

DIME COMMUNITY BANCSHARES, INC.

AUDIT COMMITTEE CHARTER

I. Purpose

The Audit Committee is appointed by the Board of Directors (the "Board") of Dime Community Bancshares, Inc. (the "Company") to assist the Board with respect to (1) oversight of the accounting and financial reporting processes and the audits of the Company's financial statements, (2) monitoring compliance by the Company with legal and regulatory requirements and internal controls, (3) monitoring the independence and performance of the Company's internal and independent auditors, and (4) maintaining an open means of communication among the independent auditor, senior management, internal auditors, and the Board.

II. Appointment and Composition

The members of the Audit Committee shall be appointed and, at its discretion, replaced, by the Board. The Committee will consist of a minimum of three directors. One member of the Audit Committee shall be appointed as Chair of the Committee by the Board. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings and making reports to the Board. Members of the Audit Committee, including its Chairperson, will serve one year terms or until their successors are appointed and qualified.

Each member of the Audit Committee shall meet the independence and experience requirements of the NASDAQ or such other securities exchange on which the Company's shares may be listed, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission. In any event, all of the members will be directors who:

1. Are not officers or employees of the Company or its subsidiaries;
2. Have no relationship with the Company that may interfere with the exercise of their independence from management and the Company; and
3. Are financially literate. At least one member of the Committee will have accounting or related financial management expertise.

III. Authority

The Audit Committee shall investigate or consider such matters within the scope of its responsibilities and duties as the Committee may, in its discretion, determine to be advisable. The Audit Committee shall have the authority to retain, at Company expense in an amount determined by the Committee, outside counsel, accountants or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee may form, and delegate authority to, subcommittees consisting of one or more members when appropriate, provided that any preapprovals of outside auditor work shall be presented to the full Audit Committee at its next scheduled meeting.

IV. Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee shall appoint, from its membership or otherwise, a secretary who shall cause to be kept written minutes of all meetings of the Committee. The Audit Committee may at any time adjourn to an Executive Session at which only members of the Audit Committee and invited guests may be present.

V. Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

1. Review and reassess the adequacy of this Charter annually and submit it to the Board for approval.
2. Review the audited financial statements, including the disclosures contained in management's discussion and analysis, and discuss them with management and the independent auditors. These discussions shall include the matters required to be discussed under Statement of Auditing Standards No. 61, as amended from time to time, and consideration of the quality of the Company's accounting principles as applied in its financial reporting, including a review of particularly sensitive accounting estimates, reserves and accruals, judgmental areas, audit adjustments, whether or not recorded, and other such inquiries as the Committee or the independent auditors shall deem appropriate. Based upon such review, the Committee shall make its recommendation to the Board as to the inclusion of the financial statements in the Company's Annual Report on Form 10-K.
3. Discuss with a representative of management and the independent auditors: (1) the interim financial information contained in the Company's Quarterly Report on Form 10-Q prior to its filing, (2) the earnings announcement prior to its release, if practicable, and (3) the results of the review of such information by the independent auditors. These discussions may be held with the Committee as a whole or with the Committee Chair in person or by telephone.
4. Review and discuss with the independent auditors:
 - All critical accounting policies and practices to be used;
 - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the implications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor;
 - Other material written communications between the auditor and management.

5. The Audit Committee shall have the sole authority to appoint or replace the independent auditor. The Audit Committee shall be directly responsible for the compensation, and oversight of the work, of the independent auditor, including the resolution of disputes between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Audit Committee.
6. Subject to certain exceptions permitted by the Exchange Act, pre-approve all audit and permitted non-audit services to be provided by the independent auditor, including the fees and terms thereof.
7. Obtain annually from the independent auditors a formal written statement delineating all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1; engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor; and, when determined to be necessary by the Audit Committee, take, or recommend that the Board take, appropriate action to oversee the objectivity and independence of the independent auditor.
8. Review the quality control procedures of the independent auditor.
9. Discuss with management, the internal auditor and the independent auditor the quality and adequacy of, and the compliance with, the Company's internal controls and any actions taken in response to material control deficiencies.
10. Oversee the internal audit function, including approving audit plans and scope, ascertaining the quality and independence of the internal audit staff, evaluating the senior internal auditing officer's performance and determining his/her compensation, reviewing the appointment and replacement of the senior internal auditing officer and reviewing significant findings and recommendations.
11. Meet with the independent auditor and senior internal auditing executive prior to the audit to review the planning and staffing of the audit to assure completeness of coverage, reduction of redundant efforts and effective use of audit resources.
12. Discuss with the independent auditor and the internal auditor their judgments as to:
 - The quality of the Company's internal and external financial reporting process;
 - The quality and appropriateness of the Company's accounting principles, particularly the degree of aggressiveness or conservatism of its accounting principles and underlying estimates; and
 - The clarity of the financial disclosure used in the financial statements.
13. Review with the internal auditor significant findings and recommendations reported to management by the internal auditor during the year and management's responses thereto.
14. Review with the independent auditor, management and the internal auditor any problems or difficulties encountered and any management letter provided by the independent auditor and the Company's response to that letter. Such review should include:

- Any difficulties or disputes with management encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
 - Any changes required in the planned scope of the audit.
15. Prepare the report required by applicable rules and regulations of the Securities and Exchange Commission and other applicable regulatory bodies for inclusion in the Company's annual proxy statement.
 16. Review, as necessary, with the Company's outside legal counsel or, at the Audit Committee's discretion, outside legal counsel of its choosing, legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies. Review with management and the internal auditor the Company's policies and procedures to ensure compliance with applicable laws and regulations.
 17. Meet at least annually with the chief financial officer, the senior internal auditing executive and the independent auditor in separate executive sessions.
 18. Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
 19. Meet periodically with management to review the Company's most significant financial risk exposures and the procedures management has enacted to monitor and control such risks.
 20. Review significant changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditor or management.
 21. Review the performance of the Committee annually.
 22. Consider the advisability of rotating the independent auditor.
 23. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters as well as the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
 24. Make regular reports to the Board at the meeting of the Board immediately following the meeting of the Audit Committee and at such other times as the Chair of the Audit Committee may deem appropriate, or at the request of the Board.
 25. Determine, and obtain payment by the Company of, the ordinary administrative expenses of the Committee necessary or appropriate to satisfy its duties.

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 generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Code of Business Ethics.