JPMORGAN CHASE & CO
Form 424B2
March 04, 2019
February 28, 2019
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JPMorgan Chase Financial Company LLC

Structured Investments

$922,000 (SX5E Notes); $1,329,000 (RTY Notes); $1,519,000 (SPX Notes); $1,206,000 (EFA Notes)

Capped Buffered Return Enhanced Notes due August 31, 2020

Fully and Unconditionally Guaranteed by JPMorgan Chase & Co.

This pricing supplement relates to four separate note offerings, each linked to the performance of a different Underlying:

Capped Buffered Return Enhanced Notes Linked to the EURO STOXX 50® Index ("SX5E Notes")
Capped Buffered Return Enhanced Notes Linked to the Russell 2000® Index ("RTY Notes")
Capped Buffered Return Enhanced Notes Linked to the S&P 500® Index ("SPX Notes")
Capped Buffered Return Enhanced Notes Linked to the iShares® MSCI EAFE ETF ("EFA Notes")

Each issue of offered notes is linked to one, and only one, Underlying. While you may participate in one or more of the offerings, this pricing supplement does not offer notes linked to a basket of the Underlyings.

The notes are designed for investors who seek a return of 2.00 times any appreciation of the Underlying, up to a maximum return, at maturity.

Investors should be willing to forgo interest and dividend payments and be willing to lose up to 90% of their principal.

The notes are unsecured and unsubordinated obligations of JPMorgan Chase Financial Company LLC, which we refer to as JPMorgan Financial, the payment on which is fully and unconditionally guaranteed by JPMorgan Chase & Co. **Any payment on the notes is subject to the credit risk of JPMorgan Financial, as issuer of the notes, and the credit risk of JPMorgan Chase & Co., as guarantor of the notes.**

Minimum denominations of $1,000 and integral multiples thereof

The notes priced on February 28, 2019 and are expected to settle on or about March 5, 2019.

Underlying	Bloomberg Ticker	Initial Value	Maximum Return / Maximum Payment at Maturity per $1,000 Principal Amount Note	CUSIP
EURO STOXX 50® Index	SX5E	3,298.26	37.00% / $1,370.00	48130WXB2
Russell 2000® Index	RTY	1,575.549	13.75% / $1,137.50	48130WWZ0
S&P 500® Index	SPX	2,784.49	13.00% / $1,130.00	48130WWY3
iShares® MSCI EAFE ETF	EFA	$64.27	13.00% / $1,130.00	48130WXA4

Investing in the notes involves a number of risks. See "Risk Factors" beginning on page PS-10 of the accompanying product supplement, "Risk Factors" beginning on page US-1 of the accompanying underlying supplement and "Selected Risk Considerations" beginning on page PS-3 of this pricing supplement.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying product supplement, underlying supplement, prospectus supplement and prospectus. Any representation to the contrary is a criminal offense.

	Price to Public (1)	Fees and Commissions (2)	Proceeds to Issuer
SX5E Notes (per note / total)	$1,000 / $922,000	$2.7972 / $2,579.00	$997.2028 / $919,421.00
RTY Notes (per note / total)	$1,000 / $1,329,000	$3.4541 / $4,590.50	$996.5459 / $1,324,409.50
SPX Notes (per note / total)	$1,000 / $1,519,000	$3.1741 / $4,821.50	$996.8259 / $1,514,178.50
EFA Notes (per note / total)	$1,000 / $1,206,000	$2.8897 / $3,485.00	$997.1103 / $1,202,515.00

(1) See "Supplemental Use of Proceeds" in this pricing supplement for information about the components of the price to public of the notes.

(2) J.P. Morgan Securities LLC, which we refer to as JPMS, acting as agent for JPMorgan Financial, will pay all of the selling commissions it receives from us to other affiliated or unaffiliated dealers. These selling commissions will vary and will be up to $6.00 per $1,000 principal amount of SX5E Notes, RTY Notes, SPX Notes and EFA Notes, respectively. See "Plan of Distribution (Conflicts of Interest)" in the accompanying product supplement.

The estimated value of the notes, when the terms of the notes were set, was $979.00, $986.40, $984.30 and $981.40 per $1,000 principal amount of SX5E Notes, RTY Notes, SPX Notes and EFA Notes, respectively. See "The Estimated Value of the Notes" in this pricing supplement for additional information.

The notes are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency and are not obligations of, or guaranteed by, a bank.

Pricing supplement to product supplement no. 4-I dated April 5, 2018, underlying supplement no. 1-I dated April 5, 2018 and the prospectus and prospectus supplement, each dated April 5, 2018

General Key Terms

Issuer: JPMorgan Chase Financial Company LLC, an indirect, wholly owned finance subsidiary of JPMorgan Chase & Co.

Guarantor: JPMorgan Chase & Co.

Underlying: As specified on the cover of this pricing supplement

We refer to the EURO STOXX 50® Index, the Russell 2000® Index and the S&P 500® Index as each, an "Index" and collectively, the "Indices." We refer to the iShares® MSCI EAFE ETF as the "Fund." We refer to the Indices and the Fund as each, an "Underlying" and collectively, the "Underlyings."

Upside Leverage Factor: 2.00

Maximum Return: As specified on the cover of this pricing supplement

Buffer Amount: 10.00%

Pricing Date: February 28, 2019

Original Issue Date (Settlement Date): On or about March 5, 2019

Observation Date*: August 26, 2020

Maturity Date*: August 31, 2020

* Subject to postponement in the event of a market disruption event and as described under "General Terms of Notes — Postponement of a Determination Date — Notes Linked to a Single Underlying — Notes Linked to a Single Underlying (Other Than a Commodity Index)" and "General Terms of Notes — Postponement of a Payment Date" in the accompanying product supplement

Payment at Maturity: If the Final Value is greater than the Initial Value, your payment at maturity per $1,000 principal amount note will be calculated as follows:

$1,000 + ($1,000 × Underlying Return × Upside Leverage Factor),
subject to the Maximum Return

If the Final Value is equal to the Initial Value or is less than the Initial Value by up to the Buffer Amount, you will receive the principal amount of your notes at maturity.

If the Final Value is less than the Initial Value by more than the Buffer Amount, your payment at maturity per $1,000 principal amount note will be calculated as follows:

$1,000 + [$1,000 × (Underlying Return + Buffer Amount)]

If the Final Value is less than the Initial Value by more than the Buffer Amount, you will lose some or most of your principal amount at maturity.

Underlying Return: With respect to each Underlying,

(Final Value – Initial Value)
Initial Value

Initial Value: With respect to each Underlying, the closing value of that Underlying on the Pricing Date, as specified on the cover of this pricing supplement

Final Value: With respect to each Underlying, the closing value of that Underlying on the Observation Date

Share Adjustment Factor: The Share Adjustment Factor is referenced in determining the closing value of the Fund and is set equal to 1.0 on the Pricing Date. The Share Adjustment Factor is subject to adjustment upon the occurrence of certain events affecting the Fund. See “The Underlyings – Funds – Anti-Dilution Adjustments” in the accompanying product supplement for further information.

Hypothetical Payout Profile

The following table illustrates the hypothetical total return at maturity on hypothetical notes linked to a hypothetical Underlying and may not reflect the actual terms of any note offered by this pricing supplement. See the cover of this pricing supplement and “General Key Terms” in this pricing supplement for the actual terms of each note offered by this pricing supplement. The “total return” as used in this pricing supplement is the number, expressed as a percentage, that results from comparing the payment at maturity per $1,000 principal amount note to $1,000. The hypothetical total returns set forth below assume the following:

an Initial Value of 100.00;
an Upside Leverage Factor of 2.00;
a Maximum Return of 15.00%; and
a Buffer Amount of 10.00%.

The hypothetical Initial Value of 100.00 has been chosen for illustrative purposes only and does not represent the actual Initial Value. The actual Initial Value is the closing value of the Underlying on the Pricing Date and is specified on the cover of this pricing supplement. For historical data regarding the actual closing values of the Underlying, please see the historical information set forth under “The Underlyings” in this pricing supplement.

Each hypothetical total return or hypothetical payment at maturity set forth below is for illustrative purposes only and may not be the actual total return or payment at maturity applicable to a purchaser of the notes. The numbers appearing in the following table have been rounded for ease of analysis.

Final Value	Underlying Return	Total Return on the Notes	Payment at Maturity
180.00	80.00%	15.00%	$1,150.00
165.00	65.00%	15.00%	$1,150.00
150.00	50.00%	15.00%	$1,150.00
140.00	40.00%	15.00%	$1,150.00
130.00	30.00%	15.00%	$1,150.00
120.00	20.00%	15.00%	$1,150.00
115.00	15.00%	15.00%	$1,150.00
110.00	10.00%	15.00%	$1,150.00
105.00	5.00%	10.00%	$1,100.00
101.00	1.00%	2.00%	$1,020.00
100.00	0.00%	0.00%	$1,000.00
95.00	-5.00%	0.00%	$1,000.00
90.00	-10.00%	0.00%	$1,000.00
85.00	-15.00%	-5.00%	$950.00
80.00	-20.00%	-10.00%	$900.00
70.00	-30.00%	-20.00%	$800.00
60.00	-40.00%	-30.00%	$700.00
50.00	-50.00%	-40.00%	$600.00
40.00	-60.00%	-50.00%	$500.00
30.00	-70.00%	-60.00%	$400.00
20.00	-80.00%	-70.00%	$300.00
10.00	-90.00%	-80.00%	$200.00
0.00	-100.00%	-90.00%	$100.00

How the Notes Work

Upside Scenario:

If the Final Value is greater than the Initial Value, investors will receive at maturity the $1,000 principal amount *plus* a return equal to the Underlying Return *times* the Upside Leverage Factor of 2.00, up to the Maximum Return. Assuming a hypothetical Maximum Return of 15.00%:

if the closing value of the Underlying increases 5.00%, investors will receive at maturity a return of 10.00%, or $1,100.00 per $1,000 principal amount note; or

if the closing value of the Underlying increases 30.00%, investors will receive at maturity a return equal to the 15.00% Maximum Return, or $1,150.00 per $1,000 principal amount note, which is the maximum payment at maturity.

Par Scenario:

If the Final Value is equal to the Initial Value or is less than the Initial Value by up to the Buffer Amount of 10.00%, investors will receive at maturity the principal amount of their notes.

Downside Scenario:

If the Final Value is less than the Initial Value by more than the Buffer Amount of 10.00%, investors will lose 1% of the principal amount of their notes for every 1% that the Final Value is less than the Initial Value by more than the Buffer Amount.

For example, if the closing value of the Underlying declines 50.00%, investors will lose 40.00% of their principal amount and receive only $600.00 per $1,000 principal amount note at maturity, calculated as follows:
$1,000 + [$1,000 × (-50.00% + 10.00%)] = $600.00

The hypothetical returns and hypothetical payments on the notes shown above apply **only if you hold the notes for their entire term.** These hypotheticals do not reflect the fees or expenses that would be associated with any sale in the secondary market. If these fees and expenses were included, the hypothetical returns and hypothetical payments shown above would likely be lower.

Selected Risk Considerations

An investment in the notes involves significant risks. These risks are explained in more detail in the "Risk Factors" sections of the accompanying product supplement and underlying supplement.

Risks Relating to the Notes Generally

YOUR INVESTMENT IN THE NOTES MAY RESULT IN A LOSS —

The notes do not guarantee any return of principal. If the Final Value is less than the Initial Value by more than 10.00%, you will lose 1% of the principal amount of your notes for every 1% that the Final Value is less than the Initial Value by more than 10.00%. Accordingly, under these circumstances, you will lose up to 90.00% of your principal amount at maturity.

YOUR MAXIMUM GAIN ON THE NOTES IS LIMITED BY THE MAXIMUM RETURN,

regardless of the appreciation of the Underlying, which may be significant.

CREDIT RISKS OF JPMORGAN FINANCIAL AND JPMORGAN CHASE & CO. —

Investors are dependent on our and JPMorgan Chase & Co.'s ability to pay all amounts due on the notes. Any actual or potential change in our or JPMorgan Chase & Co.'s creditworthiness or credit spreads, as determined by the market for taking that credit risk, is likely to adversely affect the value of the notes. If we and JPMorgan Chase & Co. were to default on our payment obligations, you may not receive any amounts owed to you under the notes and you could lose your entire investment.

AS A FINANCE SUBSIDIARY, JPMORGAN FINANCIAL HAS NO INDEPENDENT OPERATIONS AND HAS LIMITED ASSETS —

As a finance subsidiary of JPMorgan Chase & Co., we have no independent operations beyond the issuance and administration of our securities. Aside from the initial capital contribution from JPMorgan Chase & Co., substantially all of our assets relate to obligations of our affiliates to make payments under loans made by us or other intercompany agreements. As a result, we are dependent upon payments from our affiliates to meet our obligations under the notes. If these affiliates do not make payments to us and we fail to make payments on the notes, you may have to seek payment under the related guarantee by JPMorgan Chase & Co., and that guarantee will rank *pari passu* with all other unsecured and unsubordinated obligations of JPMorgan Chase & Co.

POTENTIAL CONFLICTS —

We and our affiliates play a variety of roles in connection with the notes. In performing these duties, our and JPMorgan Chase & Co.'s economic interests are potentially adverse to your interests as an investor in the notes. It is possible that hedging or trading activities of ours or our affiliates in connection with the notes could result in substantial returns for us or our affiliates while the value of the notes declines. Please refer to "Risk Factors — Risks Relating to Conflicts of Interest" in the accompanying product supplement.

THE NOTES DO NOT PAY INTEREST.

YOU WILL NOT RECEIVE DIVIDENDS ON THE FUND OR THE SECURITIES INCLUDED IN OR HELD BY ANY UNDERLYING OR HAVE ANY RIGHTS WITH RESPECT TO THE FUND OR THOSE SECURITIES.

LACK OF LIQUIDITY —

The notes will not be listed on any securities exchange. Accordingly, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which JPMS is willing to buy the notes. You may not be able to sell your notes. The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity.

THE ESTIMATED VALUE OF THE NOTES IS LOWER THAN THE ORIGINAL ISSUE PRICE (PRICE TO PUBLIC) OF THE NOTES —

The estimated value of the notes is only an estimate determined by reference to several factors. The original issue price of the notes exceeds the estimated value of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes and the estimated cost of hedging our obligations under the notes. See "The Estimated Value of the Notes" in this pricing supplement.

