

**WSFS Financial Corporation [WSFS]
1Q 2026 Earnings Conference Call
Friday, April 24, 2026, 1:00 PM ET**

Company Participants:

Rodger Levenson; Chairman, President and Chief Executive Officer
David Burg; Executive Vice President, Chief Financial Officer

Analysts:

Manuel Navas; Piper Sandler & Co.
Russell Gunther; Stephens Inc.
Janet Lee; TD Cowen
Charles Driscoll; Keefe, Bruyette, & Woods, Inc.
Christopher Marinac; Brean Capital, LLC

Presentation:

Operator: Hello everyone, and thank you for joining us, and welcome to WSFS Financial Corporation First Quarter Earnings Call. [Operator Instructions] I'd now like to turn the call over to your host for today, Mr. David Burg, Chief Financial Officer. Sir, you may begin.

David Burg: Thank you very much. Good afternoon, and thank you, everyone, for joining our first quarter 2026 earnings call. Our Earnings Release and Earnings Release Supplement, which we will refer to on today's call, can be found in the Investor Relations section of our company website. With me on this call is Rodger Levenson, Chairman, President and CEO.

Prior to reviewing our financial results, I would like to read our Safe Harbor statement. Our discussion today will include information about our management's view of future expectations, plans, and prospects that constitute forward-looking statements. Actual results may differ materially from historical results or those indicated by these forward-looking statements due to risks and uncertainties, including, but not limited to, the risk factors included in the annual report on Form 10-K and our most recent quarterly reports on Form 10-Q, as well as other documents we periodically file with the SEC. All comments made during today's call are subject to the Safe Harbor statement.

I will now turn to our financial results. WSFS had a strong start to 2026, continuing to demonstrate the strength of our franchise and diverse business model. Our first quarter results included a core EPS of \$1.68, core ROA of 1.65% and core return on tangible common equity of 20.7%, which are all up versus the prior quarter and prior year.

On a year-over-year basis, core net income increased 35% and core PPNR increased 10%, resulting in core EPS growth of 49% and tangible book value per share growth of 15%. These results include the previously disclosed loan recovery of \$15.7 million. Excluding this recovery, core EPS was \$1.45, which is up 28% year-over-year, and core ROA was 1.43%, which is up 14 basis points year-over-year.

Core results for the first quarter exclude two items related to the sales of real estate properties as we continue to optimize our office footprint and bring more associates together in fewer locations. These items resulted in a \$2.2 million negative impact to net income and \$0.04 impact to EPS.

Net interest margin of 3.83% was flat linked quarter while absorbing the interest rate cuts that occurred in the fourth quarter. We continue to successfully reprice our deposits, and this margin reflects a reduction of 12 basis points in total client deposit costs to 1.33%. Our interest-bearing deposit beta was 46% for the quarter, an increase relative to the prior quarter.

Core fee revenue, which represents nearly a third of total revenue, grew 11% year-over-year. This was driven by broad-based growth across our fee businesses and led by Wealth and Trust, which grew 25% year-over-year.

Within Institutional Services, Corporate Trust, which performs trustee and agency services for mortgage-backed and asset-backed securitizations, and Global Capital Markets, which performs trustee and agency services for distressed debt and bankruptcies were each up over 40% year-over-year as we continue to win new mandates and capture market share.

The Bryn Mawr Trust company of Delaware, our personal trust business, also delivered very strong year-over-year growth of 27%, driven by continued new account and client growth.

In addition to Wealth and Trust, we also had other businesses that delivered strong double-digit growth, including Capital Markets within our Commercial division and Mortgage Banking. Cash Connect[®] fees declined quarter-over-quarter due to the impact of interest rate cuts and lower volumes, but the business delivered a strong profit margin of 15%, more than doubling its profit margin year-over-year.

