DIME COMMUNITY BANCSHARES INC
Form 10-Q
November 08, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013
OR

o 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	11-3297463
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
209 Havemeyer Street, Brooklyn, NY	11211
(Address of principal executive offices)	(Zip Code)

(7718) 782-6200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (11) 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 (22) has been subject to such filing requirements for the past 90 days.
YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.4.4405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO o

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

LARGE ACCELERATED FILER o	ACCELERATED FILER x	NON -ACCELERATED FILER o	SMALLER REPORTING COMPANY o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO x

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

Classes of Common Stock	Number of Shares Outstanding at November 6, 2013
$.01 Par Value	36,598,503

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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 (the "Exchange Act"). These statements may be identified by use of words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "seek," "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 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 conditions or results to differ materially from those 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 business or financial condition;

- 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 the 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;
- 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; and
- The risks referred to in the section entitled "Risk Factors."

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

Item 1. Condensed Consolidated Financial Statements

DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(Dollars in thousands except share amounts)

	September 30, 2013	December 31, 2012
ASSETS:		
Cash and due from banks	$$65,713	$$79,076
Total cash and cash equivalents	65,713	79,076
Investment securities held-to-maturity (estimated fair value of $6,138 and $6,267 at September 30, 2013 and December 31, 2012, respectively)(fully unencumbered)	5,622	5,927
Investment securities available-for-sale, at fair value (fully unencumbered):	18,468	32,950
Mortgage-backed securities available-for-sale, at fair value (fully unencumbered):	34,226	49,021
Trading securities	5,262	4,874
Loans:		
Real estate, net	3,666,939	3,503,385
Other loans	2,109	2,423
Less allowance for loan losses	(20,540)	(20,550)
Total loans, net	3,648,508	3,485,258
Loans held for sale	-	560
Premises and fixed assets, net	29,850	30,518
Federal Home Loan Bank of New York ("FHLBNY") capital stock	41,863	45,011
Goodwill	55,638	55,638
Other assets	110,175	116,566
Total Assets	$$4,015,325	$$3,905,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Due to depositors:		
Interest bearing deposits	$$2,438,914	$2,320,285
Non-interest bearing deposits	170,250	159,144
Total deposits	2,609,164	2,479,429
Escrow and other deposits	98,160	82,753
FHLBNY advances	772,500	842,500
Trust Preferred securities payable	70,680	70,680
Other liabilities	42,076	38,463
Total Liabilities	3,592,580	3,513,825
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock ($ 0.01 par, 9,000,000 shares authorized, none issued or outstanding at September 30, 2013 and December 31, 2012)	-	-
Common stock ($ 0.01 par, 125,000,000 shares authorized, 52,692,461 shares and 52,021,149 shares issued at September 30, 2013 and December 31, 2012, respectively, and 36,548,503 shares and 35,714,269 shares outstanding at September 30, 2013 and December 31, 2012, respectively)	526	520
Additional paid-in capital	250,105	239,041
Retained earnings	397,664	379,166
Accumulated other comprehensive loss, net of deferred taxes	(9,460)	(9,640)
Unallocated common stock of Employee Stock Ownership Plan ("ESOP")	(2,834)	(3,007)
Unearned Restricted Stock Award common stock	(3,693)	(3,122)
Common stock held by Benefit Maintenance Plan ("BMP")	(9,013)	(8,800)

Treasury stock, at cost (16,143,958 shares and 16,306,880 shares at September 30, 2013 and December 31, 2012, respectively)	(200,550)	(202,584)
Total Stockholders' Equity	422,745	391,574
Total Liabilities And Stockholders' Equity	$4,015,325	$3,905,399

See notes to condensed consolidated financial statements.