THE ESTIMATED VALUE OF THE NOTES DOES NOT REPRESENT FUTURE VALUES OF THE NOTES AND MAY DIFFER FROM OTHERS' ESTIMATES —

See "The Estimated Value of the Notes" in this pricing supplement.

THE ESTIMATED VALUE OF THE NOTES IS DERIVED BY REFERENCE TO AN INTERNAL FUNDING RATE —

The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates' view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. The use of an internal funding rate and any potential changes to that rate may have an adverse effect on the terms of the notes and any secondary market prices of the notes. See "The Estimated Value of the Notes" in this pricing supplement.

THE VALUE OF THE NOTES AS PUBLISHED BY JPMS (AND WHICH MAY BE REFLECTED ON CUSTOMER ACCOUNT STATEMENTS) MAY BE HIGHER THAN THE THEN-CURRENT ESTIMATED VALUE OF THE NOTES FOR A LIMITED TIME PERIOD —

We generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over an initial predetermined period. See "Secondary Market Prices of the Notes" in this pricing supplement for additional information relating to this initial period. Accordingly, the estimated value of your notes during this initial period may be lower than the value of the notes as published by JPMS (and which may be shown on your customer account statements).

SECONDARY MARKET PRICES OF THE NOTES WILL LIKELY BE LOWER THAN THE ORIGINAL ISSUE PRICE OF THE NOTES —

Any secondary market prices of the notes will likely be lower than the original issue price of the notes because, among other things, secondary market prices take into account our internal secondary market funding rates for structured debt issuances and, also, because secondary market prices (a) exclude selling commissions and (b) may exclude projected hedging profits, if any, and estimated hedging costs that are included in the original issue price of the notes. As a result, the price, if any, at which JPMS will be willing to buy the notes from you in secondary market transactions, if at all, is likely to be lower than the original issue price. Any sale by you prior to the Maturity Date could result in a substantial loss to you.

SECONDARY MARKET PRICES OF THE NOTES WILL BE IMPACTED BY MANY ECONOMIC AND MARKET FACTORS —

The secondary market price of the notes during their term will be impacted by a number of economic and market factors, which may either offset or magnify each other, aside from the selling commissions, projected hedging profits, if any, estimated hedging costs and the value of the Underlying. Additionally, independent pricing vendors and/or third party broker-dealers may publish a price for the notes, which may also be reflected on customer account statements. This price may be different (higher or lower) than the price of the notes, if any, at which JPMS may be willing to purchase your notes in the secondary market. See "Risk Factors — Risks Relating to the Estimated Value and Secondary Market Prices of the Notes — Secondary market prices of the notes will be impacted by many economic and market factors" in the accompanying product supplement.

Risks Relating to the Individual Offerings

WITH RESPECT TO THE SPX NOTES, JPMORGAN CHASE & CO. IS CURRENTLY ONE OF THE COMPANIES THAT MAKE UP THE S&P 500® INDEX,

but JPMorgan Chase & Co. will not have any obligation to consider your interests in taking any corporate action that might affect the value of the S&P 500® Index.

THE RTY NOTES ARE SUBJECT TO RISKS ASSOCIATED WITH SMALL CAPITALIZATION STOCKS —

Small capitalization companies may be less able to withstand adverse economic, market, trade and competitive conditions relative to larger companies. Small capitalization companies are less likely to pay dividends on their stocks, and the presence of a dividend payment could be a factor that limits downward stock price pressure under adverse market conditions.

THE SX5E NOTES AND THE EFA NOTES ARE SUBJECT TO NON-U.S. SECURITIES RISK —

The equity securities included in the EURO STOXX 50® Index or held by the Fund have been issued by non-U.S. companies. Investments in securities linked to the value of such non-U.S. equity securities involve risks associated with the securities markets in the home countries of the issuers of those non-U.S. equity securities. Also, there is generally less publicly available information about companies in some of these jurisdictions than there is about U.S. companies that are subject to the reporting requirements of the SEC.

THE SX5E NOTES PROVIDE NO DIRECT EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES —

The value of your notes will not be adjusted for exchange rate fluctuations between the U.S. dollar and the currencies upon which the equity securities included in the EURO STOXX 50® Index are based, although any currency fluctuations could affect the performance of the EURO STOXX 50® Index.

THE EFA NOTES ARE SUBJECT TO CURRENCY EXCHANGE RISK —

Because the prices of the equity securities held by the Fund are converted into U.S. dollars for purposes of calculating the net asset value of the Fund, holders of the notes will be exposed to currency exchange rate risk with respect to each of the currencies in which the equity securities held by the Fund trade. Your net exposure will depend on the extent to which those currencies strengthen or weaken against the U.S. dollar and the relative weight of equity securities held by the Fund denominated in each of those currencies. If, taking into account the relevant weighting, the U.S. dollar strengthens against those currencies, the price of the Fund will be adversely affected and any payment on the notes may be reduced.

THE EFA NOTES ARE SUBJECT TO RISKS ASSOCIATED WITH THE FUND —

The Fund is subject to management risk, which is the risk that the investment strategies of the Fund's investment adviser, the implementation of which is subject to a number of constraints, may not produce the intended results. These constraints could adversely affect the market price of the shares of the Fund and, consequently, the value of the notes.

WITH RESPECT TO THE EFA NOTES, THE PERFORMANCE AND MARKET VALUE OF THE FUND, PARTICULARLY DURING PERIODS OF MARKET VOLATILITY, MAY NOT CORRELATE WITH THE PERFORMANCE OF THE FUND'S UNDERLYING INDEX AS WELL AS THE NET ASSET VALUE PER SHARE —

The Fund does not fully replicate its Underlying Index (as defined under "The Underlyings" below) and may hold

securities different from those included in its Underlying Index. In addition, the performance of the Fund will reflect additional transaction costs and fees that are not included in the calculation of its Underlying Index. All of these factors may lead to a lack of correlation between the performance of the Fund and its Underlying Index. In addition, corporate actions with respect to the equity securities underlying the Fund (such as mergers and spin-offs) may impact the variance between the performances of the Fund and its Underlying Index. Finally, because the shares of the Fund are traded on a securities exchange and are subject to market supply and investor demand, the market value of one share of the Fund may differ from the net asset value per share of the Fund.

During periods of market volatility, securities underlying the Fund may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the Fund and the liquidity of the Fund may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the Fund. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of the Fund. As a result, under these circumstances, the market value of shares of the Fund may vary substantially from the net asset value per share of the Fund. For all of the foregoing reasons, the performance of the Fund may not correlate with the performance of its Underlying Index as well as the net asset value per share of the Fund, which could materially and adversely affect the value of the notes in the secondary market and/or reduce any payments on the notes.

WITH RESPECT TO THE EFA NOTES, THE ANTI-DILUTION PROTECTION FOR THE FUND IS LIMITED —

The calculation agent will make adjustments to the Share Adjustment Factor for the Fund for certain events affecting the shares of the Fund. However, the calculation agent will not make an adjustment in response to all events that could affect the shares of the

Fund. If an event occurs that does not require the calculation agent to make an adjustment, the value of the notes may be materially and adversely affected.

The Underlyings

The EURO STOXX 50® Index consists of 50 component stocks of market sector leaders from within the Eurozone. The Index and STOXX are the intellectual property (including registered trademarks) of STOXX Limited, Zurich, Switzerland and/or its licensors (the “Licensors”), which are used under license. The notes based on the Index are in no way sponsored, endorsed, sold or promoted by STOXX Limited and its Licensors and neither STOXX Limited nor any of its Licensors shall have any liability with respect thereto. For additional information about the EURO STOXX 50® Index, see “Equity Index Descriptions — The EURO STOXX 50® Index” in the accompanying underlying supplement.

The Russell 2000® Index consists of the middle 2,000 companies included in the Russell 3000E™ Index and, as a result of the index calculation methodology, consists of the smallest 2,000 companies included in the Russell 3000® Index. The Russell 2000® Index is designed to track the performance of the small capitalization segment of the U.S. equity market. For additional information about the Russell 2000® Index, see “Equity Index Descriptions — The Russell Indices” in the accompanying underlying supplement.

The S&P 500® Index consists of stocks of 500 companies selected to provide a performance benchmark for the U.S. equity markets. For additional information about the S&P 500® Index, see “Equity Index Descriptions — The S&P U.S. Indices” in the accompanying underlying supplement.

The iShares® MSCI EAFE ETF is an exchange-traded fund of iShares® Trust, a registered investment company, which seeks to track the investment results, before fees and expenses, of an index composed of large- and mid-capitalization developed market equities, excluding the United States and Canada, which we refer to as the Underlying Index with respect to the iShares® MSCI EAFE ETF. The Underlying Index for the iShares® MSCI EAFE ETF is currently the MSCI EAFE® Index. The MSCI EAFE® Index is a free float-adjusted market capitalization index intended to measure the equity market performance of the developed equity markets in Europe, Asia, Australia and New Zealand. For additional information about the iShares® MSCI EAFE ETF, see “Fund Descriptions — The iShares® ETFs” in the accompanying underlying supplement.

Historical Information

The following table sets forth the closing value of each Underlying on February 28, 2019. The following graphs set forth the historical performance of each Underlying, based on the weekly historical closing values from January 3, 2014 through February 22, 2019. We obtained the closing values below from the Bloomberg Professional® service (“Bloomberg”), without independent verification. The closing values of the Fund may have been adjusted by Bloomberg for actions taken by the Fund, such as stock splits.

The historical closing values of each Underlying should not be taken as an indication of future performance, and no assurance can be given as to the closing value of any Underlying on the Observation Date. There can be no assurance that the performance of the Underlying will result in the return of any of your principal amount.

Underlying*	Closing Value on February 28, 2019
EURO STOXX 50® Index	3,298.26
Russell 2000® Index	1,575.549

S&P 500® Index 2,784.49

iShares® MSCI EAFE ETF $64.27

Historical Performance of the EURO STOXX 50® Index

Source: Bloomberg

Historical Performance of the Russell 2000® Index

Source: Bloomberg

Historical Performance of the S&P 500® Index

Source: Bloomberg

Historical Performance of the iShares® MSCI EAFE ETF

Source: Bloomberg

Tax Treatment

You should review carefully the section entitled "Material U.S. Federal Income Tax Consequences" in the accompanying product supplement no. 4-I. The following discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel, Davis Polk & Wardwell LLP, regarding the material U.S. federal income tax consequences of owning and disposing of notes.

Based on current market conditions, in the opinion of our special tax counsel it is reasonable to treat the notes as "open transactions" that are not debt instruments for U.S. federal income tax purposes, as more fully described in "Material U.S. Federal Income Tax Consequences — Tax Consequences to U.S. Holders — Notes Treated as Open Transactions That Are Not Debt Instruments" in the accompanying product supplement. Assuming this treatment is respected, subject to the possible application of the "constructive ownership" rules with respect to the EFA Notes, as described below, the gain or loss on your notes should be treated as long-term capital gain or loss if you hold your notes for more than a year, whether or not you are an initial purchaser of notes at the issue price. The EFA Notes could be treated as "constructive ownership transactions" within the meaning of Section 1260 of the Code, in which case any gain recognized in respect of the EFA Notes that would otherwise be long-term capital gain and that was in excess of the "net underlying long-term capital gain" (as defined in Section 1260) would be treated as ordinary income, and a notional interest charge would apply as if that income had accrued for tax purposes at a constant yield over your holding period for the EFA Notes. Our special tax counsel has not expressed an opinion with respect to whether the constructive ownership rules apply to the EFA Notes. Accordingly, U.S. Holders should consult their tax advisers regarding the potential application of the constructive ownership rules to the EFA Notes.

The IRS or a court may not respect the treatment of the notes described above, in which case the timing and character of any income or loss on your notes could be materially and adversely affected. In addition, in 2007 Treasury and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require investors in these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the constructive ownership regime described above. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. You should consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the notes, including the potential application of the constructive ownership rules, possible alternative treatments and the issues presented by this notice.

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% withholding tax (unless an income tax treaty applies) on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Section 871(m) provides certain exceptions to this withholding regime, including for instruments linked to certain broad-based indices that meet requirements set forth in the applicable Treasury regulations (such an index, a "Qualified Index"). Additionally, a recent IRS notice excludes from the scope of Section 871(m) instruments issued prior to January 1, 2021 that do not have a delta of one with respect to underlying securities that could pay U.S.-source dividends for U.S. federal income tax purposes (each an "Underlying Security"). Based on certain determinations made by us, our special tax counsel is of the opinion that Section 871(m) should not apply to the notes with regard to Non-U.S. Holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination.

Section 871(m) is complex and its application may depend on your particular circumstances, including whether you enter into other transactions with respect to an Underlying Security. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

Withholding under legislation commonly referred to as "FATCA" may (if the notes are recharacterized as debt instruments) apply to amounts treated as interest paid with respect to the notes, as well as to payments of gross proceeds of a taxable disposition, including redemption at maturity, of a note, although under recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply to payments of gross proceeds (other than any amount treated as interest). You should consult your tax adviser regarding the potential application of FATCA to the notes.

The Estimated Value of the Notes

The estimated value of the notes set forth on the cover of this pricing supplement is equal to the sum of the values of the following hypothetical components: (1) a fixed-income debt component with the same maturity as the notes, valued using the internal funding rate described below, and (2) the derivative or derivatives underlying the economic terms of the notes. The estimated value of the notes does not represent a minimum price at which JPMS would be willing to buy your notes in any secondary market (if any exists) at any time. The internal funding rate used in the determination of the estimated value of the notes is based on, among other things, our and our affiliates' view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the conventional fixed-rate debt of JPMorgan Chase & Co. For additional information, see "Selected Risk Considerations — The Estimated Value of the Notes Is Derived by Reference to an Internal Funding Rate" in this pricing supplement.

The value of the derivative or derivatives underlying the economic terms of the notes is derived from internal pricing models of our affiliates. These models are dependent on inputs such as the traded market prices of comparable derivative instruments and on various other inputs, some of which are market-observable, and which can include volatility, dividend rates, interest rates and other factors, as well as assumptions about future market events and/or environments. Accordingly, the estimated value of the notes is determined when the terms of the notes are set based on market conditions and other relevant factors and assumptions existing at that time.