Client deposits increased 5% linked quarter, driven by growth in Commercial and Trust. While some deposits in both of these businesses are transactional and maybe short term, we continue to see solid momentum. On a year-over-year basis, our deposits are up over 9%, driven by growth across Trust, Commercial, and Private Wealth Management. Importantly, noninterest deposits grew 14% linked quarter and now represent 34% of our total deposits, up from 29% in the first quarter of last year.

Gross loans were up slightly linked quarter. In Commercial, strong momentum in C&I lending was partially offset by elevated payoffs in commercial mortgages. Annualized C&I growth was 7% linked quarter, driven by robust fundings. We also saw strong momentum in Small Business Banking, which had annualized growth of 11% linked quarter.

In Consumer, despite seasonal trends, we continue to see solid originations in Residential Mortgage, which were up over 70% year-over-year. Residential mortgage and WSFS originated consumer loans had annualized growth of 3% linked quarter and are up 14% year-over-year.

Turning to asset quality. We saw meaningful improvement across delinquencies and problem assets. Delinquencies are down 32% year-over-year, and problem assets are down 26% year-over-year. Nonperforming assets, which are down 25% year-over-year, increased linked quarter driven by two loans, a C&I loan and a multifamily loan, both of which are well secured.

Net recoveries for the quarter were \$3.5 million as the previously disclosed \$15.7 million recovery more than offset the charge-offs. Excluding the impact of this recovery, net charge-offs were \$12.2 million, which is a 19% decrease from the prior quarter.

During the quarter, we continued to execute on our capital return framework and returned \$94 million of capital, including \$85 million in buybacks, which equates to 2.5% of our outstanding shares. Since the beginning of 2025, WSFS has repurchased approximately 12% of our outstanding shares.

In addition, the Board approved an 18% increase in the quarterly dividend to \$0.20 per share, along with an additional share repurchase authorization of 15% of our outstanding shares as of quarter end. This brings our total authorization to 19% of outstanding shares, reflecting our intention to continue to execute on our capital return framework and maintain an elevated level of buybacks in line with our previously communicated targets and framework.

As shown on Slide 11 of the Supplement, we updated our annual Outlook for net charge-offs as a result of the recovery. Our new Outlook is now 25 to 35 basis points for the year, down from the previous Outlook of 35 to 45 basis points. As part of our typical process, we will provide an updated full year Outlook when we present our 2Q results in July. We're pleased with these results to start the year, and we remain committed to delivering high performance. We will now open the line for questions.

Questions & Answers:

Operator: *[Operator Instructions] Russell Gunther, Stephens, Inc.*

Russell Gunther: I'd like to start on the deposit growth, please, and if we could touch on just the overall sustainability. Would love to get some incremental color in terms of the Wealth and Trust vertical, maybe just parsing the drivers of growth here between the impact of market share gains versus the comment some of this is short term and transactional in nature?

David Burg: Yes. Sure, Russell. Happy to address that. Thanks for the question. So, as you know, as you saw, our deposit growth was very strong this quarter. And as we noted in our remarks, we did have some elevated transactional deposits at the end of the quarter, and those were both in Commercial and Trust. Having said that, we do feel like we continue to have momentum across these businesses and continue to have momentum in our deposit growth.

Certainly, would not take this quarter and extrapolate it out in terms of the growth rate for the year. We're very pleased with the results, but not something that we feel is sustainable even though we feel like we're strategically well positioned.

When you look at our -- for example, when you look at the Trust business -- and by the way, 2/3 of the growth was really driven in Trust, you can think about it 1/3 in Commercial of those deposits. And when you think about our Trust business, it is a combination of both strong growth in the market as well as our ability to take share and grow faster than the market.

So, we are benefiting from strong market growth there, but in addition, continue to take share on top of that. I would also add, Russell, that -- yes, I would just add one comment. We are -- I think it's worth calling out that we are seeing more deposit competition for sure, really across all the businesses. That's in Commercial and Consumer and so that pressure is going to continue to be there. But again, we feel like we're well positioned competitively.