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DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(Dollars in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest income:				
Loans secured by real estate	$42,451	$45,963	$130,291	$143,735
Other loans	25	28	74	76
Mortgage-backed securities	310	677	1,123	2,456
Investment securities	84	223	316	1043
Federal funds sold and other short-term investments	416	582	1,423	1,895
Total interest income	43,286	47,473	133,227	149,205
Interest expense:				
Deposits and escrow	4,908	5,302	15,240	16,449
Borrowed funds	6,725	8,773	20,267	31,465
Total interest expense	11,633	14,075	35,507	47,914
Net interest income	31,653	33,398	97,720	101,291
Provision for loan losses	240	126	425	3,858
Net interest income after provision for loan losses	31,413	33,272	97,295	97,433
Non-interest income:				
Other than temporary impairment ("OTTI") losses:	-	-	-	(187)
Less: Non-credit portion of OTTI recorded in other comprehensive income (before taxes)	-	-	-	6
Net OTTI recognized in earnings	-	-	-	(181)
Service charges and other fees	1,015	1244	2,554	2,840
Net mortgage banking income	76	259	350	1,475
Net gain on securities and other assets	83	67	276	180
Income from bank owned life insurance	419	423	1,249	1,265
Other	415	581	1,197	1,772
Total non-interest income	2,008	2,574	5,626	7,351
Non-interest expense:				
Salaries and employee benefits	8,459	8,245	25,730	25,751
Stock benefit plan amortization expense	1,007	975	2,985	2,884
Occupancy and equipment	2,697	2,527	7,735	7,431
Federal deposit insurance premiums	515	502	1,470	1,557
Data processing costs	858	746	2,533	2,223
Other	2,039	2,776	6,778	8,009
Total non-interest expense	15,575	15,771	47,231	47,855
Income before income taxes	17,846	20,075	55,690	56,929
Income tax expense	7,215	8,280	22,450	23,356
Net income	$10,631	$11,795	$33,240	$33,573
Earnings per Share:				
Basic	$0.30	$0.34	$0.95	$0.98
Diluted	$0.30	$0.34	$0.95	$0.98

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Dollars in thousands)

Net Income	$10,631	$11,795	$33,240	$33,573
	10	13	72	91

Amortization and reversal of net unrealized loss on securities transferred from available-for-sale to held-to-maturity, net of taxes of $8 and $11 during the three months ended September 30, 2013 and 2012, respectively, and $58 and $75 during the nine months ended September 30, 2013 and 2012, respectively				
Reduction in non-credit component of OTTI charge, net of taxes of $4 and $6 during the three months ended September 30, 2013 and 2012, respectively, and $13 and $133 during the nine months ended September 30, 2013 and 2012, respectively	4	7	12	161
Non-credit component of OTTI charge recognized during the period, net of tax benefit of $(3) during the nine months ended September 30, 2012	-	-	-	(3)
Reclassification adjustment for securities sold during the period, net of taxes of $(50) and $(20) during the nine months ended September 30, 2013 and 2012, respectively	-	-	(60)	(24)
Net unrealized securities gains (losses) arising during the period, net of (tax benefits) taxes of $74 and $(6) during the three months ended September 30, 2013 and 2012, respectively and $125 and $(184) during the nine months ended September 30, 2013 and 2012, respectively	90	(7)	156	(224)
Defined benefit plan adjustments, net of taxes of $256 during the nine months ended September 30, 2012	-	-	-	312
Comprehensive Income	$10,735	$11,808	$33,420	$33,886

See notes to condensed consolidated financial statements.

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DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2013	2012
Common Stock (Par Value $0.01):		
Balance at beginning of period	$520	$516
Shares issued in exercise of options	6	3
Balance at end of period	526	519
Additional Paid-in Capital:		
Balance at beginning of period	239,041	231,521
Stock options exercised	8,972	4,083
Forfeited restricted stock award shares returned to treasury stock	-	(3)
Tax benefit of stock plans	704	349
Release from treasury stock for equity awards	514	217
Amortization of excess fair value over cost – ESOP stock and stock options expense	874	1,025
Balance at end of period	250,105	237,192
Retained Earnings:		
Balance at beginning of period	379,166	358,079
Net income for the period	33,240	33,573
Cash dividends declared and paid	(14,742)	(14,386)
Balance at end of period	397,664	377,266
Accumulated Other Comprehensive Loss, net of tax:		
Balance at beginning of period	(9,640)	(9,709)
Other comprehensive income recognized during the period, net of tax	180	313
Balance at end of period	(9,460)	(9,396)
ESOP:		
Balance at beginning of period	(3,007)	(3,239)
Amortization of earned portion of ESOP stock	173	174
Balance at end of period	(2,834)	(3,065)
Unearned Restricted Stock Award Common Stock:		
Balance at beginning of period	(3,122)	(3,037)
Amortization of earned portion of restricted stock awards	1,511	1,370
Release from treasury stock for equity awards	(2,082)	(1,959)
Forfeited restricted stock award shares returned to treasury stock	-	32
Balance at end of period	(3,693)	(3,594)
Treasury Stock, at cost:		
Balance at beginning of period	(202,584)	(204,442)
Forfeited restricted stock award shares returned to treasury stock	-	(29)
Release from treasury stock for equity awards	2,034	1,887
Balance at end of period	(200,550)	(202,584)
Common Stock Held by BMP:		
Balance at beginning of period	(8,800)	(8,655)
Release from treasury stock for equity awards	(213)	(145)
Balance at end of period	(9,013)	(8,800)

Total Stockholders' Equity	$422,745	$387,538

See notes to condensed consolidated financial statements.

