

## **WSFS FINANCIAL CORPORATION**

### **AUDIT COMMITTEE CHARTER**

WSFS Financial Corporation has created a Committee of the Board of Directors to be known as the AUDIT COMMITTEE with its goals and objectives, composition, term of membership, meetings, and duties and responsibilities as follows:

#### **GOALS AND OBJECTIVES**

The primary goal of the Committee will be to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices of the holding company, WSFS, and all related subsidiaries. In addition, the Committee will:

- ◆ Oversee and appraise the quality of the audit effort of the Company's Internal Audit function and that of its independent auditors;
- ◆ Maintain, by scheduling regular meetings, open lines of communication among the Board, internal auditors, and the independent accountants to exchange views and information as well as confirm their respective authority and responsibilities; and
- ◆ Determine the adequacy of the Company's (including its Trust Division) administrative, operating, and internal accounting controls and evaluate adherence.

#### **COMPOSITION**

The Board of Directors shall annually elect the membership of the Audit Committee, upon the recommendation of the Lead Director, which will be comprised of a minimum of three outside directors, each of whom will be independent of senior management and operating executives of the holding company, WSFS, and all related subsidiaries, and free from any relationships which might in the opinion of the Board of Directors be construed as a conflict of interest. One of the members shall be elected chairperson of the Committee by the members of the Committee.

- ◆ Each member of the Audit Committee must be "Independent". An Audit Committee member is not allowed to accept any consulting, advisory or other compensatory fee, either directly or indirectly, from the company or an affiliate of the company, other than in the member's capacity generally as a director, including as a member of any Board committee.
- ◆ The Audit Committee must have at least one member, who is considered a "financial expert" as defined by the SEC or appropriate regulatory agency. The company will make the required public disclosures regarding the "financial expert".

#### **TERM OF MEMBERSHIP**

Each member of the Committee shall serve a term of one continuous year after election. The chairperson shall be elected annually by the members of the Committee, and no chairperson shall serve more than three consecutive years as chairperson of the Audit Committee. Exceptions to the above noted terms will require a formal approval process by the Board of Directors.

#### **MEETINGS**

The Committee will hold at least eight regular meetings each year. Four meetings will be held to review the Corporation's earnings and financial statements prior to their release to the public. Four additional meetings will be held to review the reports of the Internal Audit and Loan Review Departments, as well as other auditing or loan review matters.

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A meeting quorum requires that three Committee members be present at the meeting. Items requiring the approval of the Committee will require a majority vote by the Committee.

### **DUTIES AND RESPONSIBILITIES**

The Committee will hold its regular meetings each year, and such additional meetings as the Chairperson of the Committee shall require in order to meet the following duties:

- ◆ Review the annual audited financial statements with management, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements;
- ◆ Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
- ◆ Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- ◆ Review with management the Company's quarterly financial statements prior to the release of quarterly earnings;
- ◆ Review and reassess the adequacy of this Charter annually and submit it to the Board for approval;
- ◆ Responsible for the appointment, compensation, retention and oversight of the work of the independent public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other similar services for the company, and each such independent public accounting firm must report directly to the Audit Committee. Recommend to the full Board the appointment of the independent accountant for the coming year;
- ◆ Pre-approve all audit and non-audit services being provided by the independent accountants in accordance with the Audit Committee Pre-Approval Policy (a copy of this policy is attached). The company will make the required public disclosures regarding the pre-approval policies and procedures.
- ◆ Monitor the independence of the public accounting firm. This monitoring should include:
  - Prohibiting certain partners on the audit engagement team from providing audit services to the company for more than five or seven consecutive years, depending on the partner's involvement in the audit;
  - Prohibiting an accounting firm from auditing the company's financial statements if certain members of senior management (i.e., CEO, CFO, Controller, etc.) of the company had been members of the accounting firm's audit engagement team within the one-year period preceding the commencement of audit procedures; and

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- Reviewing that an audit partner's receipt of compensation based on the sale of engagements to the Company for services other than audit, review, and attest services would impair the accountant's independence.
- ◆ Ensure that members of the Committee have unrestricted access to the independent accountants (without management present) to review and discuss Corporate financial or other matters at such times and under such circumstances as the Committee may deem necessary or appropriate;
- ◆ Approve the scope of external audit services; review adjustments recommended by the independent public accountant and address disagreements between the independent public accountant and management; review documents required by this part, and meet with independent public accountants (without management present) prior to the filing of reports upon completion of the audit services;
- ◆ Receive confirmation from the independent accountants that an external audit is conducted in compliance with statutory requirements;
- ◆ Review and approve the audit plan of the independent accountants;
- ◆ Review and approve the audit plan of the Internal Audit Department;
- ◆ Oversee the internal audit function, approve the selection, compensation, and termination of the Corporate Auditor; approve the scope of internal audits to assure regular testing of the systems and controls associated with preparing financial reports, trust audit activities, complying with laws and regulations, and preventing management from overriding the internal control system or compromising the control environment.
- ◆ Evaluate the effectiveness of both the internal and external audit effort through regular meetings with each respective group;
- ◆ Determine that no management restrictions are being placed upon either the internal or external auditors;
- ◆ Review the adequacy of internal controls and management's handling of identified SOX material inadequacies and reportable conditions in the internal controls over financial reporting, trust audit activities, and compliance with laws and regulations;
- ◆ Evaluate the adequacy of the Company's internal accounting control system by review of written reports from the internal and external auditors, and monitor management's response and actions to correct any noted deficiencies;
- ◆ Review the annual FDIC report and USAP reports for residential mortgages and reverse mortgages;
- ◆ Review reports issued by outside consultants regarding internal control (i.e., Canaudit Penetration Audit Reports, SAS-70 Reports, etc.);

