



## **Audit Committee Charter**

### **Audit Committee Purpose**

The Board of Directors of **BCB Community Bank** (the "Company") has established an Audit Committee to provide independent assistance to the Board of Directors in the oversight of:

- accuracy and integrity of the Company's financial statements
- compliance with legal and regulatory requirements
- external auditors appointment, remuneration, and independence
- the effectiveness of the Company's internal audit function
- the Company's accounting processes, controls and reporting
- the Company's audits

### **Membership**

The Audit Committee will consist of at least three members of the Board of Directors who meet the independence requirements of the Sarbanes Oxley Act 2002 and the relevant regulatory stock exchange authority. Members of the Audit Committee shall be considered independent as long as they do not accept any consulting, advisory or other compensatory fee from the Company or its subsidiaries. At least one member must meet the "financial expert" requirements of the Sarbanes Oxley Act 2002 and the other members must be financially literate.

The Board of Directors will appoint the members annually and may remove Audit Committee members at any time. The board will also appoint a member to act as Chairman.

## **Duties and Responsibilities**

### **Internal Control**

- Consider the effectiveness of the Company's internal control over annual and interim financial reporting, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over annual and interim financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Evaluate compliance with, and effectiveness of, the Company's administrative and operating policies and procedures, and accounting internal 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.
- Evaluate compliance with Board established lending policies and underwriting standards for loans by review of an internal audit report generated at least annually, which reviews a sample of loans originated or purchased during a period, affiliated person loans, and loans in excess of a certain dollar amount, determined by the Audit Committee.

### **Internal Audit**

- Review with management and the internal audit director the charter, plans, activities, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the internal audit director.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the director of internal audit to discuss any matters that the Audit Committee or internal audit believes should be discussed privately.

### **External Audit**

- Select, appoint, and set the remuneration of the external audit firm.
- Review, and discuss with management and the external auditor, the Company's quarterly and annual SEC filings prior to filing.
- Review the performance of the external auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services.
- Pre-approve permissible non-audit services.

### **Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the Code of Conduct to company personnel, and for monitoring compliance therewith; design and implement procedures for treating complaints regarding financial accounting, internal controls or auditing practices (whistle blowing) in a confidential and anonymous manner.
- Obtain regular updates from management and company legal counsel regarding compliance matters.

#### **Reporting Responsibilities**

- Regularly report to the Board of Directors about Audit Committee activities, issues and related recommendations.
- Provide a report on the implementation of Sarbanes Oxley and other regulatory requirements on a quarterly basis.
- Review any other reports the Company issues that relate to Audit Committee responsibilities.

#### **Other Responsibilities**

- Perform other activities related to this charter as requested by the Board of Directors
- Institute and oversee special investigations as needed.
- Confirm annually that all responsibilities outlined in the charter have been carried out.

#### **Meetings**

The Audit Committee will meet at least four times per year and hold ad-hoc meetings to discuss specific issues as necessary.

The Audit Committee shall maintain, as part of the Company's permanent records, written minutes of the proceedings and actions of the Audit Committee and shall make such reports to the Board as may be requested by the Board or its Chairman.

The Audit Committee is authorized to invite line management or other specialists to the meeting, in order to provide expert opinion or information in respect of issues being discussed.

#### **Authorities**

In order to undertake its activities, the Audit Committee is authorized to study and investigate any activity within the organization or its subsidiaries, and shall require all employees to co-operate fully with such investigations. The Audit Committee is also authorized to appoint any additional experts that it considers necessary in the completion of its duties.

**Review and Approval**

This Charter will be reviewed and assessed annually by the Audit Committee, and approved by the Board of Directors on an annual basis.

Date of Latest Approval by Audit Committee: February XX, 2011

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