DIME COMMUNITY BANCSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)

	Nine Months Ended September 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$33,240	$33,573
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on sale of loans originated for sale	(13)	(26)
Net loss on the sale of other assets	21	-
Net gain on sale of investment securities available-for-sale	(110)	(44)
Net gain on trading securities	(187)	(136)
Net depreciation and amortization	2,064	2,080
ESOP compensation expense	889	963
Stock plan compensation (excluding ESOP)	1,669	1,606
Write down of OREO	180	-
Provision for loan losses	425	3,858
Credit to reduce the liability for loans sold with recourse	(245)	(1,107)
OTTI charge for investment securities recognized in earnings	-	181
Increase in cash surrender value of Bank Owned Life Insurance	(1,249)	(1,265)
Deferred income tax provision (credit)	(740)	47
Excess tax benefit of stock plans	(704)	(349)
Changes in assets and liabilities:		
Origination of loans held for sale	(1,621)	(5,080)
Proceeds from sale of loans held for sale	2,194	8,741
Decrease in other assets	8,935	2,666
Increase in other liabilities	3,859	5,906
Net cash provided by operating activities	48,607	51,614
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from principal repayments of investment securities held-to-maturity	514	904
Proceeds from calls and principal repayments of investment securities available-for-sale	14,750	200,320
Proceeds from sales of investment securities available-for-sale	366	313
Proceeds from sales of trading securities	131	171
Purchases of investment securities available-for-sale	(389)	(80,086)
Purchases of mortgage backed securities available-for-sale	-	(23,186)
Purchases of trading securities	(332)	(1,691)
Principal collected on mortgage backed securities available-for-sale	14,731	34,021
Purchases of loans	(40,264)	(24,483)
Proceeds from the sale of loans	4,387	30,906
Net (increase) decrease in loans	(128,563)	124,031
Proceeds from the sale of OREO	564	-
Purchases of fixed assets, net	(1,348)	(2,739)
Redemption of FHLBNY capital stock	3,148	7,853
Net cash (used in) provided by investing activities	(132,305)	266,334
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in due to depositors	129,735	75,465
Net increase in escrow and other deposits	15,407	39,254

Repayment of Securities Sold Under Agreement to Repurchase ("REPOs")	-	(40,000)
Repayment of FHLBNY advances	(130,000)	(172,275)
FHLBNY Advances	60,000	-
Cash dividends paid	(14,742)	(14,386)
Exercise of stock options	8,978	4,086
Release of stock for benefit plan awards	253	-
Excess tax benefit of stock plans	704	349
Net cash provided by (used in) financing activities	70,335	(107,507)
(DECREASE) INCREASE IN CASH AND DUE FROM BANKS	(13,363)	210,441
CASH AND DUE FROM BANKS, BEGINNING OF PERIOD	79,076	44,260
CASH AND DUE FROM BANKS, END OF PERIOD	65,713	254,701
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$23,683	$22,531
Cash paid for interest	35,411	48,244
Loans transferred to held for sale	-	1,000
Loans transferred to OREO	765	-
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity	180	142
Net decrease in non-credit component of OTTI	(24)	(288)
Adjustments to other comprehensive income from defined benefit plans, net of tax	-	312

See notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Dollars in thousands Except Per Share Amounts)

1. NATURE OF OPERATIONS

The Holding Company is a Delaware corporation and parent company of the Bank, a New York State chartered stock savings bank. The Holding Company's direct subsidiaries are the Bank, Dime Community Capital Trust 1 and 842 Manhattan Avenue Corp. The Bank's direct subsidiaries are Boulevard Funding Corp., Dime Insurance Agency Inc. (f/k/a Havemeyer Investments, Inc.), DSBW Preferred Funding Corporation, DSBW Residential Preferred Funding Corp., Dime Reinvestment Corp. and 195 Havemeyer Corp.

The Bank maintains its headquarters in the Williamsburg section of Brooklyn, New York and operates twenty-six full service retail banking offices located in the New York City ("NYC") boroughs of Brooklyn, Queens, and the Bronx, and in Nassau County, New York. The Bank's principal business is gathering deposits from customers within its market area and via the internet, and investing them primarily in multifamily residential, commercial real estate and mixed used loans, as well as mortgage-backed securities ("MBS"), obligations of the U.S. Government and Government Sponsored Enterprises ("GSEs"), and corporate debt and equity securities. All of the Bank's lending occurs in the greater NYC metropolitan area.