The estimated value of the notes does not represent future values of the notes and may differ from others' estimates. Different pricing models and assumptions could provide valuations for the notes that are greater than or less than the estimated value of the notes. In addition, market conditions and other relevant factors in the future may change, and any assumptions may prove to be incorrect. On future dates, the value of the notes could change significantly based on, among other things, changes in market conditions, our or JPMorgan Chase & Co.'s creditworthiness, interest rate movements and other relevant factors, which may impact the price, if any, at which JPMS would be willing to buy notes from you in secondary market transactions.

The estimated value of the notes is lower than the original issue price of the notes because costs associated with selling, structuring and hedging the notes are included in the original issue price of the notes. These costs include the selling commissions paid to JPMS and other affiliated or unaffiliated dealers, the projected profits, if any, that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes and the estimated cost of hedging our obligations under the notes. Because hedging our obligations entails risk and may be influenced by market forces beyond our control, this hedging may result in a profit that is more or less than expected, or it may result in a loss. A portion of the profits, if any, realized in hedging our obligations under the notes may be allowed to other affiliated or unaffiliated dealers, and we or one or more of our affiliates will retain any remaining hedging profits. See "Selected Risk Considerations — The Estimated Value of the Notes Is Lower Than the Original Issue Price (Price to Public) of the Notes" in this pricing supplement.

Secondary Market Prices of the Notes

For information about factors that will impact any secondary market prices of the notes, see "Risk Factors — Risks Relating to the Estimated Value and Secondary Market Prices of the Notes — Secondary market prices of the notes will be impacted by many economic and market factors" in the accompanying product supplement. In addition, we generally expect that some of the costs included in the original issue price of the notes will be partially paid back to you in connection with any repurchases of your notes by JPMS in an amount that will decline to zero over an initial predetermined period. These costs can include projected hedging profits, if any, and, in some circumstances, estimated hedging costs and our internal secondary market funding rates for structured debt issuances. This initial predetermined time period is intended to be the shorter of six months and one-half of the stated term of the notes. The length of any such initial period reflects the structure of the notes, whether our affiliates expect to earn a profit in connection with our hedging activities, the estimated costs of hedging the notes and when these costs are incurred, as determined by our affiliates. See "Selected Risk Considerations — The Value of the Notes as Published by JPMS (and Which May Be Reflected on Customer Account Statements) May Be Higher Than the Then-Current Estimated Value of the Notes for a Limited Time Period" in this pricing supplement.

Supplemental Use of Proceeds

The notes are offered to meet investor demand for products that reflect the risk-return profile and market exposure provided by the notes. See "Hypothetical Payout Profile" and "How the Notes Work" in this pricing supplement for an illustration of the risk-return profile of the notes and "The Underlyings" in this pricing supplement for a description of the market exposure provided by the notes.

The original issue price of the notes is equal to the estimated value of the notes plus the selling commissions paid to JPMS and other affiliated or unaffiliated dealers, plus (minus) the projected profits (losses) that our affiliates expect to realize for assuming risks inherent in hedging our obligations under the notes, plus the estimated cost of hedging our obligations under the notes.

Supplemental Plan of Distribution

We expect that delivery of the notes will be made against payment for the notes on or about the Original Issue Date set forth on the front cover of this pricing supplement, which will be the third business day following the Pricing Date of the notes (this settlement cycle being referred to as “T+3”). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Validity of the Notes and the Guarantee

In the opinion of Davis Polk & Wardwell LLP, as special products counsel to JPMorgan Financial and JPMorgan Chase & Co., when the notes offered by this pricing supplement have been executed and issued by JPMorgan Financial and authenticated by the trustee pursuant to the indenture, and delivered against payment as contemplated herein, such notes will be valid and binding obligations of JPMorgan Financial and the related guarantee will constitute a valid and binding obligation of JPMorgan Chase & Co., enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and

the lack of bad faith), *provided* that such counsel expresses no opinion as to (i) the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above or (ii) any provision of the indenture that purports to avoid the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law by limiting the amount of JPMorgan Chase & Co.'s obligation under the related guarantee. This opinion is given as of the date hereof and is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the Delaware Limited Liability Company Act. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture and its authentication of the notes and the validity, binding nature and enforceability of the indenture with respect to the trustee, all as stated in the letter of such counsel dated March 8, 2018, which was filed as an exhibit to the Registration Statement on Form S-3 by JPMorgan Financial and JPMorgan Chase & Co. on March 8, 2018.

Additional Terms Specific to the Notes

You should read this pricing supplement together with the accompanying prospectus, as supplemented by the accompanying prospectus supplement, relating to our Series A medium-term notes of which these notes are a part, and the more detailed information contained in the accompanying product supplement and the accompanying underlying supplement. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in the "Risk Factors" sections of the accompanying product supplement and the accompanying underlying supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Product supplement no. 4-I dated April 5, 2018:
http://www.sec.gov/Archives/edgar/data/19617/000095010318004519/dp87528_424b2-ps4i.pdf
Underlying supplement no. 1-I dated April 5, 2018:
http://www.sec.gov/Archives/edgar/data/19617/000095010318004514/crt_dp87766-424b2.pdf
Prospectus supplement and prospectus, each dated April 5, 2018:
http://www.sec.gov/Archives/edgar/data/19617/000095010318004508/dp87767_424b2-ps.pdf

Our Central Index Key, or CIK, on the SEC website is 1665650, and JPMorgan Chase & Co.'s CIK is 19617. As used in this pricing supplement, "we," "us" and "our" refer to JPMorgan Financial.

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Occupancy expense

2,562

2,436

FDIC expenses

1,643

1,465

Equipment expense

1,469

1,579

Data processing and operations expenses

1,286

1,121

Professional Fees

1,170

962

Net costs of assets acquired through foreclosure

743

500

Marketing Expense

704

727

Other operating expense

3,579

3,253

29,633

24,374

(Loss) income before taxes

(559

)

2,965

Income tax (benefit) provision

	(1,073)
	25
Net income	514
	2,940
Dividends on preferred stock and accretion of discount	692
	513
Net (loss) income allocable to common stockholders	$ (178)
	$ 2,427
Earnings per share:	
Basic	$ (0.03)
	$ 0.39
Diluted	$ (0.03)
	$ 0.39

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

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CONDITION

	March 31, 2010	December 31, 2009
	(Unaudited) (In Thousands, Except Per Share Data)	
Assets		
Cash and due from banks	$ 58,920	$ 55,756
Cash in non-owned ATMs	263,330	264,903
Federal funds sold	-	-
Interest-bearing deposits in other banks	750	1,090
Total cash and cash equivalents	323,000	321,749
Investment securities held-to-maturity	556	709
Investment securities-available-for-sale including reverse mortgages	44,468	44,808
Mortgage-backed securities - available-for-sale	747,560	669,059
Mortgages-backed securities-trading	12,183	12,183
Loans held-for-sale	5,074	8,366
Loans, net of allowance for loan losses of $57,052 at March 31, 2010 and $53,446 at December 31, 2009	2,459,765	2,470,789
Bank owned life insurance	60,450	60,254
Stock in Federal Home Loan Bank of Pittsburgh, at cost	39,305	39,305
Assets acquired through foreclosure	10,711	8,945
Premises and equipment	36,115	36,108
Goodwill	10,870	10,870
Intangible assets	2,636	2,781
Accrued interest receivable and other assets	59,638	62,581
Total assets	$ 3,812,331	$ 3,748,507
Liabilities and Stockholders’ Equity		
Liabilities:		
Deposits:		
Noninterest-bearing demand	$ 435,812	$ 431,476
Interest-bearing demand	259,140	265,719
Money market	608,343	550,639
Savings	237,502	224,921
Time	470,287	470,139
Jumbo certificates of deposit – customer	198,211	203,126
Total customer deposits	2,209,295	2,146,020
Other jumbo certificates of deposit	79,329	69,208
Brokered deposits	328,787	346,643
Total deposits	2,617,411	2,561,871
Federal funds purchased and securities sold under agreements to repurchase	100,000	100,000
Federal Home Loan Bank advances	615,454	613,144
Trust preferred borrowings	67,011	67,011

Other borrowed funds	76,215	74,654
Accrued interest payable and other liabilities	29,725	30,027
Total liabilities	3,505,816	3,446,707
Stockholders' Equity:		
Serial preferred stock $.01 par value, 7,500,000 shares authorized; issued 56,625 at March 31, 2010 and December 31, 2009	1	1
Common stock $.01 par value, 20,000,000 shares authorized; issued 16,677,593 at March 31, 2010 and 16,660,588 at December 31, 2009	166	166
Capital in excess of par value	167,241	166,627
Accumulated other comprehensive income (loss)	3,107	(2,022)
Retained earnings	384,280	385,308
Treasury stock at cost, 9,580,569 shares at March 31, 2010 and December 31, 2009	(248,280)	(248,280)
Total stockholders' equity	306,515	301,800
Total liabilities and stockholders' equity	$ 3,812,331	$ 3,748,507

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

WSFS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended March 31,	
	2010	2009
	(Unaudited) (In Thousands)	
Operating activities:		
Net Income	$ 514	$ 2,940
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	11,410	7,653
Depreciation, accretion and amortization	1,384	1,592
Increase in accrued interest receivable and other assets	(4,693)	(275)
Non-routine ATM loss	4,491	—
Origination of loans held-for-sale	(14,814)	(19,413)
Proceeds from sales of loans held-for-sale	18,162	16,648
Gain on mortgage banking activity	(252)	(202)
Loss on mark to market adjustment on trading securities	—	124
Gain on sale of investments	—	(547)
Stock-based compensation expense, net of tax benefit recognized	204	286
Excess tax benefits from share-based payment arrangements	(79)	—
Increase (decrease) in accrued interest payable and other liabilities	(292)	4,004
Loss on sale of assets acquired through foreclosure and valuation adjustments	226	723
Increase in value of bank-owned life insurance	(196)	(210)
Decrease (increase) in capitalized interest, net	(13)	301
Net cash provided by operating activities	16,052	13,624
Investing activities:		
Maturities of investment securities	500	16,025
Purchase of investments available-for-sale	—	(14,027)
Sales of mortgage-backed securities available-for sale	—	20,830
Repayments of mortgage-backed securities available-for-sale	46,372	30,895
Purchases of mortgage-backed securities available-for-sale	(116,297)	(143,343)
Repayments of reverse mortgages	—	50
Disbursements for reverse mortgages	(49)	(52)
Net increase in loans	(3,919)	(69,991)
Sales of assets acquired through foreclosure, net	1,627	1,007
Investment in premises and equipment, net	(1,184)	(1,640)
Net cash used for investing activities	(72,950)	(160,246)
Financing activities:		
Net increase in demand and saving deposits	69,603	104,879
Net (decrease) increase in time deposits	(12,711)	7,678
Receipts from federal funds purchased and securities sold under agreement to repurchase	4,435,000	4,425,000
	(4,435,000)	(4,400,000)

Repayments of federal funds purchased and securities sold under agreement to repurchase				
Receipts from FHLB advances		6,321,940		11,371,780
Repayments of FHLB advances		(6,319,630)		(11,491,446)
Proceeds from issuance of unsecured bank debt		—		30,000
Dividends paid		(1,507)		(901)
Proceeds from issuance of preferred stock		—		52,625
Issuance of common stock and exercise of common stock options		375		297
Excess tax benefits from share-based payment arrangements		79		—
Net cash provided by financing activities		58,149		99,912
Increase (decrease) cash and cash equivalents		1,251		(46,710)
Cash and cash equivalents at beginning of period		321,749		248,558
Cash and cash equivalents at end of period	$	323,000	$	201,848
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest during the period	$	9,278	$	11,873
Cash paid for (refund of) income taxes, net		1,008		(851)
Loans transferred to assets acquired through foreclosure		3,619		5,076
Net change in other comprehensive income		5,129		3,734

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

WSFS FINANCIAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(UNAUDITED)

1. BASIS OF PRESENTATION

Our consolidated Financial Statements include the accounts of WSFS Financial Corporation ("the Company", "our Company", "we", "our" or "us"), Wilmington Savings Fund Society, FSB ("WSFS Bank" or the "Bank") and Montchanin Ca Management, Inc. ("Montchanin") and its wholly owned subsidiary, Cypress Capital Management, LLC ("Cypress"). We also have one unconsolidated affiliate, WSFS Capital Trust III ("the Trust"). WSFS Bank has a fully-owned subsidiary, WSFS Investment Group, Inc., which markets various third-party insurance products and securities products to Bank customers through WSFS' retail banking system. Founded in 1832, the Bank is one of the ten oldest banks continuously operating under the same name in the United States.

We provide residential and commercial real estate, commercial and consumer lending services, as well as retail deposit and cash management services. In addition, we offer a variety of wealth management and trust services through WSFS Trust and Wealth Management. Lending activities are funded primarily with retail deposits and borrowings. The Federal Deposit Insurance Corporation ("FDIC") insures our customers' deposits to their legal maximum. We serve our customers primarily from our 41 banking offices located in Delaware (36), Pennsylvania (4) and Virginia (1) and through our website at www.wsfsbank.com.

Although our current estimates contemplate current economic conditions and how we expect them to change in the future, it is reasonably possible that in 2010, actual conditions may be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Amounts subject to significant estimates are items such as the allowance for loan losses and lending related commitments, goodwill and intangible assets, post-retirement obligations, the fair value of financial instruments and other-than-temporary impairments. Among other effects, such changes could result in future impairments of investment securities, goodwill and intangible assets and establishment of allowances for loan losses and lending related commitments as well as increased post-retirement expense.

Our accounting and reporting policies conform with U.S. generally accepted accounting principles and prevailing practices within the banking industry for interim financial information and Rule 10-01 of the SEC's Regulation S-X. Rule 10-01 of Regulation S-X does not require us to include all information and notes for complete financial statements and prevailing practices within the banking industry. Operating results for the three month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for any future quarters or for the year ending December 31, 2010. For further information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission.

Accounting for Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718 (formerly SFAS No. 123R, Share-Based Payment). We have stock options outstanding under two plans (collectively, "Stock Incentive Plans") for officers, directors and Associates of the Company and its subsidiaries. After shareholder approval in 2005, the 1997 Stock Option Plan ("1997 Plan") was replaced by the 2005 Incentive Plan ("2005 Plan"). No future awards may be granted under the 1997 Plan. The 2005 Plan will terminate on the tenth anniversary of its effective date, after which no awards may be granted. The number of shares reserved for issuance under the 2005 Plan is 862,000. At March 31, 2010 there were 67,485 shares available

for future grants under the 2005 Plan. At the April 2010 Annual Meeting of Shareholders a proposal was approved that increased the number of shares available for issuance by 335,000.

