

ESSA BANCORP, INC.
AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee of the ESSA Bancorp, Inc. (the “Company”) is established by the Board of Directors for the primary purpose of assisting the Board in:

- overseeing the integrity of the Company’s financial statements,
- overseeing the Company’s compliance with legal and regulatory requirements,
- overseeing the independent registered public accounting firm’s qualifications and independence,
- overseeing the performance of the Company’s internal audit function and independent internal auditing firm, and
- overseeing the Company’s system of disclosure controls and system of internal controls over financial reporting.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Audit Committee should also provide an open avenue of communication among the independent registered public accounting firm, financial and senior management, the internal auditing function, and the Board of Directors.

The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for compensation to the independent registered public accounting firm and to any advisers that the audit committee chooses to engage.

The Audit Committee will report regularly to the Board of Directors regarding the execution of its duties and responsibilities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm.

II. COMPOSITION AND MEETINGS

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors (as defined by all applicable rules and regulations, including Section 10A(m)(3) of the Securities Exchange Act of 1934 and the listing standards of the Nasdaq), and free from any relationship (including disallowed compensatory arrangements) that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement, and one person shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience. The board shall determine whether at least one member of the Committee qualifies as an "audit committee financial expert" in compliance with the criteria established by the Securities and Exchange Commission (the "SEC") and other relevant regulations. The existence of such member, including his or her name and whether or not he or she is independent, shall be disclosed in periodic filings as required by the SEC.

The members of the Committee shall be elected by the Board and shall serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The entire Committee or any individual Committee member may be removed without cause by the affirmative vote of a majority of the Board of Directors. Audit committee members shall not simultaneously serve on the audit committee of more than two other public companies.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Each regularly scheduled meeting shall conclude with an executive session of the Committee absent members of management and on such terms and conditions as the Committee may elect. As part of its job to foster open communication, the Committee should meet periodically with management, the director of the internal auditing function and representatives of the independent registered public accounting firm in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports/Accounting Information Review

1. Review this Charter periodically, and recommend to the Board of Directors any necessary amendments as conditions dictate.
2. After review with management and the independent registered public accounting firm, recommend to the Board whether the annual financial statements should be included in

the Annual Report on Form 10-K. Review with financial management and the independent registered public accounting firm the Quarterly Reports on Form 10-Q prior to their filing (or prior to the release of earnings).

3. Review earnings press releases with management, including review of “pro-forma” or “adjusted” non-GAAP information.

4. Review the regular internal reports (or summaries thereof) to management prepared by the internal auditing department and management’s response.

Independent Registered Public Accounting Firm

5. Appoint, compensate, and oversee the work performed by the independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. Review the performance of the independent registered public accounting firm and remove the independent registered public accounting firm if circumstances warrant. The independent registered public accounting firm shall report directly to the audit committee and the audit committee shall oversee the resolution of disagreements between management and the independent registered public accountants in the event they arise. Consider whether the independent registered public accounting firm’s performance of permissible non-audit services is compatible with the auditor’s independence.

6. Review with the independent registered public accounting firm any problems or difficulties and management’s response, review the independent registered public accounting firm’s attestation and report on management’s internal control report, and hold timely discussions with the independent registered public accounting firm regarding the following:

- all critical accounting policies and practices;
- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm;
- other material written communications between the independent registered public accounting firm and management including, but not limited to, the management letter and schedule of unadjusted differences;
- an analysis of the auditor’s judgment as to the quality of the Company’s accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements; and
- any other matters as required by GAAP or the PCAOB.

7. At least annually, obtain and review a report by the independent registered public accounting firm describing:

- the firm’s internal quality control procedures;

- any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, including the PCAOB, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- to assess the auditor's independence, all relationships between the independent registered public accounting firm and the Company.

8. Review and pre-approve both audit and non-audit services to be provided by the independent registered public accounting firm (other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the audit committee at its next regularly scheduled meeting. The committee may also adopt policies and procedures for the pre-approval of audit and permissible non-audit services.

9. When circumstances warrant, conduct a search and engage the services of a new independent registered public accounting firm. The independent registered public accounting firm shall meet the Independence Standards established by the American Institute of Certified Public Accountants (AICPA), the SEC and the Public Company Accounting Oversight Board (PCAOB). The firm must be registered with the PCAOB. The managing partner shall be rotated every five years.

Financial Reporting Processes and Accounting Policies

10. In consultation with the independent registered public accounting firm and the internal auditors, review the integrity of the organization's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls).

11. Review with management major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

12. Review and approve all related party transactions as required by Nasdaq.

13. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting, or auditing matters.

14. Establish and maintain procedures for the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.

Internal Audit

15. Appoint, compensate, and oversee the work performed by the internal audit. Review the performance of the internal audit firm and remove the internal audit firm if circumstances warrant. The internal audit firm shall report directly to the audit committee and the audit committee shall oversee the resolution of disagreements between management and the internal audit firm in the event that they arise.

16. Periodically review with the internal audit firm any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

17. Periodically review with the independent internal auditing firm and management, the budget, staffing, and responsibilities of the internal audit function.

Legal Compliance, and Risk Management

18. Review, with the organization's counsel, as appropriate any legal matter that could have a significant impact on the organization's financial statements.

19. Discuss policies with respect to risk assessment and risk management. Such discussions should include the Company's major financial and accounting risk exposures and the steps management has undertaken to control them.

Other Responsibilities

20. Review with the independent registered public accounting firm, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

21. Review the report that the SEC requires be included in the Company's annual proxy statement.

22. Periodically perform a self-assessment relative to the Audit Committee's purpose, duties and responsibilities outlined herein.

23. Perform any other activities consistent with this Charter, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Adopted as of February 26, 2013