2. SUMMARY OF ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the Company's financial condition as of September 30, 2013 and December 31, 2012, the results of operations and statements of comprehensive income for the three-month and nine-month periods ended September 30, 2013, and the changes in stockholders' equity and cash flows for the nine months ended September 30, 2013 and 2012. The results of operations for the three- and nine-month periods ended September 30, 2013 are not necessarily indicative of the results of operations for the remainder of the year ending December 31, 2013. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to the rules and regulations of the U. S. Securities and Exchange Commission ("SEC').

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Please see "Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies" for a discussion of areas in the accompanying unaudited condensed consolidated financial statements utilizing significant estimates.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2012 and notes thereto.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2013, The Financial Accounting Standards Board issued Accounting Standards Update No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), which seeks to improve the transparency of reporting reclassifications out of accumulated other comprehensive income. The provisions of ASU 2013-02 are applicable to all companies that report items of other comprehensive income, such as the Company. ASU 2013-02 requires a presentation (either on the face of the statement where net income is presented or in the notes to the financial statements) of the effects on the line items of net income of significant amounts that have been reclassified in their entirety and in accordance with GAAP from accumulated other comprehensive income to net income in the same reporting period. ASU 2013-02 additionally requires a cross-reference to any other disclosures currently required under GAAP related to other reclassification items that, under GAAP, are not required to be reclassified in their entirety from accumulated other comprehensive income to net income in the same reporting period. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the Company's financial statements. All information required to be presented or cross-referenced under ASU 2013-02 is currently required to be disclosed, in some capacity, in the financial statements under GAAP. The Company adopted ASU 2013-02 effective January 1, 2013. Adoption of ASU 2013-02 had no impact on the Company's consolidated financial condition or results of operations.

4. TREASURY STOCK

The Holding Company did not repurchase any of its common stock into treasury during the nine months ended September 30, 2013 or 2012.

On April 30, 2013, 145,925 shares of the Holding Company's common stock were released from treasury in order to fulfill benefit obligations under the 2004 Stock Incentive Plan and 15,049 shares of treasury stock were released in order to fulfill benefit obligations under the BMP. The closing price of the Holding Company's common stock on that date was $ 14.27, and the shares were released utilizing the average historical cost method.

On April 30, 2012, 141,289 shares of the Holding Company's common stock were released from treasury in order to fulfill benefit obligations under the 2004 Stock Incentive Plan. The closing price of the Holding Company's common stock on that date was $13.86, and the shares were released utilizing the average historical cost method. On May 1, 2012, 10,729 shares of treasury stock were released in order to fulfill benefit obligations under the BMP. The closing price of the Holding Company's common stock on that date was $13.55, and the shares were released utilizing the average historical cost method.

5. OTHER COMPREHENSIVE INCOME (LOSS)

The before and after tax amounts allocated to each component of other comprehensive income (loss) are presented in the table below. Reclassification adjustments related to securities available for sale are included in the line entitled net gain on securities and other assets in the accompanying consolidated statements of income.

	Pre-tax Amount	Tax Expense (Benefit)	After tax Amount
Three Months Ended September 30, 2013			
Securities held-to maturity and transferred securities:			
Change in non-credit component of OTTI	$ 8	$ 4	$ 4
Change in unrealized loss on securities transferred to held to maturity	18	8	10
Total securities held-to-maturity and transferred securities	26	12	14
Securities available-for-sale:			
Reclassification adjustment for net gains included in net income	-	-	-
Change in net unrealized gain during the period	164	74	90
Total securities available-for-sale	164	74	90
Total other comprehensive income	$ 190	$ 86	$ 104
Three Months Ended September 30, 2012			
Securities held-to-maturity and transferred securities:			
Change in non-credit component of OTTI	$ 13	$ 6	$ 7
Change in unrealized loss on securities transferred to held to maturity	24	11	13
Total securities held-to-maturity and transferred securities	37	17	20
Securities available-for-sale:			
Reclassification adjustment for net gains included in net income	-	-	-
Change in net unrealized gain during the period	(13)	(6)	(7)
Total securities available-for-sale	(13)	(6)	(7)
Total other comprehensive income	$ 24	$ 11	$ 13