The Stock Incentive Plans provide for the granting of incentive stock options as defined in Section 422 of the Internal Revenue Code as well as non-incentive stock options (collectively, "Stock Options"). Additionally, the 2005 Plan provides for the granting of stock appreciation rights, performance awards, restricted stock and restricted stock unit awards, deferred stock units, dividend equivalents, other stock-based awards and cash awards. All Stock Options are to be granted at not less than the market price of our Corporation's common stock on the date of the grant. All Stock Options granted during 2010 vest in 25% per annum increments, start to become exercisable one year from the grant date and expire five years from the grant date. Generally, all awards become immediately exercisable in the event of a change in control, as defined within the Stock Incentive Plans.

We announced on April 18, 2007, that our Executive Committee of the Board of Directors adopted an administrative policy related to the future award of stock options under the 2005 Plan. The Executive Committee's policy provided that any change to the policy would only be made following the approval by our stockholders. At the 2010 Annual meeting of Shareholders, a proposal was approved to increase the maximum life of stock options and stock appreciation rights from five years to seven years.

A summary of the status of our Stock Incentive Plans at March 31, 2010 and March 31, 2009, respectively, and changes during the quarters then ended is presented below:

	March 31, 2010		March 31, 2009	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock Options:				
Outstanding at beginning of period	733,468	$42.95	675,887	$44.98
Granted	26,089	30.46	82,421	23.28
Exercised	(16,861)	14.13	0	0.00
Forfeited	(6,120)	54.93	(2,920)	59.26
Outstanding at end of period	736,576	43.06	755,388	42.56
Exercisable at end of period	544,912	$43.66	475,617	$39.93
Weighted-average fair value of awards granted	$9.16		$5.38	

Beginning January 1, 2010, 541,910 stock options were exercisable with an intrinsic value of $1.5 million. In addition, at January 1, 2010, there were 191,558 non-vested options with a grant date fair value of $8.92. During the first quarter of 2010, 24,201 options vested with an intrinsic value of $328,000, and a grant date fair value of $6.65 per option. Also during the quarter, there were 16,861 options exercised with an intrinsic value of $351,000. In addition, 4,338 vested options and 1,782 non-vested options were forfeited with an intrinsic value of $3,000 and $10,000 and a grant date fair value of $12.65 and $9.69, respectively. There were 544,912 exercisable options remaining at March 31, 2010, with an intrinsic value of $3.7 million and a remaining contractual term of 2.4 years. At March 31, 2010, there were 736,576 stock options outstanding with an intrinsic value of $4.9 million and a remaining contractual term of 2.7 years. During the first quarter of 2009, no options were exercised and 3,624 options vested with a fair value of $13.88 per option.

The total amount of compensation cost related to non-vested stock options as of March 31, 2010 was $1.1 million. The weighted-average period over which they are expected to be recognized is 2.2 years. We issue new shares upon the exercise of options.

The Black-Scholes and other option-pricing models assume that options are freely tradable and immediately vested. Since options are not transferable, have vesting provisions, and are subject to trading blackout periods imposed by us, the value calculated by the Black-Scholes model may significantly overstate the true economic value of the options.

During the first quarter of 2010, we granted 26,089 options with a five-year life and a four-year vesting period. The Black-Scholes option-pricing model was used to determine the grant date fair value of options. Significant assumptions used in the model included a weighted-average risk-free rate of return of 1.8% for 2010; an expected

option life of three and three-quarters years; and an expected stock price volatility of 43.3% in 2010. For the purposes of this option-pricing model, a dividend yield of 1.6% was assumed. The expected option life was determined based on the mid-point between the vesting date and the end of the contractual term.

We issued 5,703 restricted stock units and awards during the first quarter of 2010. These awards generally vest over a four to five year period. In addition, for these stock awards made to certain executive officers, there are additional vesting limitations. Under these additional limitations; 25% of the awards will become transferrable at the time of repayment of at least 25% of the aggregate financial assistance received by the Company under the Emergency Economic Stabilization Act of 2008 ("EESA"); an additional 25% of the shares granted (for an aggregate total of 50% of the shares transferrable) at the time of repayment of at least 50% of the aggregate financial assistance received by the Company under EESA; an additional 25% of the shares granted (for an aggregate total of 75% of the shares transferrable) at the time of repayment of at least 75% of the aggregate financial assistance received by the Company under EESA. The remainder of the shares will vest following the time of repayment of 100% of the aggregate financial assistance received by the Company under EESA. If the date specified has not occurred by the tenth anniversary of the grant date, the grantee shall forfeit all of the restricted shares.

Compensation costs related to these issuances are recognized over the lives of the restricted stock and restricted stock units. We amortize the expense related to the restricted stock grants into salaries, benefits and other compensation expense on a straight-line basis over the requisite service period for the entire award. When we award restricted stock to individuals from whom we may not receive services in the future, such as those who are eligible for retirement, we recognize the expense of restricted stock grants when we make the award, instead of amortizing the expense over the vesting period of the award.

The Long-Term Performance-Based Restricted Stock Unit program ("Long-Term Program") will award up to an aggregate of 109,200 shares of WSFS stock to seventeen participants, only after the achievement of targeted levels of return on assets ("ROA"). Under the terms of the plan, if an annual ROA performance level of 1.20% is achieved, up to 54,900 shares will be awarded. If an annual ROA performance level of 1.35% is achieved, up to 76,100 shares will be awarded. If an annual ROA performance level of 1.50% or greater is achieved, up to 109,200 shares will be awarded. If these targets are achieved in any year up until 2011, the awarded stock will vest in 25% increments over four years. We did not recognize any compensation expense related to this program in the first quarter of 2010. Compensation expense for the Long-Term Program was based on the closing stock price as of May 28, 2009 and will begin to be recognized once the achievement of target performance is considered probable.

At March 31, 2010 we had 67,485 remaining shares available for issuance under the 2005 Plan. Full share awards, such as restricted stock, have the equivalence of four option grants for the purpose of calculating shares available for issuance. Under the provisions of the Long-Term Program, if a performance level is achieved and there are insufficient shares available for grant, then we would have the option of granting the available shares with the remainder being paid in cash.

The impact of stock-based compensation for the three months ended March 31, 2010 was $370,000 pre-tax ($288,000 after tax) or $0.04 per share, to salaries, benefits and other compensation. This compares to $445,000 pre-tax ($359,000 after tax) or $0.06 per share for the three months ended March 31, 2009.

2. EARNINGS PER SHARE

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

	For the three months ended March 31,	
	2010	2009
	(In Thousands, Except Per Share Data)	
Numerator:		
Net (loss) income allocable to common stockholders	$ (178)	$ 2,427
Denominator:		
Denominator for basic earnings per share - weighted average shares	7,084	6,173
Effect of dilutive employee stock options	-	68
Denominator for diluted earnings per share – adjusted weighted average shares and assumed exercise	7,084	6,241
Earnings per share:		
Basic:		
Net (loss) income allocable to common shareholders	$ (0.03)	$ 0.39

Diluted:				
Net (loss) income allocable to common shareholders	$	(0.03)	$	0.39
Outstanding common stock equivalents having no dilutive effect		795		772

For the three months ended March 31, 2010, 795,000 employee stock options were excluded from the computation of diluted net loss per common share of which 78,000 were because the effect would have been antidilutive due to the net loss reported in this period.

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3. INVESTMENT SECURITIES

The following tables detail the amortized cost and the estimated fair value of the Company's investment securities held-to-maturity and securities available-for-sale (which includes reverse mortgages):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In Thousands)		
Available-for-sale securities:				
March 31, 2010:				
Reverse mortgages	$(468)	$—	$—	$(468)
U.S. Government and agencies	40,653	622	(9)	41,266
State and political subdivisions	3,590	80	—	3,670
	$43,775	$702	$(9)	$44,468
December 31, 2009				
Reverse mortgages	$(530)	$—	$—	$(530)
U.S. Government and agencies	40,695	652	(35)	41,312
State and political subdivisions	3,935	91	—	4,026
	$44,100	$743	$(35)	$44,808
Held-to-maturity:				
March 31, 2010:				
State and political subdivisions	$556	$—	$(16)	$540
	$556	$—	$(16)	$540
December 31, 2009:				
State and political subdivisions	$709	$—	$(38)	$671
	$709	$—	$(38)	$671

Securities with market values aggregating $40.3 million at March 31, 2010 were specifically pledged as collateral for WSFS' Treasury Tax and Loan account with the Federal Reserve Bank, securities sold under agreement to repurchase, and certain letters of credit and municipal deposits which require collateral. Accrued interest receivable relating to investment securities was $379,000 and $352,000 at March 31, 2010 and December 31, 2009, respectively.

The scheduled maturities of investment securities held-to-maturity and securities available-for-sale at March 31, 2010 and December 31, 2009 were as follows:

	Held-to-Maturity		Available-for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(In Thousands)		
2010				
Within one year (1)	$340	$340	$17,930	$18,204
After one year but within five years	—	—	25,725	26,141
After five years but within ten years	—	—	120	123
After ten years	216	200	—	—
	$556	$540	$43,775	$44,468

2009				
Within one year (1)	$340	$340	$10,864	$11,068
After one year but within five years	—	—	32,986	33,485
After five years but within ten years	—	—	250	255
After ten years	369	331	—	—
	$709	$671	$44,100	$44,808

(1) Reverse mortgages do not have contractual maturities. We have included reverse mortgages in maturities within one year.

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There were no sales of investment securities classified as available-for-sale during 2010 or 2009. As a result, there were no net gains/losses realized during 2010 or 2009. The cost basis for investment security sales was based on the specific identification method. Investment securities totaling $240,000 and $18.6 million were called by their issuers during 2010 and 2009, respectively.

At March 31, 2010, we owned investment securities totaling $3.1 million where the amortized cost basis exceeded fair value. Total unrealized losses on those securities were $25,000 at March 31, 2010. This temporary impairment is the result of changes in market interest rates subsequent to the purchase of the securities. Securities amounting to $109,000 have been impaired for 12 months or longer. We have determined that these securities are not other than temporarily impaired. The investment portfolio is reviewed on a quarterly basis for indications of impairment. This review includes analyzing the length of time and the extent to which the fair value has been lower than the cost, the financial condition and new-term prospects of the issuer, including any specific events which may influence the operations of the issuer and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in the market. We evaluate our intent and ability to hold debt securities based upon our investment strategy for the particular type of security and our cash flow needs, liquidity position, capital adequacy and interest rate risk position. In addition, we do not have the intent to sell, nor is it more likely-than not we will be required to sell these securities before we are able to recover the amortized cost basis.

The table below shows our investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position at March, 31, 2010.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)					
Held-to-maturity						
State and political subdivisions	$—	$—	$109	$16	$109	$16
Available-for-sale						
State and political subdivisions	—	—	—	—	—	—
U.S Government and agencies	3,009	9	—	—	3,009	9
Total temporarily impaired investments	$3,009	$9	$109	$16	$3,118	$25

The table below shows our investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities were in a continuous unrealized loss position at December 31, 2009.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In Thousands)					
Held-to-maturity						
State and political subdivisions	$—	$—	$242	$38	$242	$38
Available-for-sale						
State and political subdivisions	—	—	—	—	—	—

U.S Government and agencies	2,985	35	—	—	2,985	35
Total temporarily impaired investments	$2,985	$35	$242	$38	$3,227	$73

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4. MORTGAGE-BACKED SECURITIES

The following tables detail the amortized cost and the estimated fair value of the Company's mortgage-backed securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Available-for-sale securities:				
March 31, 2010:				
Collateralized mortgage obligations (1)	$598,245	$7,883	$(5,926)	$600,202
FNMA	58,508	1,072	(129)	59,451
FHLMC	41,766	850	—	42,616
GNMA	43,989	1,328	(26)	45,291
	$742,508	$11,133	$(6,081)	$747,560
Weighted average yield	5.12%			
December 31, 2009:				
Collateralized mortgage obligations (1)	$519,527	$5,368	$(10,383)	$514,512
FNMA	61,603	813	(454)	61,962
FHLMC	44,536	561	(83)	45,014
GNMA	46,629	1,129	(187)	47,571
	$672,295	$7,871	$(11,107)	$669,059
Weighted average yield	5.00%			
Trading securities:				
March 31, 2010:				
Collateralized mortgage obligations	$12,183	$—	$—	$12,183
	$12,183	$—	$—	$12,183
Weighted average yield	3.28%			
December 31, 2009:				
Collateralized mortgage obligations	$12,183	$—	$—	$12,183
	$12,183	$—	$—	$12,183
Weighted average yield	3.74%			

(1) Includes Agency CMO's classified as available-for-sale.

The portfolio of available-for-sale mortgage-backed securities consists of $742.5 million of both Agency and non-Agency bonds. All bonds were AAA-rated at the time of purchase; $90.8 million are now rated below AAA. Downgraded bonds were evaluated at March 31, 2010. The result of this evaluation shows no other-than-temporary impairment as of March 31, 2010. An evaluation of downgraded bonds at December 31, 2009

showed one bond ($2.6 million) had other-than-temporary impairment which resulted in an earnings charge of $86,000 or 9 basis points of downgraded bonds and only 1 basis point of the total mortgage-backed security portfolio. The $86,000 of other-than-temporary impairment loss recognized during the fourth quarter of 2009 represents our only other-than-temporary impairment charge since the start of the credit cycle in 2008. The weighted average duration of the mortgage-backed securities was 2.5 years at March 31, 2010.

Accrued interest receivable relating to mortgage-backed securities was $3.1 million at March 31, 2010 and $2.8 million at December 31, 2009. At March 31, 2010, mortgage-backed securities with market values aggregating $343.6 million were pledged as collateral for retail customer repurchase agreements and municipal deposits. From time to time, mortgage-backed securities are also

pledged as collateral for Federal Home Loan Bank (FHLB) borrowings and other obligations. The fair value of these pledged mortgage-backed securities at March 31, 2010 was $114.4 million.

During the first three months of 2010, there were no sales of mortgage-backed securities available-for-sale. The cost basis of all mortgage-backed securities sales is based on the specific identification method. During the first three months of 2009, proceeds from the sale of mortgage-backed securities available-for-sale were $20.8 million, resulting in a gain of $547,000.