Russell Gunther: Okay, excellent. And then my second question would just be to kind of parse your original 2026 guide where you have three rate cuts embedded in there, the environment looking more like probably none. So, could you just maybe sensitize to that and walk us through some of the puts and takes? Obviously, a bit of an asset-sensitive position on the margin, maybe Cash Connect[®] overall profitability diminishes a bit, but what impact does removing those three cuts have on that ROA target of 1.40% plus or minus?

David Burg: Yes. So one is, as I mentioned, when we come out in July, as you know, the rates have been very volatile and the expectations have changed a lot, and we'll see what happens in the back half of the year. When we update our Outlook, we will certainly provide kind of a more clear picture. Clearly, the March cut didn't happen. And as you noted, we are asset-sensitive, so that does provide a little bit of a tailwind for us. What we have said in the past, what I had said is that generally kind of about 2 basis points per rate cut across the year was the cost to us of the rate cut. And so, I would expect the same the other way, but I think it is important to note, and I'll come back to my question on competition. We are seeing more deposit competition really across the board and more pricing competition and that's both in Commercial and Consumer across businesses. So, I think that's definitely something that's in the market.

We have a number of promotional products out there as we continue to try to grow clients and win market share. And so, putting that all together, we do have a bit of a tailwind because of not having the cuts, but there are also other puts and takes there. And so, putting that all together, I think the current rate where we're at is probably a good place to be. The other thing I would note is just as always in the first quarter, just because of the technical nature of the seasonality, just the NIM is always a bit higher.

Operator: Janet Lee, TD Cowen.

Janet Lee: So, the total loan growth was on a period-end basis was muted, but it looks like the commentaries around C&I utilization and pipelines are pretty strong, and a lot of that growth seems to have been offset by some CRE payoffs and partnership consumer loans. So, as you think about -- as we think about the loan growth in the coming quarters, how should we think about the cadence of partnership consumer loan runoffs as well as the paydown impacts? Should we see a pickup in loan growth?

David Burg: Yes. So, I'll start off. So yes, exactly as you summarized it. I think we saw -- we're very happy and pleased with the fundings and the momentum that we have on the C&I side of the Commercial business, and I'll touch on both Commercial and Consumer. We -- especially if you look at it across the last two quarters, we had annualized growth in C&I of 7% this quarter. Last quarter, we had annualized growth of 15%. And when you look at the fundings across both of those quarters, they've been really strong and up materially over where they were a year ago. So, we feel good about the C&I momentum. And as you know, C&I is really our primary product with respect to commercial lending. That's where we want to lead with, that's the product that also delivers our deposit growth and the broader relationship as well as transactional activity. And so that is the product that we're very focused on.

So, when you look across the two quarters, we had good momentum. We had increased line utilization in both quarters, which is a good indication of client activity and the pipeline is pretty healthy. We are contending with a higher rate of payoffs in commercial real estate. Some of that has also helped our decline in problem assets. Some of them had lower yields and so we were happy to see those run off. But it's something that we will have to contend with as we're dealing with -- we are dealing with a bit of an elevated maturity pipeline with respect to commercial real estate.

And what I would add also with commercial real estate is, we are -- as we said before, we are primarily a recourse lender, and so we're very selective in how we do commercial real estate and the type of clients that we do business with. And so, we're really focused on accretive growth and not just growth for growth's sake. So, I think this is a pattern. The pattern that you're seeing this quarter is we were pleased with our momentum. There're certainly pockets where we'd like to see a little bit more growth, but overall, we feel good about the momentum. And for example, Small Business, which had an uneven year last year, also had a very solid quarter, 11% annualized growth. And so, we feel good about that, where we are.