	Pre-tax Amount	Tax Expense (Benefit)	After tax Amount
Nine Months Ended September 30, 2013			
Securities held-to-maturity and transferred securities			
Change in non-credit component of OTTI	$ 25	$ 13	$ 12
Change in unrealized loss on securities transferred to held to maturity	130	58	72
Total securities held-to-maturity and transferred securities	155	71	84
Securities available-for-sale			
Reclassification adjustment for net gains included in net income	$ (110)	$ (50)	$ (60)
Change in net unrealized gain during the period	281	125	156
Total securities available-for-sale	171	75	96
Defined benefit plans:			
Change in the net actuarial gain or loss	-	-	-
Total defined benefit plans	-	-	-
Total other comprehensive income	$ 326	$ 146	$ 180
Nine Months Ended September 30, 2012			
Securities held-to-maturity and transferred securities:			
Change in non-credit component of OTTI	$ 288	$ 130	$ 158
Change in unrealized loss on securities transferred to held to maturity	166	75	91
Total securities held-to-maturity and transferred securities	454	205	249
Securities available-for-sale:			
Reclassification adjustment for net gains included in net income	(44)	(20)	(24)
Change in net unrealized gain during the period	(408)	(184)	(224)
Total securities available-for-sale	(452)	(204)	(248)
Defined benefit plans:			
Change in the net actuarial gain or loss	568	256	312
Total defined benefit plans	568	256	312
Total other comprehensive income	$ 570	$ 257	$ 313

Activity in accumulated other comprehensive gain (loss), net of tax, was as follows:

	Securities Held-to-Maturity and Transferred Securities	Securities Available-for-Sale	Defined Benefit Plans	Total Accumulated Other Comprehensive Gain (Loss)
Balance as of January 1, 2013	$ (1,043)	$ 1,178	$ (9,775)	$ (9,640)
Other comprehensive income before reclassifications	84	156	-	240
Amounts reclassified from accumulated other comprehensive loss	-	(60)	-	(60)
Net other comprehensive income during the period	84	96	-	180
Balance as of September 30, 2013	$ (959)	$ 1,274	$ (9,775)	$ (9,460)
Balance as of January 1, 2012	$ (1,316)	3,078	$ (11,471)	$ (9,709)
Other comprehensive income before reclassifications	249	(224)	312	337
Amounts reclassified from accumulated other comprehensive loss	-	(24)	-	(24)
Net other comprehensive income during the period	249	(248)	312	313

Balance as of September 30, 2012	$ (1,067)	$ 2,830	$(11,159)	$ (9,396)

6. EARNINGS PER SHARE ("EPS")

Basic EPS is computed by dividing income attributable to common stock by the weighted-average common shares outstanding during the reporting period. Diluted EPS is computed using the same method as basic EPS, but reflects the potential dilution that would occur if "in the money" stock options were exercised and converted into common stock. In determining the weighted average shares outstanding for basic and diluted EPS, treasury stock and unallocated ESOP shares are excluded. Vested restricted stock award shares are included in the calculation of the weighted average shares outstanding for basic and diluted EPS. Unvested restricted stock award shares are recognized as a special class of securities under ASC 260.

The following is a reconciliation of the numerators and denominators of basic EPS and diluted EPS for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income per the Consolidated Statements of Income	$10,631	$11,795	$33,240	$33,573
Less: Dividends paid and earnings allocated to participating securities	(44)	(46)	(135)	(137)
Income attributable to common stock	$10,587	$11,749	$33,105	$33,436
Weighted average common shares outstanding, including participating securities	35,664,100	34,736,804	35,371,184	34,539,530
Less: weighted average participating securities	(318,314)	(328,003)	(321,325)	(327,099)
Weighted average common shares outstanding	35,345,786	34,408,801	35,049,859	34,212,431
Basic EPS	$0.30	$0.34	$0.95	$0.98
Income attributable to common stock	$10,587	$11,749	$33,105	$33,436
Weighted average common shares outstanding	35,345,786	34,408,801	35,049,859	34,212,431
Weighted average common equivalent shares outstanding	181,717	89,016	107,788	75,348
Weighted average common and equivalent shares outstanding	35,527,503	34,497,817	35,157,647	34,287,779
Diluted EPS	$0.30	$0.34	$0.95	$0.98

Common equivalent shares resulting from the dilutive effect of "in-the-money" outstanding stock options are calculated based upon the excess of the average market value of the Holding Company's common stock over the exercise price of outstanding in-the-money stock options during the period.

There were 761,193 and 1,330,792 weighted-average stock options outstanding for the three-month periods ended September 30, 2013 and 2012, respectively, which were not considered in the calculation of diluted EPS since their exercise prices exceeded the average market price during the period. There were 919,821 and 1,323,076 weighted-average stock options outstanding for the nine-month periods ended September 30, 2013 and 2012, respectively, which were not considered in the calculation of diluted EPS since their exercise prices exceeded the average market price during the period.