We own $12.4 million par value of SASCO RM-1 2002 securities which are classified as trading, of which, $1.4 million is accrued interest paid in kind. Because of seasoning and being well over-collateralized, we expect to recover all principal and interest. Based on FASB ASC 320, Investments – Debt and Equity Securities (“ASC 320”) (Formerly SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities) when these securities were acquired they were classified as trading. It was our intent to sell them in the near term. We have used the guidance under ASC 320 to provide a reasonable estimate of fair value in 2009. We estimated the value of these securities as of March 31, 2010 based on the pricing of BBB+ securities that have an active market through a technique which estimates the fair value of this asset using the income approach.

At March 31, 2010, we owned mortgage-backed securities totaling $184.7 million where the amortized cost basis exceeded fair value. Total unrealized losses on these securities were $6.1 million at March 31, 2010. This temporary impairment is the result of changes in market interest rates, a lack of liquidity in the mortgage-backed securities market and the reduction in credit ratings of 28 bonds out of 216 bonds. Most of these securities have been impaired for twelve months or longer. We have determined that these securities are not other-than-temporarily impaired. Quarterly, we evaluate the current characteristics of each of our mortgage-backed securities such as delinquency and foreclosure levels, credit enhancement, projected losses and coverage. In addition, we do not have the intent to sell, nor is it more likely-than not we will be required to sell these securities before we are able to recover the amortized cost basis.

The table below shows our mortgage-backed securities’ gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position at March, 31, 2010.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
			(In Thousands)			
Available-for-sale						
CMO	$74,524	$1,446	$90,340	$4,480	$164,864	$5,926
FNMA	18,532	129	—	—	18,532	129
FHLMC	—	—	—	—	—	—
GNMA	1,346	26	—	—	1,346	26
Total temporarily impaired MBS	$94,402	$1,601	$90,340	$4,480	$184,742	$6,081

The table below shows our mortgage-backed securities’ gross unrealized losses and fair value by investment category and length of time that individual securities were in a continuous unrealized loss position at December 31, 2009.

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss

			(In Thousands)			
Available-for-sale						
CMO	$115,088	$2,701	$108,839	$7,682	$223,927	$10,383
FNMA	29,360	454	—	—	29,360	454
FHLMC	25,434	83	—	—	25,434	83
GNMA	19,953	187	—	—	19,953	187
Total temporarily impaired MBS	$189,835	$3,425	$108,839	$7,682	$298,674	$11,107

5. IMPAIRED LOANS

Loans from which it is probable we will not collect all principal and interest due according to contractual terms are measured for impairment in accordance with the provisions of FASB ASC 310, Receivables (Formerly SFAS No. 114, Accounting for Creditors for Impairment of a Loan). The amount of impairment is required to be measured using one of three methods; (1) the present value of expected future cash flows discounted at the loan's effective interest rate; (2) the loan's observable market price; or (3) the fair value of collateral if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, a specific allowance is allocated for the impairment.

We had impaired loans (for which ASC 310 applied) of approximately $71.4 million at March 31, 2010 compared to $73.2 million at December 31, 2009. The average recorded balance of aggregate impaired loans was $72.3 million for the three months ended March 31, 2010 and $62.2 million for the year-ended December 31, 2009. The specific allowance for losses on these impaired loans was $11.0 million at March 31, 2010 compared to $11.8 million at December 31, 2009. The specific reserve at March 31, 2010 was associated with $41.9 million of total impaired loans. The remaining $29.5 million of impaired loans had no related specific reserve.

When there is little prospect of collecting principal or interest, loans, or portions of loans, may be charged-off to the allowance for loan losses. Losses are recognized in the period an obligation becomes uncollectible.

6. COMPREHENSIVE INCOME

The following schedule reconciles net income to total comprehensive income:

	For the three months ended March 31, (In Thousands)	
	2010	2009
Net income	$ 514	$ 2,940
Other Comprehensive Income:		
Unrealized holding gains on securities available-for-sale arising during the period	8,273	6,569
Tax expense	(3,144)	(2,496)
Net of tax amount	5,129	4,073
Reclassification adjustment for gains included in net income	-	(547)
Tax expense	-	208
Net of tax amounts	-	(339)
Total comprehensive income	$ 5,643	$ 6,674

7. TAXES ON INCOME

We account for income taxes in accordance with FASB ASC 740, Income Taxes ("ASC 740") (Formerly SFAS No. 109, Accounting for Income Taxes and FASB Interpretation No. 48, Accounting for Uncertainty In Income Taxes, an Interpretation of FASB Statement 109). ASC 740 requires the recording of deferred income taxes that reflect the net

tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We have assessed valuation allowances on the deferred income taxes due to, among other things, limitations imposed by Internal Revenue Code and uncertainties, including the timing of settlement and realization of these differences. We exercise significant judgment in the evaluation of the amount and timing of the recognition of the resulting tax assets and liabilities. The judgments and estimates required for the evaluation are updated based upon changes in business factors and the tax laws. If actual results differ from the assumptions and other considerations used in estimating the amount and timing of tax recognized, there can be no assurance that additional expenses will not be required in future periods. ASC 740 prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. We recognize, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the financial statements. Assessment of uncertain tax positions under ASC 740 requires careful consideration of the technical merits of a position based on our analysis of tax regulations and interpretations. Significant judgment may be involved in applying the requirements of ASC 740.

The total amount of unrecognized tax benefits as of March 31, 2010 and December 31, 2009 were $1.0 million and $1.9 million, respectively, of which $500,000 would have affected our March 31, 2010 effective tax rate if recognized. As of March 31, 2010 and December 31, 2009, the total amount of accrued interest included in such unrecognized tax benefits was $39,000 and $372,000, respectively. No penalties are included in such unrecognized tax benefits. We record interest and penalties on potential income tax deficiencies as income tax expense. The decrease in the unrecognized tax benefits was primarily due to the expiration of a statute of limitations.

While our Federal and State tax years 2006 through 2009 remain subject to examination as of March 31, 2010, the Internal Revenue Service ("IRS") completed its examination of our 2004 through 2006 Federal tax returns during the quarter ended June 30, 2008. During 2008 we successfully completed the IRS appeal process and during the quarter ended March 31, 2009 we recovered $863,000 of taxes plus $275,000 of interest that were previously assessed during the audit phase.

During 2007, we donated a N.C. Wyeth mural which was previously displayed in our former headquarters. The estimated fair value of the mural was $6.0 million, which was recorded as a charitable contribution expense. We recognized a related offsetting gain on the transfer of the asset during 2007. The expense and offsetting gain was shown net in our Consolidated Financial Statements during 2007. As the gain on the transfer of the asset is permanently excludible from taxation, the charitable contribution transaction results in a permanent deduction for income tax purposes. The amount of the deduction represents an income tax uncertainty because it is subject to evaluation by the IRS. The IRS is still in the process of evaluating this tax deduction and we anticipate this evaluation to be completed during 2010.

8. SEGMENT INFORMATION

Under the definition of FASB ASC 280, Segment Reporting ("ASC 280") (Formerly SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information) we discuss our business in three segments. There is one segment for WSFS Bank (including WSFS Investment Group, Inc.), Cash Connect, (the ATM division of WSFS), and Trust and Wealth Management. Trust and Wealth Management combines Montchanin and the WSFS Trust and Wealth Management Division into a single reportable segment because each has similar economic characteristics, products, customers and distribution methods. During 2009 we reported the results of 1st Reverse (the national reverse mortgage subsidiary of WSFS) as a separate segment, consistent with the guidance promulgated in ASC 280, however we completed a wind-down of 1st Reverse's operation during the latter part of 2009 and have no results to report as an operating segment in 2010.

The WSFS Bank segment provides financial products to commercial and retail customers through its 41 banking offices located in Delaware (36), Pennsylvania (4) and Virginia (1). Retail and Commercial Banking, Commercial Real Estate Lending, Private Banking and other banking business units (including the reorganization of WSFS Investment Group, Inc.) are operating departments of WSFS. These departments share the same regulator, the same market, many of the same customers and provide similar products and services through the general infrastructure of the Bank. Because of these and other reasons, these departments are not considered discrete segments and are appropriately aggregated within the WSFS Bank segment of the Company in accordance with ASC 280.

Cash Connect provides turnkey ATM services through strategic partnerships with several of the largest networks, manufacturers and service providers in the ATM industry. The balance sheet category "Cash in non-owned ATMs" includes cash from which fees income is earned through bailment arrangements with customers of Cash Connect.

The Wealth Management column is comprised of the WSFS Trust & Wealth Management division and Montchanin. In 2005, the WSFS Trust and Wealth Management division was established in response to our commercial customers' demand for the same high level service in their investment relationships that they enjoy as

banking customers of WSFS Bank. Montchanin provides asset management products and services to customers in the Bank's primary market area. Montchanin has one consolidated wholly owned subsidiary, Cypress Capital Management, LLC (Cypress). Cypress is a Wilmington-based investment advisory firm serving high net-worth individuals and institutions.

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 the allocated to the segment and assess its performance, and for which discrete financial information is available. We evaluate performance based on pretax ordinary income relative to resources used, and allocate resources based on these results. The accounting policies applicable to our segments are those that apply to our preparation of the accompanying Consolidated Financial Statements. Segment information for the three months ended March 31, 2010 and 2009 follows:

For the three months ended March 31, 2010 (In Thousands)

	WSFS	Cash Connect	Trust & Wealth Management	Total
External customer revenues:				
Interest income	$40,558	$-	$ -	$40,558
Noninterest income	7,197	3,139	805	11,141
Total external customer revenues	47,755	3,139	805	51,699
Inter-segment revenues:				
Interest income	222	-	-	222
Noninterest income	730	172	-	902
Total inter-segment revenues	952	172	-	1,124
Total revenue	48,707	3,311	805	52,823
External customer expenses:				
Interest expense	11,215	-	-	11,215
Noninterest expenses	23,105	5,706	822	29,633
Provision for loan loss	11,410	-	-	11,410
Total external customer expenses	45,730	5,706	822	52,258
Inter-segment expenses				
Interest expense	-	222	-	222
Noninterest expenses	172	366	364	902
Total inter-segment expenses	172	588	364	1,124
Total expenses	45,902	6,294	1,186	53,382
Income (loss) before taxes and extraordinary items	$2,805	$(2,983)	$ (381)	$(559)
Income tax benefit				(1,073)
Consolidated net income				$514
Cash and cash equivalents	$58,775	$263,330	$ 895	$323,000
Other segment assets	3,472,909	15,445	977	3,489,331
Total segment assets	$3,531,684	$278,775	$ 1,872	$3,812,331
Capital expenditures	$1,643	$3	$ -	$1,646

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For the three months ended March 31, 2009 (In Thousands)

	WSFS	Cash Connect	1st Reverse	Trust & Wealth Management	Total
External customer revenues:					
Interest income	$38,807	$-	$-	$ -	$38,807
Noninterest income	7,346	2,777	556	422	11,101
Total external customer revenues	46,153	2,777	556	422	49,908
Inter-segment revenues:					
Interest income	165	-	-	-	165
Noninterest income	725	71	-	-	796
Total inter-segment revenues	890	71	-	-	961
Total revenue	47,043	2,848	556	422	50,869
External customer expenses:					
Interest expense	14,916	-	-	-	14,916
Noninterest expenses	21,509	1,074	1,069	722	24,374
Provision for loan loss	7,653	-	-	-	7,653
Total external customer expenses	44,078	1,074	1,069	722	46,943
Inter-segment expenses					
Interest expense	-	156	9	-	165
Noninterest expenses	112	187	63	434	796
Total inter-segment expenses	112	343	72	434	961
Total expenses	44,190	1,417	1,141	1,156	47,904
Income (loss) before taxes and extraordinary items	$2,853	$1,431	$(585)	$ (734)	$2,965
Income tax provision					25
Consolidated net income					$2,940
Cash and cash equivalents	$55,984	$144,737	$442	$ 685	$201,848
Other segment assets	3,324,547	14,620	386	1,906	3,341,459
Total segment assets	$3,380,531	$159,357	$828	$ 2,591	$3,543,307
Capital expenditures	$1,877	$-	$-	$ 11	$1,888

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

Investments and Mortgage-Backed Securities: Fair value of investment and mortgage-backed securities is based on quoted market prices, where available. If a quoted market price is not available, fair value is estimated using quoted prices for similar securities. The fair value of our investment in reverse mortgages is based on the net present value of estimated cash flows, which have been updated to reflect recent external appraisals of the underlying collateral. For additional discussion of our mortgage-backed securities-trading, see Note 10, Fair Value of Financial Assets, to the Consolidated Financial Statements.

Loans: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type: commercial, commercial mortgages, construction, residential mortgages and consumer. For loans that reprice frequently, the book value approximates fair value. The fair values of other types of loans 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 value of nonperforming loans is based on recent external appraisals of the underlying collateral. Estimated cash flows, discounted using a rate commensurate with current rates and the risk associated with the estimated cash flows, are utilized if appraisals are not available. This technique does not contemplate an exit price.

Bank-Owned Life Insurance: The estimated fair value approximates the book value for this investment.

Stock in the Federal Home Loan Bank of Pittsburgh: The fair value of FHLB stock is assumed to be essentially equal to its cost. We carry FHLB stock at cost, or par value, and evaluate FHLB stock for impairment based on the ultimate recoverability of par value rather than by recognizing temporary declines in value. As part of the impairment assessment of FHLB stock, management considers, among other things, (i) the significance and length of time of any declines in net assets of the FHLB compared to its capital stock, (ii) commitments by the FHLB to make payments required by law or regulations and the level of such payments in relation to its operating performance, (iii) the impact of legislative and regulatory changes on FHLB, the FHLB has access to the U.S. Government-Sponsored Enterprise Credit Facility, a secured lending facility that serves as a liquidity backstop, substantially reducing the likelihood that the FHLB would need to sell securities to raise liquidity and, thereby, cause the realization of large economic losses. The FHLB is rated AAA and is likely to remain unchanged based on expectations that the FHLB has a very high degree of government support and was in compliance with all regulatory capital requirements as of March 31, 2010. Based on the above, we have determined there was no other-than-temporary impairment related to our FHLB stock investment as of March 31, 2010.

Deposit Liabilities: The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, money market and interest-bearing demand deposits and savings deposits, is assumed to be equal to the amount

payable on demand. The carrying value of variable rate time deposits and time deposits that reprice frequently also approximates fair value. The fair value of the remaining time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits with comparable remaining maturities.

Borrowed Funds: Rates currently available to us for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

Off-Balance Sheet Instruments: The fair value of off-balance sheet instruments, including commitments to extend credit and standby letters of credit, is estimated using the fees currently charged to enter into similar agreements with comparable remaining terms and reflects the present creditworthiness of the counterparties.