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- ◆ Review quarterly written reports issued by the Loan Review & Risk Management Department including reports issued by outside consultants (i.e., Ardmore Banking Advisors, etc.) regarding such items as Risk Assessment, Credit Quality and Credit Administration;
- ◆ Review quarterly written reports issued by the Enterprise Risk Management (ERM) Committee regarding their activities and any significant risk management issues.
- ◆ Review the Corporate-wide ERM assessment which is updated and distributed each year.
- ◆ Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal control or auditing matters, including procedures for the confidential, anonymous submission by Associates of the company of concerns regarding questionable accounting, internal control or auditing matters;
- ◆ Ensure compliance with all applicable statutes and regulations setting forth duties, responsibilities and obligations for Audit Committees contained in the FDIC Improvement ACT (FDICIA) of 1991 and the Securities and Exchange Commission (SEC) – Blue Ribbon Committee Recommendations on Improving the Effectiveness of Audit Committees;
- ◆ Ensure that there are no members of the Committee who are not independent as required by applicable regulation;
- ◆ Ensure that members of the Committee have the expertise required by applicable regulation; that the Committee has the authority to engage independent counsel and other advisors, as it determines necessary to carry out its duties. The company must provide appropriate funding to pay the independent counsel or advisors, as well as the independent accountants;
- ◆ Review all regulatory reports, including SEC comment letters, submitted to the Company and monitor management's response to them;
- ◆ Require periodic reports from management, the independent accountants, and internal auditors on any significant proposed regulatory, accounting, or reporting issue to assess the potential impact upon the Company's financial reporting process;
- ◆ Receive periodic reports from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the Audit Committee, report to the Board that the Committee has taken the appropriate action to satisfy itself of the independence of the auditor;
- ◆ Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit;
- ◆ Review with the independent auditor any management letter provided by the auditor and the Company's response to that letter;

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- ◆ Obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934 (i.e., discovery and reporting of illegal acts) has not been implicated;
- ◆ Review and approve all significant accounting changes;
- ◆ Review and approve the Information Data Security Policy annually;
- ◆ Review the annual report regarding related party transactions and director independence. The Audit Committee is provided a copy of this report for informational purposes. The Executive Committee of the Board of Directors approves this annual report;
- ◆ Review and approve the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement;
- ◆ Review an annual tax presentation prepared by management. This presentation is a general presentation on such topics as possible Corporate tax strategies, significant changes in tax laws or tax accounting regulations, etc. Any significant changes to the Corporation's tax provision would be discussed during the review of the quarterly earnings prior to the press release;
- ◆ Identify and direct any special projects or investigations deemed necessary;
- ◆ Offer to meet with the Chief Financial Officer, the Senior Internal Audit Executive, the Loan Review Manager and the independent auditor in separate executive sessions at any time, upon their request;
- ◆ Hold executive sessions with only Audit Committee members present;
- ◆ Execute any duties or responsibilities which have been delegated to the Committee by the full Board of Directors (i.e., review of the IRR Compliance Reports, Suspicious Activity Reports, and the Annual Report of the Security Officer, etc.);
- ◆ Shall maintain minutes and other relevant records of their meetings and activities. Such minutes shall be made available for review by the FDIC, SEC and the appropriate federal banking agency;
- ◆ A report regarding the agenda items for all Audit Committee meetings will be made to the Board of Directors of the Corporation.

### **CERTIFICATIONS**

- ◆ Management must report to the Audit Committee that the quarterly and annual certifications required by Section 302 and the annual internal control report required by Section 404 of the Sarbanes-Oxley Act have been completed, and any material weaknesses or significant control deficiencies have been reported to the Committee.

In carrying out their responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order that it be able to react to changing conditions and the environment, and to assure the directors and shareholders that the corporate accounting and

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reporting practices of the Corporation are in accordance with all requirements and are of the highest quality. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is the responsibility of management and the independent auditor to determine that the Company's financial statements are complete and accurate and are in accordance with Generally Accepted Accounting Principles (GAAP).

Approved this twenty-third day of October, 2008.

Last amended 10/23/08