7. ACCOUNTING FOR STOCK BASED COMPENSATION

During the three month and nine month periods ended September 30, 2013 and 2012, the Holding Company and Bank maintained the Dime Community Bancshares, Inc. 2001 Stock Option Plan for Outside Directors, Officers and Employees and the 2004 Stock Incentive Plan (collectively the "Stock Plans"), which are discussed more fully in Note 15 to the Company's audited consolidated financial statements for the year ended December 31, 2012, and which are subject to the accounting requirements of ASC 505-50 and ASC 718.

Stock Option Awards

Combined activity related to stock options granted under the Stock Plans during the periods presented was as follows:

	At or for the Three Months Ended September 30,		At or for the Nine Months Ended September 30,	
	2013	2012	2013	2012
Options outstanding – beginning of period	2,273,733	2,830,302	2,456,137	2,893,760

Options granted	-	-	-	24,440
Options exercised	(493,690)	(253,182)	(671,312)	(339,693)
Options forfeited	-	(5,625)	(4,782)	(7,012)
Options outstanding – end of period	1,780,043	2,571,495	1,780,043	2,571,495
Intrinsic value of options exercised	$1,872	$377	$2,089	$779
Compensation expense recognized	36	73	158	236
Remaining unrecognized compensation expense	177	408	177	408
Intrinsic value of outstanding options at period end	2,447	1,528	2,447	1,528
Intrinsic value of vested options at period end	2,347	1,293	2,347	1,293
Weighted average exercise price of vested options – end of period	16.53	15.65	16.53	15.65

There were no grants of stock options during the three-month periods ended September 30, 2013 and 2012, or the nine months ended September 30, 2013. The weighted average fair value per option at the date of grant for stock options granted during the nine months ended September 30, 2012 was estimated as follows:

Total options granted	24,440	
Estimated fair value on date of grant	$4.09	
Pricing methodology utilized	Black-Scholes	
Expected life (in years)	6.53	
Interest rate	1.21	%
Volatility	45.17	
Dividend yield	4.04	

Restricted Stock Awards

The Company, from time to time, issues restricted stock awards to outside directors and certain officers under the 2004 Stock Incentive Plan. Typically, awards to outside directors fully vest on the first anniversary of the grant date, while awards to officers vest in equal annual installments over a four-year period.

The following is a summary of activity related to the restricted stock awards granted under the 2004 Stock Incentive Plan during the periods indicated:

	At or for the Three Months Ended September 30,		At or for the Nine Months Ended September 30,	
	2013	2012	2013	2012
Unvested allocated shares – beginning of period	318,314	328,003	328,003	324,454
Shares granted	-	-	145,925	141,289
Shares vested	-	-	(155,614)	(135,369)
Shares forfeited	-	-	-	(2,371)
Unvested allocated shares – end of period	318,314	328,003	318,314	328,003
Compensation recorded to expense	$499	$471	$1,511	$1,370

8. LOANS RECEIVABLE AND CREDIT QUALITY

Loans are reported at the principal amount outstanding, net of unearned fees or costs and the allowance for loan losses. Interest income on loans is recorded using the level yield method. Under this method, discount accretion and premium amortization are included in interest income. Loan origination fees and certain direct loan origination costs are deferred and amortized as yield adjustments over the contractual loan terms.

Credit Quality Indicators:

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying them as to credit risk. This analysis includes all non-homogeneous loans, such as multifamily residential, mixed use residential (i.e., loans in which the aggregate rental income of the underlying collateral property is generated from both residential and commercial units, but the majority of such income is generated from the residential units), mixed use commercial real estate (i.e., loans in which the aggregate rental income of the underlying collateral property is generated from both residential and commercial units, but the majority of such income is generated from the commercial units), commercial real estate and construction and land acquisition loans, as well as one-to four family residential and cooperative apartment loans with balances in excess of the Fannie Mae ("FNMA") conforming loan limits for high-cost areas such as the Bank's primary lending area ("FNMA Limits") that are deemed to meet the definition of impaired. This analysis is performed on a quarterly basis. The Company uses the following definitions for risk ratings:

Special Mention. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Bank's credit position at some future date.

Substandard. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of then existing facts, conditions, and values, highly questionable and improbable.

The Bank had no loans classified as Doubtful at both September 30, 2013 and December 31, 2012. All loans not classified as Special Mention or Substandard were deemed pass loans at both September 30, 2013 and December 31, 2012.

The following is a summary of the credit risk profile of real estate loans (including deferred costs) by internally assigned grade as of the dates indicated:

	Balance at September 30, 2013					
Grade	One- to Four-Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total
Not Graded(1)	$11,946	$-	$ -	$ -	$ -	$11,946
Pass	57,397	2,845,551	323,687	361,417	-	3,588,052
Special Mention	6,944	15,011	5,942	5,010	-	32,907
Substandard	2,217	4,262	6,021	21,235	299	34,034
Total real estate loans	$78,504	$2,864,824	$ 335,650	$ 387,662	$ 299	$3,666,939

(1) Amount comprised of fully performing one- to four-family residential and cooperative unit loans with balances equal to or less than the FNMA Limits.