Rodger Levenson: Yes. This is Rodger, Janet. I would just add to that. I think over time, on the Consumer side, we -- the Spring EQ portfolio will continue to roll off consistent with what you saw this quarter. It may be impacted by rate cuts a little bit so there's a little bit of refi risk in that. But that's sort of, I think, a pretty good going rate of attrition there. I think our goal is and some of the progress that you've seen in our Home Lending business is to offset as much as possible of that growth and hopefully, over time, overcome that with our home lending products that we have. And then the Commercial business will operate exactly as David has said. We're obviously taking a very hard look at those maturing loans along the criteria that David outlined. Much of that is acquired loans. And we want to make sure that to the extent we're going to extend those loans or refinance those loans, they fit our overall criteria from an asset quality and return standpoint. So that's just a little bit of kind of longer picture of what you should see. C&I should be the primary driver and then hopefully, the growth of the home lending to offset the continued runoff of Spring.

Janet Lee: Got it. That's very helpful. And not to put words in your mouth, but if I were to interpret your prior commentary on net interest margin earlier, with no rate cuts, your earning asset yields would obviously benefit more, but you're expecting deposit costs to go up versus the 1.33% level in the first quarter. So that mitigates -- that results in a flattish NIM from here. Is that the right way to think about it?

David Burg: Yes. Janet, I wouldn't say necessarily go up. The way I would think about it is, as you know, with the rate cuts, we had -- we would have repricing in our loans and so our yields have been coming down, which we've been offsetting with our deposit decreases. So, in the absence of the rate cuts, we would see the stabilization in the loan yields. So, on the deposit pricing side, we've had good repricing, but what I was suggesting with my earlier comments is we have seen more price competition come into the market. And when you look at our deposit prices, whether that's the CD that we have, for example, flagship CDs at 3%, our money market product is also at 3%, we're definitely far away from the high point in the market. And we see many competitors who did not move in the last rate cut and some competitors that have held or increased their pricing in some of these products.

So, I think there's definitely more deposit competition in the market. We still have a little bit of a repricing tailwind from some of the maturing CDs that we have. But because our CDs have been shorter end -- shorter term, a lot of that repricing is already behind us. And so that's why, really, I said kind of the NIM environment -- there are puts and takes, but the NIM environment -- our NIM should be more or less stable other than that some of that first quarter seasonality with day count.

Operator: Christopher Marinac, Brean Capital, LLC.

Christopher Marinac: I wanted to ask about the capital plans. And curious if the regulatory changes that may be happening this year kind of would cause you to revisit that again as you continue to execute the authorization quarter-to-quarter?

David Burg: Yes, with respect to the buybacks, I guess I'll take you back to our framework that we laid out when we launched really the -- when we updated our buyback framework at the beginning of last year, and we said that we will be on a multiyear glide path returning capital towards a 12% CET1 target. And we said that we would approximately return about 100% of our net income, plus or minus. Some quarters a little bit more, some quarters a little bit less, and that's generally -- when you look at the last five quarters, that's really generally where we've been.

When we think about capital return in general, it's -- obviously our number one priority is to invest in the business, and we want to continue to grow the business. We feel good about our growth prospects, and we continue to invest in our businesses. And when we think about capital return, we look at both -- we look at a couple of different considerations there. One is the regulatory ratios, and the other ones are also rating agency ratios. So, for example, we look at -- in addition to CET1, we also look at TCE. We look at our AOCI volatility and rate volatility. And so, we want to manage all of those factors to ensure that we have the right view on excess capital and our glide path.

And so that's why those are really the drivers behind why we tend to stick around 100% because of those factors. We saw more interest rate volatility in the last quarter, and you saw a little bit of pressure on our TCE, and that's an example of the kind of things that we're carefully monitoring.

With respect to the capital changes, we've -- obviously, this is in comment period. And so, we'll see how the final rules shake out. But we feel like it will have some incremental capital to us on the regulatory side because of the risk weightings and changes to assets, based on our preliminary modeling maybe a 4% to 5% benefit to capital. But again, that's on the risk-weighted side. And we look at multiple capital ratios and multiple indicators including our total capital to assets and those types of metrics. So, we're going to weigh all of that, but that could potentially provide a little bit more capacity.

