

CHARTER OF THE AUDIT COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
CHEVIOT FINANCIAL CORPORATION

The Board of Directors of Cheviot Financial Corporation hereby establishes its Audit Committee. The members of the Audit Committee shall be elected annually by the Board of Directors in connection with the annual meeting of the Board or by unanimous written consent of the Board of Directors in lieu thereof.

The Committee shall be composed of a minimum of three Directors, including a Chairperson. Each of the Committee members shall meet the independence requirements of the Nasdaq Stock Market, Inc. In accordance with Nasdaq requirements, all members of the Committee upon appointment or within a reasonable time after appointment to the Committee shall be “financially literate,” i.e., able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement and cash flow statement, and at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities.

The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of Management or others to attend meetings and provide pertinent information as necessary. The Committee shall keep written minutes of its meetings.

The purpose of the Audit Committee shall be to provide assistance to the Board of Directors of Cheviot Financial Corp. in fulfilling their responsibility to the shareholders with respect to oversight of the accounting and financial reporting practices, the quality and integrity of the financial reports, the adequacy of the internal control and risk management system, the effectiveness of the internal audit function, and the performance of the independent auditor of the Corporation and its subsidiaries.

The Audit Committee possesses and is hereby granted the power and authority of the Board of Directors over the foregoing and over the Corporation’s Financial Matters to the extent necessary to allow the Committee to carry out its purposes. The matters over which the Audit Committee has oversight authority include the following (collectively, referred to herein as “Financial Matters”):

- The quality, accuracy and integrity of the Corporation’s annual and quarterly financial statements, including footnotes and related disclosures.

- The quality, scope and procedures of the independent auditors' audits of the Corporation's financial statements.
- The quality, scope and procedures of the internal audit function of the Corporation and its subsidiaries.
- The quality, appropriateness and implementation of the Corporation's significant accounting policies.
- Audit conclusions respecting significant estimates and adjustments.
- The disclosure, treatment or resolution of any material weakness in financial reporting or controls or reportable conditions identified by Management, internal audit or the independent auditors.
- The quality, adequacy and appropriateness of the Corporation's internal financial control structures, including any circumstances in which such controls may be overridden or compromised.
- Disagreements among Management, internal audit or the independent auditors.
- The assessment of material risks or contingencies that may affect the Corporation's financial reporting including the risk of liability associated with litigation or noncompliance with law.
- Such other matters affecting the quality, integrity or accuracy of the Corporation's financial reporting as the Committee deems relevant to any of the foregoing matters.

Authority Respecting Independent Auditors

The independent auditors shall ultimately be accountable to the Board of Directors and the Audit Committee, as representatives of the shareholders and the Corporation's other constituencies. The Corporation shall not engage or dismiss its independent auditors without the action of the Audit Committee or the Board of Directors.

The Audit Committee shall take such action as it deems appropriate to ensure that the Corporation receives annually from the independent auditors a formal written statement, consistent with Independence Standards Board Standard 1, delineating all relationships between the auditors and the Corporation that may be deemed to affect the independence of the independent auditors, including any management consulting services provided, or proposed to be provided, by the independent auditors for the Corporation or any of its affiliates and the fees paid or proposed to be paid for such services. The Audit Committee shall meet at least annually with the independent auditors to engage in a

dialogue with the auditors with respect to any disclosed relationships or services that may affect the objectivity and independence of the auditors.

The Audit Committee has the following specific authority respecting the independent auditors:

- (a) In consultation with Management, to direct the engagement or dismissal of the independent auditors or to refer the engagement or dismissal of the independent auditors for action by the Board of Directors, with or without an affirmative or negative recommendation.
- (b) To assess any matter that may affect the independence of the independent auditors and the appearance of propriety of any such matter.
- (c) To direct the independent auditors to meet with the Audit Committee or the Board of Directors from time to time, separately or in the presence of Management or others, to discuss Financial Matters or to prepare and submit reports to the Committee respecting Financial Matters.
- (d) To take action to resolve any disagreement respecting accounting principles, the implementation or application of such principles or Financial Matters between Management and the independent auditors, or to refer such matters to the Board of Directors.

Authority Respecting the Internal Audit Function

The Audit Committee has the following specific authority respecting the internal audit function of the Corporation and its subsidiaries.

- (a) To review and concur in the appointment, replacement, reassignment or dismissal of the internal auditor.
- (b) To annually review the qualifications, objectivity and independence of the internal auditor. To review annually with management and the internal auditor the charter, plans, activities, staffing and organizational structure of the internal audit function.
- (c) To consider, in consultation with management and the internal auditor, the audit scope and plan of the internal auditor.
- (d) To review with management and the internal auditor regular internal audit reports to management as prepared by the internal auditor, including significant findings and management's responses to those findings, and the results of management's subsequent implementation of those findings as appropriate. Also inquire as to any difficulties encountered by internal audit

while performing the internal audit function, including any restrictions on the scope of internal audit's work or access to required information.

- (e) To regularly meet separately with the internal auditor to discuss any matters that the committee or internal audit believes should be discussed privately.
- (f) To take action to resolve any disagreement between Management and internal audit, or to refer such matters to the Board of Directors.

Authority Over Management Activities Relating to Financial Matters

The Audit Committee has the following specific authority over the activities of Management in Financial Matters:

- (a) To direct the Chief Financial Officer or other members of Management to meet with the Audit Committee or the Board of Directors from time to time, separately or in the presence of the independent auditors, or others, to discuss Financial Matters or to prepare and submit reports to the Committee respecting Financial Matters.
- (b) To assess the quality, adequacy and appropriateness of the accounting principles and policies implemented and applied by the Corporation and the quality, integrity and accuracy of the Corporation's financial reporting, and, in the Committee's discretion, from time to time or upon request, to approve or disapprove such principles or policies or to approve, disapprove or mandate any changes therein.

Investigations and Obtaining Advice

The Audit Committee has the authority to require investigations and to obtain advice respecting the Corporation's Financial Matters and the Committee's ability to exercise its authority, as the Committee deems necessary or appropriate. Without limiting the foregoing, the Committee has authority to direct Management, including the Corporation's legal counsel, the internal auditor, or the independent auditors to investigate any Financial Matters and related issues and to provide reports to the Committee respecting such investigation. The Committee has authority to meet with the Corporation's external general counsel, to obtain advice respecting the exercise of the Committee's authority and to direct such external counsel to investigate such legal issues relating to Financial Matters and to report to the Committee as the Committee deems necessary or appropriate. The Committee has authority to direct Management, on behalf of the Corporation, to engage independent advisors whom the Committee may designate to provide advice and guidance to the Committee respecting the exercise of its authority and issues relating to Financial Matters as the Committee deems necessary or appropriate, including, without limitation, independent legal counsel, and independent financial advisors which may include investment banking firms or accounting firms, other than the independent auditors. The Committee has authority to meet separately

with, and to receive private and, where appropriate, privileged, written or oral communications from any of such advisors.