	Balance at December 31, 2012					
Grade	One- to Four-Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total
Not Graded(1)	$16,141	$-	$ -	$ -	$ -	$16,141
Pass	66,415	2,665,410	326,053	363,299	-	3,421,177
Special Mention	6,333	7,711	5,547	2,639	-	22,230
Substandard	2,987	3,248	8,533	28,593	476	43,837
Total real estate loans	$91,876	$2,676,369	$ 340,133	$ 394,531	$ 476	$3,503,385

(1) Amount comprised of fully performing one- to four-family residential and cooperative unit loans with balances equal to or less than the FNMA Limits.

For consumer loans, the Company evaluates credit quality based on payment activity. Consumer loans that are 90 days or more past due are placed on non-accrual status, while all remaining consumer loans are classified and evaluated as performing.

The following is a summary of the credit risk profile of consumer loans by internally assigned grade:

Grade	Balance at September 30, 2013	Balance at December 31, 2012

Performing	$ 2,107	$ 2,415
Non-accrual	2	8
Total	$ 2,109	$ 2,423

The following is a breakdown of the past due status of the Company's investment in loans (excluding accrued interest and loans held for sale) as of the dates indicated:

At September 30, 2013

	30 to 59 Days Past Due	60 to 89 Days Past Due	Loans 90 Days or More Past Due and Still Accruing Interest	Non-accrual [1]	Total Past Due	Current	Total Loans
Real Estate:							
One- to four-family residential and cooperative unit	$300	$155	$ -	$ 1,136	$1,591	$76,913	$78,504
Multifamily residential and residential mixed use	2,152	-	1,398	1,993	5,543	2,859,281	2,864,824
Mixed use commercial real estate	-	-	-	-	-	335,650	335,650
Commercial real estate	1,154	-	-	5,707	6,861	380,801	387,662
Construction	-	-	-	-	-	299	299
Total real estate	$3,606	$155	$ 1,398	$ 8,836	$13,995	$3,652,944	$3,666,939
Consumer	$1	$1	$ -	$ 2	$4	$2,105	$2,109

[1] Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of September 30, 2013.

At December 31, 2012

	30 to 59 Days Past Due	60 to 89 Days Past Due	Loans 90 Days or More Past Due and Still Accruing Interest	Non-accrual [1]	Total Past Due	Current	Total Loans
Real Estate:							
One- to four-family residential and cooperative unit	$336	$155	$ -	$ 938	$1,429	$90,447	$91,876
Multifamily residential and residential mixed use	6,451	-	190	507	7,148	2,669,221	2,676,369
Mixed use commercial real estate	-	-	-	1,170	1,170	338,963	340,133
Commercial real estate	207	-	-	6,265	6,472	388,059	394,531
Construction	-	-	-	-	-	476	476
Total real estate	$6,994	$155	$ 190	$ 8,880	$16,219	$3,487,166	$3,503,385
Consumer	$2	$5	$ -	$ 8	$15	$2,408	$2,423

[1] Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of December 31, 2012.

Accruing Loans 90 Days or More Past Due:

The Bank continued accruing interest on five real estate loans with an outstanding balance of $ 1,398 at September 30, 2013, and one loan with an outstanding balance of $ 190 at December 31, 2012, all of which were 90 days or more past due on their respective contractual maturity dates. The five loans at September 30, 2013, which included the

$190 loan outstanding at December 31, 2012, continued to make monthly payments consistent with their initial contractual amortization schedule exclusive of the balloon payments due at maturity. These loans were well secured and were expected to be refinanced, and therefore remained on accrual status and were deemed performing assets at both September 30, 2013 and December 31, 2012.

Troubled Debt Restructured Loans ("TDRs").