Christopher Marinac: Great, David. That's very helpful. And I guess kind of a related question. I mean, as you sort of have the ability to be picky about the new loans that you do, have kind of your internal thresholds for return gone up over the past several quarters in terms of what would be acceptable versus not acceptable for a new credit?

David Burg: I would say, Chris, no necessarily changes in our thresholds. We do look at -- I think what's really important to us is looking at the relationship pricing altogether rather than thinking about loans on a transactional level. And so, we put all of that into the mix. The deposits are obviously a big part of that, other fee activity are a big part of that. And we're certainly not -- we're not the low price point in the market. And so, we think about credit, we think about relationship pricing, and those are the things that drive our hurdle.

Operator: Manuel Navas, Piper Sandler.

Manuel Navas: On the Corporate Trust side and the Global Capital Markets side, those 40% great revenue quarters up year-over-year, is there some better way to track that? How should we think about that going forward? You said that this is a great quarter, not all of them can be this great, but how should we think about those businesses over the course of the whole year?

David Burg: Yes. So yes, those two businesses are essentially what comprises our Institutional Services business. The -- as you know, the Corporate Trust business really focuses on ABS and MBS securitizations. The Capital Markets business focuses on distressed debt and bankruptcies, and we saw good momentum across both businesses. We've been -- there have been a couple of drivers behind that. When you look at -- we've been investing in headcount and technology across the businesses. And those businesses are very important; referrals and relationships are very important in those businesses. And we have developed over time, unique product expertise across those businesses. We have the ability to be innovative, we can respond faster to clients. And as we continue to do more work in those businesses, our reputation has really spread, and we continue to win other and new mandates. And so that's been a great trend.

In addition, our -- the strength of our balance sheet and our credit ratings, and as you know, we have three strong investment-grade ratings, those are also very important support factors for our ability to do these deals because clearly, this is about our ability to be there for the long term to be there as a trustee and a custodian of these assets. And the last point I would make is there have been strong market growth, particularly when you look at the asset-backed and mortgage-backed security market, the market growth there has been about 20% per year. And so, we have been able to ride that market. We've been able to actually win share and grow in excess of that growth rate, as you can see from the numbers, but we benefited from that market growth.

So certainly, we don't expect that market growth to continue at that rate. It may slow down to a more normalized growth rate, but we feel good about our ability to continue to win share.

Manuel Navas: Okay. I appreciate that. In terms of the loan growth potential, can you speak to customer sentiment beyond what's captured in the better pipelines that are up 35% and line utilization is up. But just kind of what -- how are your footprint thinking about what's going on in the environment? Or is it seems like it's business as usual?

Rodger Levenson: Manuel, it's Rodger. So you can imagine, been spending a fair bit of time out and about with our clients and prospects. And I would say generally that it's business as usual. I think all this volatility, including what's going on right now overseas, I think it's kind of set in that there's going to be some volatility and that businesses are kind of moving on, and they're investing and they're seeing opportunities to grow as a general statement. I would say, at the beginning of the year, some of our local businesses had some exposure to the weather. We had a pretty rough period of time there in the early part of the year, but we -- businesses have kind of moved past that.

And I'd say, generally, optimism is at a pretty reasonable level at this point. And I think you see that in not only the fundings, but some of the comments on our pipeline and other things. So, we feel good about that, supporting the overall C&I growth going forward.

Manuel Navas: I appreciate that commentary. Is there any opportunity to add talent, any talent that you feel like you need to add to keep that lending trajectory going?

