

Investors Bancorp, Inc.

Charter of the Audit Committee of the Board of Directors

I. Purpose

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

- overseeing the integrity of Investors Bancorp's financial statements,
- overseeing Investors Bancorp's compliance with legal and regulatory requirements,
- overseeing the independent auditor's qualifications and independence,
- overseeing the performance of Investors Bancorp's internal audit function and independent auditor, and
- overseeing Investors Bancorp's system of disclosure controls and system of internal controls regarding finance, accounting, and legal compliance.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, Investors Bancorp's policies, procedures and practices at all levels. The Audit Committee should also provide an open avenue of communication among the independent auditors, 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. Additionally, the Audit Committee has the authority to obtain, at Investors Bancorp's expense, appropriate continuing education relevant to the performance of its duties.

Investors Bancorp shall provide appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor and to any advisers that the Audit Committee chooses to engage.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Charter. The Audit Committee will report regularly to the Board of Directors regarding the execution of its duties and responsibilities.

The Audit Committee, and each member of the Committee in his or her capacity as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements, or other information prepared or presented to them by (i) officers and other employees of Investors Bancorp or any affiliate, including Investors Savings Bank, whom such member believes to be reliable and competent in the matters presented, and (ii) counsel, public accountants or other persons as to matters which the member believes to be within the professional competence of such person.

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 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 SEC and other relevant regulations. The existence of such member, including his or her name, shall be disclosed in periodic filings as required by the SEC.

The members of the Committee shall be appointed by the Board and shall serve until their successors shall be duly appointed and qualified. Unless a Chair is appointed by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. A meeting may be called by the Chairperson of the Audit Committee or by majority of the members of the Committee. A majority of the members of the Audit Committee present in person or by means of a conference telephone or other communication equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. A majority vote of the Audit Committee members present at a meeting, if a quorum is present, shall constitute an act of the Audit Committee.

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 the independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee should meet quarterly with the independent auditors and management (including the director of internal audit) to discuss the annual audited financial statements or quarterly financial statements, including Investors Bancorp's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Committee shall create written minutes of its meetings. Following approval by the Audit Committee, the minutes shall be reported to the Board of Directors and shall be maintained with the books and records of the Audit Committee.

III. Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports/Accounting Information Review

1. Review this Charter periodically, at least annually, and recommend to the Board of Directors any necessary amendments as conditions dictate. In addition, the Audit Committee shall annually review the Audit Committee's own performance and present its evaluation to the Board.

2. Review and discuss with management Investors Bancorp's annual financial statements, quarterly financial statements, and all internal controls reports (or summaries thereof). Review other relevant reports or financial information submitted by Investors Bancorp to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the independent auditors (or summaries thereof).

3. Recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K. Review with financial management and the independent auditors the Form 10-Q prior to its filing (or prior to the release of earnings).

4. Review earnings press releases with management, including review of "pro-forma" or "adjusted" non-GAAP information.

5. Discuss with management financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).

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

Independent Auditors

7. Appoint, compensate, and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report or related work. Review the performance of the independent auditor and remove the independent auditors if circumstances warrant. The independent auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of disagreements between management and the independent auditor in the event that they arise. Consider whether the auditor's performance of permissible nonaudit services is compatible with the auditor's independence.

8. Review with the independent auditor the matters required to be discussed by Statement on Auditing Standards ("SAS") No. 61 relating to the conduct of the audit, including any problems or difficulties and management's response, review the independent auditor's

attestation and report on management's internal control report, and hold timely discussions with the independent auditor 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 auditor;
- other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences; and
- an analysis of the auditor's judgment as to the quality of Investors Bancorp's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.

9. At least annually, obtain and review a report by the independent auditor 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, 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
- the auditor's independence, and all relationships between the independent auditor and Investors Bancorp.

10. Review and pre-approve both audit and nonaudit services to be provided by the independent auditor (other than with respect to *de minimis* exceptions permitted under Section 10A of the Securities Exchange Act of 1934). This duty may be delegated to one or more designated members of the Audit Committee with any such preapproval 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 nonaudit services. Approval of nonaudit services shall be disclosed to investors in periodic reports required by Section 13(a) of the Securities Exchange Act of 1934.

11. Set clear hiring policies, compliant with governing laws or regulations, for employees or former employees of the independent auditor.

Financial Reporting Processes and Accounting Policies

12. In consultation with the independent auditor and the internal auditors, review the integrity of Investors Bancorp's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls).

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

14. Review analyses prepared by management (and the independent auditor as noted in item 8 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

15. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of Investors Bancorp.

16. Review and approve all related-party transactions.

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

18. Establish and maintain procedures for the confidential, anonymous submission by employees of Investors Bancorp or any affiliate, including Investors Savings Bank, regarding questionable accounting or auditing matters.

Internal Audit

19. Review and advise on the selection and removal of the internal audit director.

20. Review activities, organizational structure, and qualifications of the internal audit function.

21. Review reports prepared by the internal audit department and all responses provided by management for high-risk areas and for areas receiving less than generally satisfactory audit ratings.

22. Annually, review and recommend changes (if any) to the internal audit charter.

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

24. Periodically review with the independent auditor, the budget, staffing, and responsibilities of the internal audit function.

Legal Compliance, and Risk Management

25. Review, with Investors Bancorp's counsel, legal compliance matters including corporate securities trading policies.

26. Review, with Investors Bancorp's counsel, any legal matter that could have a significant impact on Investors Bancorp's financial statements.

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

Other Responsibilities

28. Review with the independent auditor, 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.

29. Prepare the report that the SEC requires to be included in Investors Bancorp's annual proxy statement.

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

31. Perform any other activities consistent with this Charter, Investors Bancorp's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

Adopted on April 18, 2006.