

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 office, 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 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 Chairman, 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.

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
 - 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;
- ◆ Ensure 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 internal auditors; approve the scope of internal audits to assure regular testing of the systems and controls associated with preparing financial reports, 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 material inadequacies and reportable conditions in the internal controls over financial reporting 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;
- ◆ Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including procedures for the confidential, anonymous submission by Associates of the company of concerns regarding questionable accounting 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 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, recommend that the Board take 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;
- ◆ 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 report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement;
- ◆ Identify and direct any special projects or investigations deemed necessary;
- ◆ Offer to meet with the Chief Financial Officer, the Senior Internal Auditing Executive and the independent auditor in separate executive sessions at any time, upon their request;
- ◆ 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.
- ◆ Submit minutes of all meetings of the Audit Committee 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 (when effective) of the Sarbanes-Oxley Act have been completed, and any material concerns or 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 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).

*Audit Committee Pre-Approval Policy for
Services Provided by Independent Accountants*

I. STATEMENT OF PRINCIPLES

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services do not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will annually review and pre-approve the services that may be provided by the independent auditor without obtaining specific pre-approval from the Audit Committee. The Audit Committee will revise the list of general pre-approved services from time to time, based on subsequent determinations. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

II. DELEGATION

The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

It is the Audit Committee's policy to pre-approve all audit and non-audit services prior to the engagement of the Company's independent auditor to perform any service. Under certain circumstances, management is authorized to spend up to 5% of the total audit fees as approved by the Audit Committee in the Engagement Letter without obtaining any additional approval. These additional fees are reported to the Audit Committee on a timely basis. Additional audit fees ranging from 5% to 10% of the total audit fees as approved by the Audit Committee in the Engagement Letter require the pre-approval of the Chairman of the Audit Committee. These additional fees are reported to the other Committee members on a timely basis. Additional audit fees which exceed 10% of the total audit fees as approved by the Audit Committee in the Engagement Letter require the pre-approval of the full Audit Committee.

III. AUDIT SERVICES

The annual Audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

In addition to the annual Audit services engagement specifically approved by the Audit Committee, the Audit Committee may grant general pre-approval for other Audit services, which are those services that only the independent auditor reasonably can provide. The Audit Committee has pre-approved the Audit services listed in Appendix A. All other Audit services not listed in Appendix A must be specifically pre-approved by the Audit Committee.

IV. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor, and has pre-approved the Audit-related services listed in Appendix B. All other Audit-related services not listed in Appendix B must be specifically pre-approved by the Audit Committee.

V. TAX SERVICES

The Audit Committee believes that the independent auditor can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee has pre-approved the Tax services listed in Appendix C. All Tax services involving large and complex transactions not listed in Appendix C must be specifically pre-approved by the Audit Committee.

VI. ALL OTHER SERVICES

The Audit Committee may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, and would not impair the independence of the auditor. The Audit Committee has pre-approved the All Other services listed in Appendix D. Permissible All Other services not listed in Appendix D must be specifically pre-approved by the Audit Committee.

A list of the SEC's prohibited non-audit services is attached to this policy as Exhibit 1. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

VII. PRE-APPROVAL FEE LEVELS

Pre-approval fee levels for all services to be provided by the independent auditor will be established annually by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

VIII. PROCEDURES

Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Chief Financial Officer or Controller or Corporate Auditor, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

Appendix A

Pre-Approved Audit Services For Fiscal Year

Dated:

<u>Service</u>	<u>Range of Fees</u>
Statutory audits or financial audits for subsidiaries or affiliates of the Company	
Services associated with SEC registration statements, periodic reports and other documents filled with the SEC or other documents issued in connection with securities offerings (e.g., comfort letters, consents), and assistance in responding to SEC comment letters	
Consultations by the Company’s management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under SEC rules, some consultations may be “audit-related” services rather than “audit” services)	

Appendix B

Pre-Approved Audit-Related Services for Fiscal Year

Dated:

<u>Service</u>	<u>Range of Fees</u>
Due diligence services pertaining to potential business acquisitions/dispositions	
Financial statement audits of employee benefit plans	
Agreed-upon or expanded audit procedures related to accounting records required to respond to or comply with financial, accounting for regulatory reporting matters	
Internal control reviews and assistance with internal control reporting requirements	
Consultations by the Company’s management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the SEC, FASB, or other regulatory or standard setting bodies (Note: Under SEC rules, some consultations may be “audit-related” services rather than “audit” services)	
Attest services not required by statute or regulation	

Appendix C

Pre-Approved Tax Services for Fiscal Year

Dated:

<u>Service</u>	<u>Range of Fees</u>
U.S. federal, state and local tax planning and advice	
U.S. federal, state and local tax compliance	
Review of federal, state, local and income, franchise, and other tax returns.	

Appendix D

Pre-Approved All Other Services for Fiscal Year

Dated:

<u>Service</u>	<u>Range of Fees</u>

Exhibit 1

Prohibited Non-Audit Services

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions for contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Broker-dealer, investment advisor or investment banking services
- Legal services
- Expert services unrelated to the audit