Rodger Levenson: So, we're always interested, as David said, investing in the business and in the Commercial business, in particular, that's all about adding talent. And I think the bar for us, though, is very high. So, we're looking at people who can move books of business, have deep relationships in the market and are culturally consistent with us across the Commercial platform. Just as a reminder, an example of that last year, in the sort of right between the third and the fourth quarter, we hired the M&T Market President for the Greater Philadelphia and Delaware region, somebody we've known for a long period of time to join us and that was a significant pickup for us. And I think that's indicative of the fact that very well-known individual, proven person in the marketplace could have gone wherever pretty much I think he wanted to go, and he chose WSFS. And so, I think that shows that we're kind of the provider of choice for people who are at larger institutions who want to be part of something that has a balance sheet big enough to support larger customers with a product offering at a bigger bank, but in a much more nimble service-driven way. So, I would expect that we will see more talent like that coming to us over time as it has for as long as I can remember.

Operator: Charles Driscoll, Keefe, Bruyette, & Woods.

Charles Driscoll: This is Charlie on for Kelly Motta. Circling back on the capital priority question with the possible regulatory relief boosting capital and still meaningfully above your medium-term CET1 targets? And I understand you're already pretty aggressive on the buyback and with the premium valuation giving you optionality. Just wondering your updated thoughts on M&A here? If you're looking for a more traditional bank or something less traditional? Just anything there.

Rodger Levenson: So, no update, Charlie, on that topic. Clearly, we've talked about, we'd love to find opportunities, particularly in our fee businesses for investment, whether they're one-off talent or small acquisitions or potentially even something larger. I think our profile is growing in that space significantly, particularly the Wealth and Trust area. So, we'll continue to look for those opportunities.

In terms of whole bank, we think we have a great opportunity to execute on our Strategic Plan with the footprint that we have today focusing on this Greater Philadelphia and Delaware region, and a lot of headroom to grow in a very distracted large bank competitive set. That being said, if something came along that we think would be additive to that, we would certainly consider it, but the bar would be, I think, very high because we do think there's so much opportunity right in front of us. But we always keep our eyes open for those kinds of situations, but I would also just reiterate, we feel we can execute on our Strategic Plan by focus -- in the banking business by focusing on the organic growth opportunity right in front of us to take market share.

Charles Driscoll: Great. And then just on credit broadly, you booked a big recovery in the quarter. Maybe any inside baseball you can give on that specific credit? And any broader kind of commentary on what you're seeing in your portfolio? Is there any areas you're more concerned about or looking at more carefully?

David Burg: Yes, Charlie, I would say, on that specific credit, generally, we take a conservative posture with the way we look at our assets. This was -- as a reminder, this was a loan that was an acquired loan, not a loan that we originated and was kind of unique to our portfolio, but it was a loan to a fund that was invested in office real estate. We didn't have direct collateral -- we didn't have direct recourse to the collateral.

And so, we saw no value in that, and we took a full write-off, but there's a lot of liquidity in the market. And one indication of that liquidity was that the sponsor in this case was able to get a full refinancing of that loan, and we were able to get a full recovery¹. So, I think that's an indication of kind of the liquidity that we see in the market for some of these assets.

In terms of our overall portfolio, I think we feel good. As kind of I had outlined in our comments, there's always -- there're always potentially uneven deals in Commercial, but generally, when you look at the trend over the last five quarters, we've been trending down pretty much in all of our indicators, and that makes us feel good about our portfolio.

We gave you some disclosure around our NDFI portfolio, which is very small, about 3% of our assets, also very granular and distributed. We see no credit issues in that portfolio. There are no very -- almost no problem assets, no NPAs, charge-offs, or delinquencies there. And so, we feel good about our portfolio overall. Again, there's always one or two credits that could be specific problems, but nothing systemic that we're seeing overall and something we continue to monitor closely.

Operator: And with no further questions in queue, I would like to turn the conference back to David Burg.

David Burg: Okay. Thank you very much, everyone for joining the call today. If you have any specific follow-up questions, please reach out to Andrew at Investor Relations or me. Have a great day.

Operator: This concludes today's conference call. Thank you for attending. You may now disconnect.

¹ Recognized a recovery of \$15.7 million (against the first quarter 2025 charge-off of \$15.9 million) as well as the payoff of a \$2.5 million nonperforming loan.