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The book value and estimated fair value of our financial instruments are as follows:

	March 31, 2010		December 31, 2009	
	Book Value	Fair Value	Book Value	Fair Value
(In Thousands)				
Financial assets:				
Cash and cash equivalents	$323,000	$323,000	$321,749	$321,749
Investment securities	45,024	45,008	45,517	45,479
Mortgage-backed securities	759,743	759,743	681,242	681,242
Loans, net	2,464,839	2,486,771	2,479,155	2,487,129
Bank-owned life insurance	60,450	60,450	60,254	60,254
Stock in Federal Home Loan Bank of Pittsburgh	39,305	39,305	39,305	39,305
Accrued interest receivable	12,261	12,261	12,407	12,407
Financial liabilities:				
Deposits	2,617,411	2,636,744	2,561,871	2,572,418
Borrowed funds	858,680	852,244	854,809	858,896
Accrued interest payable	6,178	6,178	4,240	4,240

The estimated fair value of our off-balance sheet financial instruments is as follows:

	Mar. 31, 2010	Dec. 31, 2009
(In Thousands)		
Off-balance sheet instruments:		
Commitments to extend credit	$4,010	$5,071
Standby letters of credit	214	317

10. FAIR VALUE OF FINANCIAL ASSETS

Effective January 1, 2008, we adopted the provisions of FASB ASC 820-10 (“ASC 820-10”) (Formerly SFAS No. 157, Fair Value Measurements and Financial Accounting Standards Board Staff Position (FSP) No. 157-2, Effective Date of FASB Statement No. 157), for financial assets and financial liabilities. This adoption did not have a material impact on our financial statements.

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.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of our financial assets carried at fair value effective January 1, 2008. The table below presents the balances of assets measured at fair value as of March 31, 2010 (there are no material liabilities measured at fair value):

Description	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
		(in Thousands)		
Assets Measured at Fair Value on a Recurring Basis				
Available-for-sale securities:				
Collateralized mortgage obligations	$ —	$ 600,202	$ —	$ 600,202
FNMA	—	59,451	—	59,451
FHLMC	—	42,616	—	42,616
GNMA	—	45,291	—	45,291
U.S. Government and agencies	—	41,266	—	41,266
State and political subdivisions	—	3,670	—	$ 3,670
Reverse mortgages	—	—	(468)	(468)
Trading Securities		—	12,183	12,183
Total assets measured at fair value on a recurring basis	$ —	$ 792,496	$ 11,715	$ 804,211
Assets Measured at Fair Value on a Nonrecurring Basis				
Impaired Loans	$ —	$ 60,381	$ —	$ 60,381
Total assets measured at fair value on a nonrecurring basis	$ —	$ 60,381	$ —	$ 60,381

Fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon 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. Our valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While we believe our 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. As of March 31, 2010, securities classified as available for sale are reported at fair value using Level 2 inputs. Included in the level 2 total are approximately $41.3 million in Federal Agency debentures, $274.1 million in Federal Agency MBS, $477.5 million of private Label MBS, and $3.7 million in municipal bonds. Agency and MBS securities are predominately AAA-rated. We believe that this Level 2 designation is appropriate for these securities under ASC 820-10 as, with almost all fixed income securities, none are exchange traded, and all are priced by correlation to observed market data. For these securities we obtain 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.

Securities classified as available for sale as of December 31, 2009 were also reported at fair value using Level 2 inputs. Included under the Level 2 designation was approximately $41.3 million in Federal Agency debentures, $240.2 million in Federal Agency MBS, $424.8 million of Private Label MBS, and $3.7 million in municipal bonds. Agency and MBS securities were predominately AAA-rated and designated Level 2 pursuant to ASC 820-10. As discussed above, almost all were fixed income securities, none were exchange traded, and all were priced by correlation to observed market data.

Trading securities. The amount included in the trading securities category represents the fair value of a BBB-rated traunche of a reverse mortgage security. There has never been an active market for these securities. As such, we classify these trading securities as Level 3 under ASC 820-10. As prescribed by ASC 820-10 management used various observable and unobservable inputs to develop a range of likely fair value prices where this security would be exchanged in an orderly transaction between market participants at the

measurement date. The unobservable inputs reflect management's assumptions about the assumptions that market participants would use in pricing this asset. Included in these inputs were the median of a selection of other BBB-rated securities as well as quoted market prices from higher rated traunches of this asset class. As a result, the value assigned to this security is determined primarily through a discounted cash flow analysis. All of these assumptions require a significant degree of management judgment.

Reverse Mortgages. The amount of our investment in reverse mortgages represents the estimated value of future cash flows of the reverse mortgages at a rate deemed appropriate for these mortgages, based on the market rate for similar collateral. The projected cash flows depend on assumptions about life expectancy of the mortgagee and the future changes in collateral values. Due to the significant amount of management judgment and the unobservable input calculations, these reverse mortgages have been classified as Level 3.

The changes in Level 3 assets measured at fair value are summarized as follows:

	Trading Securities	Reverse Mortgages (In Thousands)	Total
Balance at December 31, 2008	$ 10,816	$ (61)	$ 10,755
Total net income (losses) for the period included in net income	1,367	(464)	903
Purchases, sales, issuances, and settlements, net	—	(5)	(5)
Balance at December 31, 2009	$ 12,183	$ (530)	$ 11,653
Total net income (losses) for the period included in net income	—	13	13
Purchases, sales, issuances, and settlements, net	—	49	49
Balance at March 31, 2010	$ 12,183	$ (468)	$ 11,715

Impaired loans. Impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had a gross amount of $71.4 million and $73.2 million at March 31, 2010 and December 31, 2009, respectively. The valuation allowance on impaired loans was $11.0 million, as of March 31, 2010 and $11.8 million as of December 31, 2009.

11. INDEMNIFICATIONS AND GUARANTEES

Secondary Market Loan Sales. We generally do not sell loans with recourse except to the extent arising from standard loan sale contract provisions covering violations of representations and warranties and, under certain circumstances first payment defaults by borrowers. These are customary repurchase provisions in the secondary market for conforming mortgage loan sales. We typically sell fixed-rate, conforming first mortgage loans (including reverse mortgages) in the secondary market as part of our ongoing asset/liability management program. Loans held-for-sale are carried at the lower of cost or market of the aggregate or in some cases individual loans. Gains and losses on sales of loans are recognized at the time of the sale.

As is customary in such sales, we provide indemnifications to the buyers under certain circumstances. These indemnifications may include the repurchase of loans by us. Repurchases and losses are rare, and no provision is made for losses at the time of sale. During the first quarter of 2010, we had no repurchases under these indemnifications.

Swap Guarantees. We entered into agreements with three unrelated financial institutions whereby those financial institutions entered into interest rate derivative contracts (interest rate swap transactions) with customers referred to them by us. By the terms of the agreements, those financial institutions have recourse to us for any exposure created under each swap transaction in the event 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 smaller financial institutions like us to provide access to interest rate swap transactions for our customers without creating the swap ourselves.

At March 31, 2010 there were forty-two variable-rate swap transactions between the third party financial institutions and our customers, compared to forty-four at December 31, 2009. The initial notional amount aggregated approximately $190.7 million at March 31, 2010 compared with $209.6 million at December 31, 2009. At March 31, 2010 maturities ranged from approximately seven months to twelve years. The aggregate market value of these swaps to the customers was a liability of $13.2 million at March 31, 2010 and $12.6 million at December 31, 2009. At March 31, 2010 all of the swap transactions were in a paying position to third-party financial institutions.

12. ASSOCIATE (EMPLOYEE) BENEFIT PLANS

Postretirement Benefits

We share certain costs of providing health and life insurance benefits to retired Associates (and their eligible dependents). Substantially all Associates may become eligible for these benefits if they reach normal retirement age while working for us.

We account for our obligations under the provisions of FASB ASC 715, Compensation – Retirement Benefits ("ASC 715") (Formerly SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions). ASC 715 requires that the costs of these benefits be recognized over an Associate's active working career. Disclosures are in accordance with ASC 715.

The following disclosures of the net periodic benefit cost components of postretirement benefits were measured at January 1, 2010 and 2009:

	Three months ended March 31,	
	2010	2009
	(In Thousands)	
Service cost	$42	$40
Interest cost	38	35
Amortization of transition obligation	15	15
Net loss recognition	3	4
Net periodic benefit cost	$98	$94

13. NONINTEREST EXPENSES

During the three months ended March 31, 2010, the Company recorded a $4.5 million non-routine charge, as follows:

On February 19, 2010, WSFS reported in a regulatory filing that an armored car company that serves as a vendor for several of Cash Connect's customers (the "Courier"), engaged in embezzlement. In the first quarter of 2010, the Company recorded a $4.5 million loss related to funds not immediately recoverable by Cash Connect. A gain is expected to be recorded in future periods as funds are received or recovery becomes certain.

Based on a publicly available court-appointed receiver's report filed March 1, 2010, the Courier and its related entities had payables and amounts due to customers (including Cash Connect) listed at $68.6 million. This report also shows the Courier and related entities in the receivership held assets of approximately $57 million; slightly more than half consisted of cash, with the remaining amount comprised of receivables and fixed assets with uncertain liquidation value and collectability. The receiver also indicated some of the entities in receivership may have value as ongoing enterprises. Additionally, the receiver's report referenced a number of additional business entities directly or indirectly related to the named executive that are currently under research by the receiver.

This charge is included in noninterest expenses in the Consolidated Statement of Operations. There were no material non-routine charges recorded during the three months ended March, 31, 2009.

14. STOCK AND COMMON STOCK WARRANTS

The Company entered into a purchase agreement with the U.S. Treasury on January 23, 2009, pursuant to which the Company issued and sold 52,625 shares of the Company's fixed-rate cumulative perpetual preferred stock for a total purchase price of $52.6 million, and a 10-year warrant to purchase 175,105 shares of the Company's common stock at an exercise price of $45.08 per share. The Company is paying the Treasury Department a five percent dividend annually for each of the first five years of the investment and a nine percent dividend thereafter until the shares are redeemed. The cumulative dividend for the preferred stock is accrued for and payable on February 15, May 15, August 15 and November 15 of each year. The Company has declared and paid $658,000 in preferred stock dividends during the three months ended March 31, 2010.

The Company allocated total proceeds of $52.6 million, based on the relative fair value of preferred stock and common stock warrants, to preferred stock for $51.9 million and common stock warrants for $693,000, respectively, on January 23, 2009. The

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preferred stock discount will be accreted, on an effective yield method, to preferred stock over five years. The Company has accreted a total of $34,000 during the three months ended March 31, 2010 relating to the discount on preferred stock.

The preferred stock is nonvoting, except for class voting rights on certain matters that could affect the shares adversely. It may be redeemed by us for the liquidation preference ($1,000 per share), plus accrued but unpaid dividends, with the Treasury's approval. The warrants are exercisable immediately and subject to certain anti-dilution and other adjustments.

15. SUBSEQUENT EVENTS

The Company has evaluated all subsequent events and has not identified any subsequent events requiring recognition or disclosures in the financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

WSFS Financial Corporation ("the Company", "our Company", "we", "our" or "us") is a thrift holding company headquarter in Wilmington, Delaware. Substantially all of our assets are held by our subsidiary, Wilmington Savings Fund Society, FSB ("WSFS Bank" or the "Bank"). Founded in 1832, we are one of the ten oldest banks in the United States continuously-operating under the same name. As a federal savings bank, which was formerly chartered as a state mutual savings bank, we enjoy broader investment powers than most other financial institutions. We have served the residents of the Delaware Valley for over 178 years. We are the largest thrift institution headquartered in Delaware and the fourth largest financial institution in the state on the basis of total deposits traditionally garnered in-market. Our primary market area is the mid-Atlantic region of the United States, which is characterized by a diversified manufacturing and service economy. Our long-term strategy is to serve small and mid-size businesses through loans, deposits, investments, and related financial services, and to gather retail core deposits. Our strategic focus is to exceed customer expectations, deliver stellar service and build customer advocacy through highly trained, relationship oriented, friendly, knowledgeable, and empowered Associates.

We provide residential and commercial real estate, commercial and consumer lending services, as well as retail deposit and cash management services. In addition, we offer a variety of wealth management and personal trust services through WSFS Trust and Wealth Management. Lending activities are funded primarily with retail deposits and borrowings. The Federal Deposit insurance Corporation ("FDIC") insures our customers' deposits to their legal maximum. We serve our customers primarily from our 41 banking offices located in Delaware (36), Pennsylvania (4), and Virginia (1) and through our website at www.wsfsbank.com.

We have two consolidated subsidiaries, WSFS Bank and Montchanin Capital management, Inc. ("Montchanin"). We also have one unconsolidated affiliate, WSFS Capital Trust III ("the Trust"). WSFS Bank has a fully-owned subsidiary, WSFS Investment Group, Inc., which markets various third-party insurance products and securities through the Bank's retail banking system.

Montchanin has one consolidated subsidiary, Cypress Capital Management, LLC ("Cypress"). Cypress is a Wilmington-based investment advisory firm serving high net-worth individuals and institutions. Cypress had approximately $469 million in assets under management at March 31, 2010.

FORWARD-LOOKING STATEMENTS

Within this Quarterly Report on Form 10-Q and exhibits thereto, management has included certain "forward-looking statements" concerning the future operations of WSFS Financial Corporation. It is management's desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This statement is for the express purpose of availing the Company of the protections of such safe harbor with respect to all "forward-looking statements" contained in its financial statements. Management has used "forward-looking statements" to describe the future plans and strategies including expectations of our future financial results. Management's ability to predict results or the effect of future plans and strategy is inherently uncertain. Factors that could affect results include interest rate trends, competition, the general economic climate in Delaware, the mid-Atlantic region and the country as a whole, asset quality, loan growth, loan delinquency rates, operating risk, uncertainty of estimates in general and changes in federal and state regulations, among other factors. These factors should be considered in evaluating the "forward-looking statements," and undue reliance should not be placed on such statements. Actual results may differ materially from management expectations. We do not undertake and specifically disclaim any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect the occurrence of

anticipated or unanticipated events or circumstances after the date of such statements.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of the financial condition and results of operations are based on the Consolidated Financial Statements, which are prepared in conformity with U.S. generally accepted accounting principles. The preparation of these Consolidated Financial Statements requires management 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 loan losses, contingencies (including indemnifications), and deferred taxes. 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 assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are critical accounting policies that involve more significant judgments and estimates:

Allowance for Loan Losses

We maintain allowances for credit losses and charge losses to these allowances when realized. The determination of the allowance for loan losses requires significant judgment reflecting our best estimate of probable loan losses related to specifically identified loans as well as those in the remaining loan portfolio. Our evaluation is based upon a continuing review of these portfolios, with consideration given to evaluations resulting from examinations performed by regulatory authorities.

