

POLICY REGARDING DIRECTOR INDEPENDENCE

It is the policy of Dime Community Bancshares, Inc. (the “Company”) that the Board exercises its judgment in the best interests of the Company and its shareholders. In furtherance of this principle, a majority of Directors are required to be independent as that term is defined in applicable law, rules and regulations. The Board will examine the independence of its members at least annually and at any additional time that a Director’s affiliations change materially. Directors shall promptly report changes in their independence-related relationships to the Board.

The Board will use the following guidelines in determining whether Directors are independent. The Board may additionally consider any other relevant facts or circumstances.

- Independent Director means a person other than (i) an executive officer or employee of the Company or its subsidiaries, or (ii) any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in performing the responsibilities of a Director. The following individuals shall not be considered independent:
 - A Director who is, or at any time during the previous three years was, employed by the Company or any of its subsidiaries;
 - A Director who accepted, or who has a Family Member who accepted, any compensation from the Company or a subsidiary in excess of \$100,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
 - compensation for Board or Committee service;
 - compensation paid to a Family Member who is a non-executive employee of the Company or any subsidiary; or
 - benefits under a tax-qualified retirement plan, or non-discretionary compensation.
 - A Director who is a Family Member of an individual who is, or at any time during the previous three years was, employed by the Company or any subsidiary as an executive officer.
 - A Director who is, or who has a Family Member who is, a partner in, or a controlling shareholder or executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the previous three fiscal years that exceeded 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is greater, other than the following:
 - payments arising solely from investments in the Company's securities; or
 - payments under non-discretionary charitable contribution matching programs.
 - A Director who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the previous three years any of the executive officers of the Company serve on the Compensation Committee of such other entity; or
 - A Director who is, or who has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the previous three years.
- Audit Committee members are subject to additional, more stringent requirements. In addition to those set forth above, in order to be considered independent, a member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board Committee:

- Accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company or any subsidiary, provided that, unless NASDAQ rules provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any manner upon continued service); or
 - Be an affiliated person of the Company or any subsidiary as that term is defined in applicable securities laws.
- “Family Member” means an individual’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home.
 - Independent Directors shall have regularly scheduled meeting at which only independent Directors are present.