

DIME COMMUNITY BANCSHARES INC  
Form 10-Q  
May 10, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

**For the quarterly period ended March 31, 2006**  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from to

Commission file number 0-27782

**Dime Community Bancshares, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or  
organization)

**11-3297463**  
(I.R.S. employer identification  
number)

**209 Havemeyer Street, Brooklyn, NY**  
(Address of principal executive offices)

**11211**  
(Zip Code)

**(718) 782-6200**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all the reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

LARGE ACCELERATED FILER  ACCELERATED FILER  NON-ACCELERATED FILER

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b>Classes of Common Stock</b>	<b>Number of Shares Outstanding at May 8, 2006</b>
\$.01 Par Value	35,880,269

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This Quarterly Report on Form 10-Q contains a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by use of words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "project," "should," "will," "would" and similar terms and phrases, including references to assumptions.

Forward-looking statements are based upon various assumptions and analyses made by Dime Community Bancshares, Inc. (the "Holding Company," and together with its direct and indirect subsidiaries, the "Company") in light of management's experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors (many of which are beyond the Company's control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These factors include, without limitation, the following:

- the timing and occurrence or non-occurrence of events may be subject to circumstances beyond the Company's control;
- there may be increases in competitive pressure among financial institutions or from non-financial institutions;
  - changes in the interest rate environment may reduce interest margins;
- changes in deposit flows, loan demand or real estate values may adversely affect the business of The Dime Savings Bank of Williamsburgh (the "Bank");

- changes in accounting principles, policies or guidelines may cause the Company's financial condition to be perceived differently;
  - changes in corporate and/or individual income tax laws may adversely affect the Company's financial condition or results of operations;
- general economic conditions, either nationally or locally in some or all areas in which the Company conducts business, or conditions in the securities markets or banking industry may be less favorable than the Company currently anticipates;
  - legislation or regulatory changes may adversely affect the Company's business;
  - technological changes may be more difficult or expensive than the Company anticipates;
- success or consummation of new business initiatives may be more difficult or expensive than the Company anticipates; or
- litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than the Company anticipates.

The Company has no obligation to update forward-looking statements to reflect events or circumstances after the date of this document.

**Item 1. Condensed Financial Statements (Unaudited)****DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(Dollars in thousands except share amounts)

	<b>March 31, 2006</b>	<b>December 31, 2005</b>
<b>ASSETS:</b>		
Cash and due from banks	\$28,510	\$40,199
Federal funds sold and short-term investments	68,650	60,014
Encumbered investment securities held-to-maturity (estimated fair value of \$456 and \$456 at March 31, 2006 and December 31, 2005, respectively)	455	455
Investment securities available-for-sale, at fair value		
Encumbered	2,499	13,062
Unencumbered	27,944	31,770
	30,443	44,832
Mortgage-backed securities available-for-sale, at fair value:		
Encumbered	145,478	191,093
Unencumbered	35,873	2,360
	181,351	193,453
Loans:		
Real estate, net	2,639,500	2,608,854
Other loans	2,134	2,341
Less allowance for loan losses	(15,728)	(15,785)
Total loans, net	2,625,906	2,595,410
Loans held for sale	10,520	900
Premises and fixed assets, net	16,752	16,527
Federal Home Loan Bank of New York capital stock	31,492	29,917
Goodwill	55,638	55,638
Other assets	89,878	88,881
<b>Total Assets</b>	<b>\$3,139,595</b>	<b>\$3,126,226</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Due to depositors:		
Interest bearing deposits	\$1,847,775	\$1,817,771
Non-interest bearing deposits	99,025	97,001
Total deposits	1,946,800	1,914,772
Escrow and other deposits	77,270	47,518
Securities sold under agreements to repurchase	120,455	205,455
Federal Home Loan Bank of New York advances	566,500	531,500
Subordinated notes payable	25,000	25,000
Trust Preferred securities payable	72,165	72,165
Other liabilities	38,724	38,102
<b>Total Liabilities</b>	<b>2,846,914</b>	<b>2,834,512</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity:</b>		
Preferred stock (\$0.01 par, 9,000,000 shares authorized, none issued or outstanding at March 31, 2006 and December 31, 2005)	-	-

Common stock (\$0.01 par, 125,000,000 shares authorized, 50,769,968 shares and 50,633,881 shares issued at March 31, 2006 and December 31, 2005, respectively, and 36,958,894 shares and 36,956,907 shares outstanding at March 31, 2006 and December 31, 2005, respectively)	508	506
Additional paid-in capital	204,896	204,083
Retained earnings	278,021	274,579
Accumulated other comprehensive loss, net of deferred taxes	(4,027)	(3,328)
Unallocated common stock of Employee Stock Ownership Plan ("ESOP")	(4,569)	(4,627)
Unearned and unallocated common stock of Recognition and Retention Plan ("RRP")	(3,596)	(2,979)
Common stock held by Benefit Maintenance Plan ("BMP")	(7,941)	(7,941)
Treasury stock, at cost (13,811,074 shares and 13,676,974 shares at March 31, 2006 and December 31, 2005, respectively)	(170,611)	(168,579)
<b>Total Stockholders' Equity</b>	292,681	291,714
<b>Total Liabilities And Stockholders' Equity</b>	\$3,139,595	\$3,126,226
<u>See notes to consolidated financial statements.</u>		

**DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands except per share amounts)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Interest income:</b>		
Loans secured by real estate	\$37,839	\$36,577
Other loans	49	37
Mortgage-backed securities	1,845	4,490
Investment securities	482	606
Other	1,156	954
<b>Total interest income</b>	<b>41,371</b>	<b>42,664</b>
<b>Interest expense:</b>		
Deposits and escrow	11,496	9,381
Borrowed funds	9,434	8,573
<b>Total interest expense</b>	<b>20,930</b>	<b>17,954</b>
<b>Net interest income</b>	<b>20,441</b>	<b>24,710</b>
Provision for loan losses	60	60
<b>Net interest income after provision for loan losses</b>	<b>20,381</b>	<b>24,650</b>
<b>Non-interest income:</b>		
Service charges and other fees	1,497	1,408
Net gain on sales of loans	399	135
Net gain on sales and redemptions of securities and other assets	478	-
Income from Bank owned life insurance	464	477
Other	322	300
<b>Total non-interest income</b>	<b>3,160</b>	<b>2,320</b>
<b>Non-interest expense:</b>		
Salaries and employee benefits	5,283	5,035
ESOP and RRP compensation expense	585	572
Occupancy and equipment	1,412	1,336
Federal deposit insurance premiums	69	84
Data processing costs	744	413
Other	2,355	2,318
<b>Total non-interest expense</b>		