Contingencies (Including Indemnifications)

In the ordinary course of business we are subject to legal actions, which involve claims for monetary relief. Based upon information presently available to us and our counsel, it is our opinion that any legal and financial responsibility arising from such claims will not have a material adverse effect on our results of operations.

We maintain a loss contingency for standby letters of credit and charge losses to this reserve when such losses are realized. The determination of the loss contingency for standby letters of credit requires significant judgment reflecting management's best estimate of probable losses.

The Bank, as successor to originators of reverse mortgages is, from time to time, involved in arbitration or litigation with various parties including borrowers or the heirs of borrowers. Because reverse mortgages are a relatively new and uncommon product, there can be no assurances about how the courts or arbitrators may apply existing legal principles to the interpretation and enforcement of the terms and conditions of the Bank's reverse mortgage obligations.

Deferred Taxes

We account for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes ("ASC 740"), which requires the recording of deferred income taxes that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We continually assess the need for valuation allowances on deferred income tax assets that may result from, among other things, limitations imposed by Internal Revenue Code and uncertainties, including the timing of settlement and realization of these differences. No valuation allowance is required as of March 31, 2010.

Fair Value Measurements

We adopted FASB ASC 820-10, Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. See Note 10, Fair Value of Financial Assets.

Goodwill and Other Intangible Assets

In accordance with FASB ASC 805, Business Combinations, and FASB ASC 350, Intangibles—Goodwill and Other, all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles are recorded at fair value. We consider our accounting policies related to goodwill and other intangible

assets to be critical because the assumptions or judgment used in determining the fair value of assets and liabilities acquired in past acquisitions are subjective and complex. As a result, changes in these assumptions or judgment could have a significant impact on our financial condition or results of operations.

The fair value of acquired assets and liabilities, including the resulting goodwill, was based either on quoted market prices or provided by other third-party sources, when available. When third-party information was not available, estimates were made in good faith by management primarily through the use of internal cash flow modeling techniques. The assumptions that were used in the cash flow modeling were subjective and are susceptible to significant changes.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually and written down and charged to results of operations only in periods in which the recorded value is more than the estimated fair value. Intangible assets that have finite useful lives will continue to be amortized over their useful lives and are periodically evaluated for impairment. As of March 31, 2010, goodwill totaled $10.9 million, the majority of which is in the WSFS Bank reporting unit and is the result of a branch acquisition in 2008. In addition, amortizing intangibles totaled $2.6 million as of March 31, 2010.

Goodwill is tested for impairment using a two-step process that begins with an estimation of fair value. The first step compares the estimated fair value of our reporting units with their carrying amounts, including goodwill. If the estimated fair value exceeds its carrying amount, goodwill is not considered impaired. However, if the carrying amount exceeds its estimated fair value, a second step would be performed that would compare the implied fair value to the carrying amount of goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value.

Fair value may be determined using market prices, comparison to similar assets, market multiples, discounted cash flow analysis and other variables. Estimated cash flows extend five years into the future and, by their nature, are difficult to estimate over such an extended time-frame. Factors that may significantly affect the estimates include, but are not limited to, balance sheet growth assumptions, credit losses in our investment and loan portfolios, competitive pressures in our market area, changes in customer base and customer product preferences, changes in revenue growth trends, cost structure, changes in discount rates, conditions in the banking sector, and general economic variables.

We review our goodwill and intangibles for impairment annually. Goodwill and intangibles are also tested for impairment between annual tests if an event occurs or circumstances change that would cause a reduction in the fair value below its carrying value. As of December 31, 2009, we retained a third-party valuation firm to assist in our Step 1 test for potential goodwill impairment of the WSFS Bank reporting unit. The valuation incorporated both income and market based analyses and indicated the fair value of our WSFS Bank reporting unit was 3.7% above the carrying amount, therefore in accordance with FASB ASC 350-20-35-6; the Step 2 analysis was not required.

As of March 31, 2010, goodwill and other intangible assets were not considered impaired; however, changing economic conditions that may adversely affect our performance and stock price could result in impairment, which could adversely affect earnings in the future.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

Financial Condition

Our total assets increased $63.8 million, or 2%, during the three months ended March 31, 2010. Mortgage-backed securities increased $78.5 million, or 12%, and cash and cash equivalents increased $1.3 million, or less than 1%. This included a $3.2 million, or 6% increase in cash and due from banks, offset by a $1.6 million, or 1%, decrease in cash in non-owned ATMs. Total loans decreased $14.3 million, or less than 1%, which was primarily attributable to residential mortgage loan sales of $18.3 million. However, commercial and commercial real estate loans (together commercial loans) increased $3.3 million mainly due to the addition of new customer relationships.

Total liabilities increased $59.1 million, or 2%, between December 31, 2009 and March 31, 2010 to $3.5 billion. This increase was mainly due to a $63.3 million, or 3% increase, in customer deposits. These increases in customer deposits improved our funding mix as deposit growth reduced our use of wholesale funding. As a result, Federal Home Loan Bank (FHLB) advances increased by a nominal $2.3 million and brokered deposits decreased by $17.9

million, or 5%.

Capital Resources

Stockholders' equity increased $4.7 million between December 31, 2009 and March 31, 2010. This increase was mainly due to a $5.1 million increase of the fair value of securities available-for-sale taken through other comprehensive income. Also contributing to the increase was net income of $514,000 as well as an increase of $608,000 related to equity based incentive plans. Partially offsetting these increases was the payment of common and preferred dividends of $850,000 and $658,000, respectively, during the three months ended March 31, 2010. At March 31, 2010, the Bank was in compliance with regulatory capital requirements and is considered a "well-capitalized" institution.

Below is a table comparing the Bank's consolidated capital position to the minimum regulatory requirements as of March 31, 2010 (dollars in thousands):

	Consolidated Bank Capital		For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	% of Assets	Amount	% of Assets	Amount	% of Assets
Total Capital (to Risk-Weighted Assets)	$ 361,296	12.33%	$ 234,503	8.00%	$ 293,128	10.00%
Core Capital (to Adjusted Total Assets)	324,539	8.55	152,902	4.00	189,877	5.00
Tangible Capital (to Tangible Assets)	324,539	8.55	56,963	1.50	N/A	N/A
Tier 1 Capital (to Risk-Weighted Assets)	324,539	11.07	117,251	4.00	175,877	6.00

Under Office of Thrift Supervision ("OTS") capital regulations, savings institutions such as the Bank must maintain "tangible" capital equal to 1.5% of adjusted total assets, "core" capital equal to 4.0% of adjusted total assets, "Tier 1" capital equal to 4.0% of risk weighted assets and "total" or "risk-based" capital (a combination of core and "supplementary" capital) equal to 8.0% of risk-weighted assets. Failure to meet minimum capital requirements can initiate certain mandatory actions and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our bank's financial statements.

Liquidity

We manage our liquidity risk 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 OTS.

As a financial institution, the Bank has ready access to several sources to fund growth and meet its liquidity needs. Among these are: net income, retail deposit programs, loan repayments, borrowing from the FHLB, repurchase agreements, access to the Fed Discount Window, and the brokered deposit market as well as other wholesale funding avenues. The Bank's branch expansion is intended to enter us into new, but contiguous, markets, attract new customers and provide funding for its business loan growth. In addition, we have a large portfolio of high-quality, liquid investments, primarily short-duration mortgage-backed securities and Agency notes 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. Management believes these sources are sufficient to maintain the required and prudent levels of liquidity.

During the three months ended March 31, 2010, cash and cash equivalents increased $1.3 million to $323.0 million. The increase was a result of the following: a $56.9 million increase in cash provided through increases in demand, savings and time deposits; repayments on mortgage-backed securities available-for-sale of $46.4 million; and an increase in cash of $15.6 million provided by operating activities. Net borrowings from the FHLB also increased cash by $2.3 million during the three months ended March 31, 2010. Offsetting these increases in cash were purchases of mortgage-backed securities available-for-sale which used cash of $116.3 million and net loan growth which resulted in the use of $3.9 million in cash.

NONPERFORMING ASSETS

The following table shows our nonperforming assets and past due loans at the dates indicated. Nonperforming assets include nonaccruing loans, nonperforming real estate, assets acquired through foreclosure and restructured mortgage and home equity consumer debt. Nonaccruing loans are those on which the accrual of interest has ceased. 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 loans contractually past due 90 days or more as to principal or interest payments but which remain on accrual status because they are considered well secured and in the process of collection.

	March 31, 2010		December 31, 2009	
	(In Thousands)			
Nonaccruing loans:				
Commercial	$10,987		$8,328	
Consumer	2,616		818	
Commercial mortgage	5,115		2,156	
Residential mortgage	8,694		9,958	
Construction	36,354		44,681	
Total nonaccruing loans	63,766		65,941	
Assets acquired through foreclosure	10,711		8,945	
Troubled debt restructuring	7,595		7,274	
Total nonperforming assets	$82,072		$82,160	
Past due loans:(1)				
Residential mortgages	448		1,221	
Commercial and commercial mortgages	—		105	
Consumer	225		97	
Total past due loans	$673		$1,423	
Ratios:				
Nonaccruing loans to total loans (2)	2.53	%	2.61	%
Allowance for loan losses to total loans (2)	2.27	%	2.12	%
Nonperforming assets to total assets	2.15	%	2.19	%
Loan loss allowance to nonaccruing loans (3)	72.25	%	63.10	%
Loan loss allowance to total nonperforming assets (3)	56.13	%	50.64	%

(1) Past due loans are accruing loans which are contractually past due 90 days or more as to principal or interest. These loans are well secured and in the process of collection.

(2) Total loans exclude loans held for sale.
(3) Total applicable allowance represents general valuation allowances only.

Nonperforming assets decreased slightly between December 31, 2009 and March 31, 2010. As a result, nonperforming assets as a ratio of total assets improved to 2.15% at March 31, 2010 from 2.19% at December 31, 2009. New nonperforming assets were offset by collections and charge-offs on existing assets.

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

	For the three months ended March 31, 2010	For the year ended December 31, 2009
	(In Thousands)	
Beginning balance	$82,160	$35,760
Additions	15,191	100,925
Collections	(7,019)	(19,133)
Transfers to accrual	(94)	(6,236)
Charge-offs / write-downs, net	(8,166)	(29,156)
Ending balance	$82,072	$82,160

The timely identification of problem loans is a key element in our strategy to manage our loan portfolio. 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 utilizes guidelines established by federal regulation. However, there can be no assurance that the levels or the categories of problem loans and assets established by the Bank are the same as those which would result from a regulatory examination.

INTEREST SENSITIVITY

The matching of 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 is our primary tool for achieving our asset/liability management strategies. Management regularly reviews our interest-rate sensitivity and adjusts the sensitivity within acceptable tolerance ranges established by the Board of Directors. At March 31, 2010, interest-bearing assets exceeded interest-earning liabilities that mature or reprice within one year (interest-sensitive gap) by $119.9 million. Our interest-sensitive assets as a percentage of interest-sensitive liabilities within the one-year window increased from 96.5% at December 31, 2009 to 106.1% at March 31, 2010. Likewise, the one-year interest-sensitive gap as a percentage of total assets changed to 3.14% at March 31, 2010 from (1.97)% at December 31, 2009. The change in sensitivity since December 31, 2009 reflects current interest rate environment and our continuing effort to effectively manage interest rate risk.

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, management actively monitors and manages its interest rate risk exposure. One measure, required to be performed by OTS-regulated institutions, is the test specified by OTS Thrift Bulletin No. 13a "Management of Interest Rate Risk, Investment Securities and Derivative Activities." This test measures the impact of an immediate change in interest rates in 100 basis point increments on the net portfolio value ratio. The net portfolio value ratio is defined as the net present value of the estimated cash flows from assets and liabilities as a percentage of net present value of cash flows from total assets (or the net present value of equity). The table below shows the estimated impact of immediate changes in interest rates on our net interest margin and net portfolio value ratio at the specified levels at March 31, 2010 and 2009, calculated in compliance with Thrift Bulletin No. 13a:

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	At March 31,			
	2010		2009	
Change in Interest Rate (Basis Points)	% Change in Net Interest Margin (1)	Net Portfolio Value (2)	% Change in Net Interest Margin (1)	Net Portfolio Value (2)
+300	+5%	9.35%	1%	8.65%
+200	+4%	9.72%	-1%	8.79%
+100	+2%	9.76%	-4%	8.90%
0	0%	9.67%	0%	8.93%
-100	-6%	9.42%	-1%	9.17%
-200(3)	NMF	NMF	NMF	NMF
-300(3)	NMF	NMF	NMF	NMF

(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 net portfolio value ratio of the Company in a stable interest rate environment and the net portfolio value ratio as projected under the various rate change environments.

(3) Sensitivity indicated by a decrease of 200 or 300 basis points is not deemed meaningful at March 31, 2010 given the low absolute level of interest rates at that time.

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.

During the first quarter of 2010 we executed $125 million of intermediate-term (approximately four year average) FHLB Advances in order to reduce the sensitivity of our net interest income to increases in market interest rates.

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

Results of Operations

We recorded net income of $514,000 for the first quarter of 2010. After subtracting preferred stock dividends, this resulted in a loss per common share of $0.03. This compares to net income of $2.9 million or earnings per diluted common share of $0.39 in the first quarter of 2009. Earnings for the first quarter of 2010 were impacted by a higher net interest margin as a result of deposit pricing management, improvements in the funding mix as deposit growth has replaced higher cost wholesale funding needs and a stable yield on our interest earning assets during the period. As a result, the net interest margin increased 52 basis points from 3.05% at March 31, 2009 to 3.57% at March 31, 2010. In addition, noninterest income increased slightly to $11.1 million even with a decline in loan fee income of $570,000 mainly due to the wind down of 1st Reverse during the fourth quarter of 2009. Partially offsetting these increases was the provision for loan loss of $11.4 million which increased by $3.7 million compared to a provision for loan loss of $7.7 million during the first quarter of 2009. This increase was the result of a risk grade migration in the commercial loan portfolio, charge-offs taken during the quarter and continuing declines in value of collateral. In

addition, non-interest expenses increased $5.3 million during the first quarter of 2010 mainly due to the charge taken as a result of a non-routine ATM loss discussed further in Note 13 of the Consolidated Financial Statements and increases due to growth in the Company's banking franchise, including the addition of two new branches and the renovation/relocation of three branches during the past twelve months and the addition of several senior-level Associates in the second half of 2009 to support growth and credit administration.

