,740	\$ 101	\$ 12,276	\$ 29,431
Recoveries	(3,502)	(205)	(104)	—	(1,422)	(132)	(1,240)	(6,605)
Net (recoveries) charge-offs	\$ (1,120)	\$ (205)	\$ 4,828	\$ —	\$ 8,318	\$ (31)	\$ 11,036	\$ 22,826
Average loan balance	\$ 2,556,878	\$ 1,892,340	\$ 3,873,510	\$ 1,054,655	\$ 632,032	\$ 880,661	\$ 2,064,785	\$ 12,954,861
Ratio of net (recoveries) charge-offs to average gross loans	(0.09)%	(0.02)%	0.25 %	— %	2.65 %	(0.01)%	1.07 %	0.35 %

⁽¹⁾ Excludes reverse mortgages.

⁽²⁾ 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 ⁽¹⁾	Consumer ⁽²⁾	Total
As of December 31, 2023								
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 %
Year ended December 31, 2023								
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 %

⁽¹⁾ Excludes reverse mortgages.

⁽²⁾ 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 June 30, 2024: During the three months ended June 30, 2024, noninterest income was \$91.6 million, an increase of \$24.7 million from \$66.9 million during the three months ended June 30, 2023. The increase was primarily driven by \$11.0 million from Cash Connect[®] due to the addition of customers during the fourth quarter of 2023 and first half of 2024 and the higher rate environment, \$5.3 million in Wealth Management fees, a \$3.4 million gain due to the reduction of our Visa B derivative liability established from our previous sale of 360,000 shares in 2Q 2020, a \$2.0 million gain from post-close distributions from our investment in Spring EQ, and \$1.8 million in capital markets income.

Six months ended June 30, 2024: During the six months ended June 30, 2024, noninterest income was \$167.5 million, an increase of \$37.5 million from \$130.0 million during the six months ended June 30, 2023. This increase was primarily driven by \$19.2 million from Cash Connect[®] due to the reason mentioned above, \$7.7 million in Wealth Management fees, the \$3.4 million gain on our Visa B derivative liability mentioned above, \$2.0 million in capital markets income, the \$2.0 million gain related to Spring EQ mentioned above, and \$1.4 million from mortgage banking activities.

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

Noninterest Expense

Three months ended June 30, 2024: During the three months ended June 30, 2024, noninterest expense was \$155.8 million, an increase of \$14.5 million from \$141.3 million for the three months ended June 30, 2023. The increase was primarily due to \$10.9 million from salaries and benefits costs and \$9.5 million from other operating expense driven by higher funding costs from Cash Connect[®] due to a shift towards external funding, partially offset by decreases of \$2.6 million in net corporate development and restructuring costs, \$1.8 million in loan workout and OREO expenses, and \$1.3 million in professional fees.

Six months ended June 30, 2024: During the six months ended June 30, 2024, noninterest expense was \$304.8 million, an increase of \$30.5 million from \$274.3 million for the six months ended June 30, 2023. The increase was primarily due to \$20.8 million in other operating expense driven by higher funding costs from Cash Connect[®] due to a shift towards external funding and \$13.8 million in salaries and benefits, partially offset by a \$2.4 million decrease in net corporate development and restructuring costs, \$1.7 million in occupancy expense, and \$1.3 million in professional fees.

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 \$21.3 million and \$42.5 million during the three and six months ended June 30, 2024, respectively, compared to income tax expense of \$23.0 million and \$44.0 million for the same periods in 2023, respectively.

Our effective tax rate was 23.5% and 23.9% for the three and six months ended June 30, 2024, respectively, compared to 25.1% for both the three and six months ended June 30, 2023. The effective tax rate for the three and six months ended June 30, 2024 decreased primarily due to an increase in projected tax benefits from our low-income housing tax credit investments, solar tax credit investments made during the current quarter, as well as a reduction in state income taxes.

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)

	June 30, 2024	December 31, 2023
Stockholders' equity of WSFS	\$ 2,489,580	\$ 2,477,636
Less: Goodwill and other intangible assets	996,181	1,004,560
Tangible common equity (numerator)	<u>\$ 1,493,399</u>	<u>\$ 1,473,076</u>
Shares of common stock outstanding (denominator)	59,261	60,538
Book value per share of common stock	\$ 42.01	\$ 40.93
Goodwill and other intangible assets	16.81	16.58
Tangible book value per share of common stock	<u>\$ 25.20</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 June 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 June 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.

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 June 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 June 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
April 1, 2024 - April 30, 2024	25,000	\$ 43.05	25,000	4,824,225
May 1, 2024 - May 31, 2024	418,000	44.71	418,000	4,406,225
June 1, 2024 - June 30, 2024	454,461	43.80	454,461	3,951,764
Total	897,461	\$ 44.20	897,461	

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

Exhibit Number	Description of Document
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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 June 30, 2024, filed with the SEC on August 2, 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: August 2, 2024

/s/ Rodger Levenson

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

Date: August 2, 2024

/s/ Arthur J. Bacci

Arthur J. Bacci
Executive Vice President, Chief Wealth Officer and
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

I, Rodger Levenson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WSFS Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15-(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Rodger Levenson

Rodger Levenson

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

I, Arthur J. Bacci, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WSFS Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15-(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Arthur J. Bacci

Arthur J. Bacci
Executive Vice President, Chief Wealth Officer and Interim Chief
Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of WSFS Financial Corporation (the Company) for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the Report), we, Rodger Levenson, Chairman, President and Chief Executive Officer, and Arthur J. Bacci, Executive Vice President, Chief Wealth Officer and Interim Chief Financial Officer (Principal Accounting Officer), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rodger Levenson

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

/s/ Arthur J. Bacci

Arthur J. Bacci
Executive Vice President, Chief Wealth Officer and
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 2, 2024