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 March 31,					
	2010			2009		
	Average Balance	Interest & Dividends	Yield/ Rate (1)	Average Balance	Interest & Dividends	Yield/ Rate (1)
Assets:						
Interest-earning assets:						
Loans: (2)(3)						
Commercial real estate loans	$744,510	$8,573	4.61 %	$810,238	$9,463	4.67 %
Residential real estate loans	355,643	4,603	5.18	425,165	6,052	5.69
Commercial loans	1,124,398	14,427	5.23	973,088	12,081	5.08
Consumer loans	299,711	3,620	4.90	298,306	3,778	5.14
Total loans	2,524,262	31,223	4.99	2,506,797	31,374	5.05
Mortgage-backed securities (4)	707,432	9,032	5.11	577,054	7,336	5.09
Investment securities (4)(5)	45,180	303	2.68	48,971	97	0.79
Other interest-earning assets	39,998	—	—	39,782	—	—
Total interest-earning assets	3,316,872	40,558	4.92	3,172,604	38,807	4.93
Allowance for loan losses	(56,686)			(32,687)		
Cash and due from banks	62,928			56,194		
Cash in non-owned ATMs	252,546			173,316		
Bank owned life insurance	60,324			59,411		
Other noninterest-earning assets	115,480			93,651		
Total assets	$3,751,464			$3,522,489		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest bearing deposits:						
Interest-bearing demand	$252,916	$111	0.18 %	$214,234	$204	0.39 %
Money market	589,638	1,192	0.82	334,810	1,028	1.25
Savings	229,593	112	0.20	216,187	158	0.30
Customer time deposits	671,477	3,942	2.38	648,563	5,486	3.43
Total interest-bearing customer deposits	1,743,624	5,357	1.25	1,413,794	6,876	1.97
Other jumbo certificates of deposit	72,490	420	2.35	94,991	504	2.15
Brokered deposits	337,860	517	0.62	329,943	949	1.17
Total interest-bearing deposits	2,153,974	6,294	1.19	1,838,728	8,329	1.84
FHLB of Pittsburgh advances	604,950	3,977	2.63	750,158	5,341	2.85
Trust preferred borrowings	67,011	329	1.96	67,011	595	3.55
Other borrowed funds	176,050	615	1.40	228,386	651	1.14

Total interest-bearing liabilities	3,001,985	11,215	1.49		2,884,283	14,916	2.07	
Noninterest-bearing demand deposits	415,172				351,864			
Other noninterest-bearing liabilities	25,595				26,941			
Stockholders' equity	308,712				259,401			
Total liabilities and stockholders' equity	$3,751,464				$3,522,489			
Excess of interest-earning assets over interest-bearing liabilities	$314,887				$288,321			
Net interest and dividend income		$29,343				$23,891		
Interest rate spread			3.43	%			2.86	%
Net interest margin			3.57	%			3.05	%

(1) Weighted average yields are annualized and have been computed on a tax-equivalent basis using a 35% effective tax rate.
(2) Nonperforming loans are included in average balance computations.
(3) Balances are reflected net of unearned income.
(4) Includes securities available-for-sale.
(5) Includes reverse mortgages.

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Net interest income for the first quarter of 2010 improved by $5.4 million, or 23% compared to the first quarter of 2009. The net interest margin for the first quarter of 2010 was 3.57%, up 52 basis points (0.52%) compared to 3.05% for the first quarter of 2009. During the quarter, net interest margin improved as the yield on earning assets remained stable and the costs of interest bearing liabilities declined by 58 basis points (0.58%) compared to the first quarter 2009. The net interest margin improved due to the Company's active deposit rate management as interest rates decreased in nearly every deposit category during the first quarter. A favorable change in the retail funding mix resulted from the growth in lower-costing, non-maturity deposits coupled with relatively little growth in higher-costing retail time deposits.

Allowance for Loan Losses

We maintain allowances for credit losses and charge losses to these allowances when such losses are identified. The determination of the allowance for loan losses requires significant judgment reflecting management's best estimate of probable loan losses related to specifically identified loans as well as probable loan losses in the remaining loan portfolio. Our evaluation is based upon a continuing review of these portfolios.

We established our loan loss allowance in accordance with guidance provided in the Securities and Exchange Commission's Staff Accounting Bulletin 102 ("SAB 102"). Its methodology for assessing the appropriateness of the allowance consists of several key elements which include: specific allowances for identified problem loans; formula allowances for commercial and commercial real estate loans; and allowances for pooled homogenous loans.

Specific reserves are established for certain loans in cases where management has identified significant conditions or circumstances related to a specific credit that indicate the probability that a loss has been incurred.

The formula allowances for commercial and commercial real estate loans are calculated by applying estimated loss factors to outstanding loans based on the internal risk grade of loans. For lower risk commercial and commercial real estate loans the portfolio is pooled, based on internal risk grade, and estimates are based on a ten-year net charge-off history. Higher risk and criticized loans have loss factors that are derived from an analysis of both the probability of default and the probability of loss should default occur. Loss adjustment factors are applied based on criteria discussed below. As a result, changes in risk grades of both performing and nonperforming loans affect the amount of the formula allowance.

Pooled loans are loans that are usually smaller, not-individually-graded and homogenous in nature, such as consumer installment loans and residential mortgages. Loan loss allowances for pooled loans are based on a ten-year net charge-off history. The average loss allowance per homogenous pool is based on the product of average annual historical loss rate and the estimated duration of the pool multiplied by the pool balances. These separate risk pools are then assigned a reserve for losses based upon this historical loss information and historical loss adjustment factors.

Historical loss adjustment factors are based upon management's evaluation of various current conditions, including those listed below.

- General economic and business conditions affecting the Bank's key lending areas,
- Credit quality trends,
- Recent loss experience in particular segments of the portfolio,
- Collateral values and loan-to-value ratios,
- Loan volumes and concentrations, including changes in mix,
- Seasoning of the loan portfolio,
- Specific industry conditions within portfolio segments,
- Bank regulatory examination results, and

- Other factors, including changes in quality of the loan origination, servicing and risk management processes.

Our loan officers and risk managers meet at least quarterly to discuss and review these conditions and risks associated with individual problem loans. In addition, various regulatory agencies, independent auditors and loan review consultants periodically review our allowance for such losses. The provision for loan losses was $11.4 million in the first quarter of 2010 compared to $7.7 million in the first quarter of 2009 and $12.7 million in the fourth quarter of 2009. This level of provisioning reflects a risk grade migration in the commercial loan portfolio, charge-offs taken during the quarter, continuing declines in value of collateral and loan growth.

The table below represents a summary of the changes in the allowance for loan losses during the periods indicated.

	Three months ended March 31,	
	2010	2009
	(Dollars in Thousands)	
Beginning balance	$53,446	$31,189
Provision for loan losses	11,410	7,653
Charge-offs:		
Residential real estate	637	305
Commercial real estate (1)	3,358	2,060
Commercial	2,387	446
Overdrafts	1,043	280
Consumer	1,597	317
Total charge-offs	9,022	3,408
Recoveries:		
Residential real estate	5	24
Commercial real estate (1)	260	22
Commercial	34	17
Overdrafts	909	116
Consumer	10	18
Total recoveries	1,218	197
Net charge-offs	7,804	3,211
Ending balance	$57,052	$35,631
Net charge-offs to average gross loans outstanding, net of unearned income (2)	1.24 %	0.51 %

(1) Includes commercial mortgage and construction loans.
(2) Ratios for the three months ended March 31, 2010 and March 31, 2009 are annualized.

Noninterest Income

Noninterest income of $11.1 million was essentially flat in comparison to the first quarter of 2009. Loan fees were $570,000 less during the first quarter of 2010, mainly due to 1st Reverse Financial Services, LLC (1st Reverse) which had $556,000 less in loan fees during the period, as the wind-down of this business was completed by the end of 2009. In addition, we did not sell any securities during the first quarter of 2010, compared to gains of $423,000 during the first quarter of 2009. Mostly offsetting these decreases was a $668,000 increase in credit/debit card and ATM income reflecting increased bailment fees from Cash Connect.

Noninterest Expense

Noninterest expense for the quarter ended March 31, 2010 was $29.6 million compared to $24.4 million for the first quarter of 2009, an increase of $5.3 million, or 22%. The majority of the increase is due to a non-routine charge related to WSFS' Cash Connect (ATM services) division in the amount of $4.5 million. For further discussion on the non-routine charge see Note 13, Noninterest Expenses. Additionally and partially offsetting this increase, there was a

$1.1 million decrease in expenses related to 1st Reverse during the first quarter of 2010. Excluding these two items, noninterest expenses increased $1.9 million during the first quarter of 2010. This increase was partly due to additional write-downs on REO of $457,000 compared to the first quarter of 2009 and $438,000 of consulting expense during the first quarter of 2010 related to our Creative Opportunities for Revenues and Expenses (CORE) efficiency program. The remainder of the increase is due to growth in our banking franchise, including the addition of two new branches and the renovation/relocation of three branches during the past twelve months and the addition of several senior-level Associates during the period to support growth and credit administration.

Income Taxes

The Company and its subsidiaries file a consolidated Federal income tax return and separate state income tax returns. Income taxes are accounted for in accordance with ASC 740, which requires the recording of deferred income taxes for tax consequences of temporary differences. We recorded an income tax benefit of $1.1 million during the three months ended March 31, 2010 compared to an income tax provision of $25,000 for the same period in 2009. The first quarter of 2010 and 2009 included tax benefits of $899,000 and $854,000, respectively, resulting from a decrease in the Company's income tax reserve due to the expiration of the statue of limitations on certain tax items. This benefit will not be recognized in future years. The Company's effective tax rate, excluding the statue of limitations related benefit, was 31.2% for the three months ended March 31, 2010 and 32.5% during the same period in 2009.

The effective tax rate reflects the recognition of certain tax benefits in the financial statements including those benefits from tax-exempt interest income (includes a fifty-percent interest income exclusion on a loan to an Employee Stock Ownership Plan) and Bank-Owned Life Insurance ("BOLI") income. These tax benefits are offset by the tax effect of stock-based compensation expense related to incentive stock options 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.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009 the FASB issued new guidance impacting FASB ASC 860, Transfers and Servicing ("ASC 860") (Formerly SFAS No. 166, Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140). This new standard amends derecognition guidance and eliminates the concept of qualifying special-purpose entities. The new standard was effective on January 1, 2010. The adoption of this standard did not have a material impact on our Consolidated Financial Statements.

In June 2009, the FASB issued new guidance impacting FASB ASC 810-10, Consolidation (Formerly SFAS No. 167, Amendments to FASB Interpretation No. 46(R)). The new standard amends previous guidance to replace the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (i) the obligation to absorb losses of the entity or (ii) the right to receive benefits from the entity. The pronouncement was effective January 1, 2010 and we have determined that adoption of the new standard did not have a material impact on our Consolidated Financial Statements.

In January 2010, the FASB issued an update (Accounting Standards Update No. 2010-06, Improving Disclosures about Fair Value Measurements) impacting FASB ASC 820, Fair Value Measurements and Disclosures. The update provides clarification regarding existing disclosures and requires additional disclosures regarding fair value measurements. Specifically, the guidance now requires reporting entities to disclose the amounts of significant transfers between levels and the reasons for the transfers. In addition, the reconciliation should present separate information about purchases, sales, issuances and settlements. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value. The new standard is effective for reporting periods beginning after December 15, 2009 except for disclosures about purchases, sales, issuances and settlements which is not effective until reporting periods beginning after December 15, 2010. There was no transfer into or out of Level 1 or Level 2 of the fair value hierarchy in the first quarter of 2010. Adoption of the not yet adopted section of this guidance is not expected to have a material impact on our Consolidated Financial Statements.

In February 2010, the FASB issued an update (Accounting Standards update No. 2010-09, Subsequent Events, Amendments to Certain Recognition and Disclosure Requirements) impacting FASB ASC 855, Subsequent Events ("ASC 855"). This update addresses the conflict of requirements with the SEC's reporting requirements and clarifies the definition of "revised financial statements." Specifically, this update removes the "reviewed through date" disclosure requirements for companies deemed to be an SEC filer. The adoption of this guidance did not have a material impact on our financial statements.

RECENT LEGISLATION

On November 17, 2009 the Federal Reserve adopted a final ruling regarding Regulation E, otherwise known as Electronic Fund Transfer Act. This ruling limits our ability to assess fees for overdrafts on ATM or one-time debit transactions without receiving prior consent from our customers who have opted-in to our overdraft service. This act will become effective on July 1, 2010.

On April 13, 2010 the Board of Directors of the FDIC approved an interim ruling extending the Transaction Account Guarantee ("TAG") program to December 31, 2010 as well as allow the Board to use its discretion to extend the program to the end of 2011 without additional rulemaking if economic conditions warrant such an extension. We have chosen to participate in the extension program.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Incorporated herein by reference from Item 2, 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 Rules 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), our principal executive officer and the 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 and Exchange Commission's rules and forms and is accumulated and communicated to our management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

(b) Changes in internal control over financial reporting. During the quarter under report, 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.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not engaged in any legal proceedings of a material nature at March 31, 2010. From time to time, we are party to legal proceedings in the ordinary course of business which enforces its security interest in loans.

Item 1A. Risk Factors

Our management does not believe there have been any material changes to the risk factors previously disclosed under Item 1A. of the Company's Form 10-K for the year ended December 31, 2009, previously filed with the Securities and Exchange Commission.

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

There were no shares repurchased during the quarter ended March 31, 2010.

Item 3. Defaults upon Senior Securities

Not applicable

Item 4. [Reserved]

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

(a) Exhibit 31.1 – Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(b) Exhibit 31.2 – Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(c) Exhibit 32 – Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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:	May 10, 2010	/s/ Mark A. Turner Mark A. Turner President and Chief Executive Officer
Date:	May 10, 2010	/s/ Stephen A. Fowle Stephen A. Fowle Executive Vice President and Chief Financial Officer

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