The following table summarizes outstanding TDRs by underlying collateral type as of the dates indicated:

	As of September 30, 2013		As of December 31, 2012	
	No. of Loans	Balance	No. of Loans	Balance
One- to four-family residential and cooperative unit	3	$938	3	$948
Multifamily residential and residential mixed use	5	1,899	5	1,953
Mixed use commercial real estate	1	711	1	729
Commercial real estate	9	35,277	13	47,493
Total real estate	18	$38,825	22	$51,123

The following table summarizes outstanding TDRs by accrual status as of the dates indicated:

	As of September 30, 2013		As of December 31, 2012	
	No. of Loans	Balance	No. of Loans	Balance
Outstanding principal balance at period end	18	$38,825	22	$51,123
TDRs on accrual status at period end	16	33,118	20	44,858
TDRs on non-accrual status at period end	2	5,707	2	6,265

Accrual status for TDRs is determined separately for each TDR in accordance with the Bank's policies for determining accrual or non-accrual status. At the time an agreement is entered into between the Bank and the borrower that results in the Bank's determination that a TDR has been created, the loan can be either on accrual or non-accrual status. If a loan is on non-accrual status at the time it is restructured, it continues to be classified as non-accrual until the borrower has demonstrated compliance with the modified loan terms for a period of at least six months. Conversely, if at the time of restructuring the loan is performing (and accruing), it will remain accruing throughout its restructured period, unless the loan subsequently meets any of the criteria for non-accrual status under the Bank's policy and agency regulations.

The Company has not restructured troubled consumer loans, as its consumer loan portfolio has not experienced any problem issues warranting restructuring. Therefore, all TDRs were collateralized by real estate at both September 30, 2013 and December 31, 2012.

There were no loan modifications during the three months ended September 30, 2013 and 2012 that met the definition of a TDR. The following table summarizes activity related to TDRs for the periods indicated:

For the Nine Months Ended September 30, 2013			For the Nine Months Ended September 30, 2012		
Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment

Loan modifications during the period that met the definition of a TDR:						
Multifamily residential and residential mixed use	-	-	-	1	$ 459	$ 459
Commercial real estate	-	-	-	2	4,430	4,430
TOTAL	-	-	-	3	$ 4,889	$ 4,889

During the three month and nine month periods ended September 30, 2013 and 2012, the Company made modifications to other existing loans that were deemed both insignificant and sufficiently temporary in nature, thus not warranting classification as TDRs. Such activity was immaterial.

The Bank's allowance for loan losses at September 30, 2013 reflected $490 of allocated reserve associated with TDRs. The Bank's allowance for loan losses at December 31, 2012 reflected $520 of allocated reserve associated with TDRs. Activity related to reserves associated with TDRs was immaterial during the three-month and nine-month periods ended September 30, 2013. During the nine months ended September 30, 2012, allocated reserves totaling $1,064 associated with nine TDRs were reversed, as improvement

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in the underlying conditions of these loans resulted in the determination that the allocated reserve was no longer warranted. In addition, during the nine months ended September 30, 2012, $154 of reserves were charged-off upon the disposal of two TDRs.

As of September 30, 2013 and December 31, 2012, the Bank had no loan commitments to borrowers with outstanding TDRs.

A TDR is considered to be in payment default once it is 90 days contractually past due under the modified terms. All TDRs are considered impaired loans and are evaluated individually for measurable impairment, if any.

There were no TDRs which defaulted within twelve months following the modification during the three or nine-month periods ended September 30, 2013 or 2012 (thus no significant impact to the allowance for loan losses during those periods).

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that all contractual amounts due will not be collected in accordance with the terms of the loan. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays or shortfalls generally are not classified as impaired. Management determines the significance of payment delays and shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Generally, the Bank considers TDRs and non-accrual multifamily residential and commercial real estate loans, along with non-accrual one- to four-family loans in excess of the FNMA Limits, to be impaired. Non-accrual one-to four-family loans equal to or less than the FNMA Limits, as well as all consumer loans, are considered homogeneous loan pools and are not required to be evaluated individually for impairment unless considered a TDR.

Impairment is typically measured using the difference between the outstanding loan principal balance and either: 1) the likely realizable value of a note sale; 2) the fair value of the underlying collateral, net of likely disposal costs, if repayment is expected solely from liquidation of the collateral; or 3) the present value of estimated future cash flows using the loan's pre-modification rate in the case of a TDR. If a TDR is substantially performing in accordance with its restructured terms, management will look to either the present value of the expected cash flows from the debt service or the potential net liquidation proceeds of the underlying collateral property in measuring impairment (whichever is deemed most appropriate under the circumstances). If a TDR has re-defaulted, generally the likely realizable net proceeds from either a note sale or the liquidation of the collateral is considered when measuring impairment. Measured impairment is either charged off immediately or, in limited instances, recognized as an allocated reserve within the allowance for loan losses.

Please refer to Note 9 for tabular information related to impaired loans.

Delinquent Serviced Loans Subject to a Recourse Obligation

As of September 30, 2013 and December 31, 2012, the Bank serviced a pool of multifamily loans sold to FNMA, and retained an obligation (off-balance sheet contingent liability) to absorb a portion of any losses (as defined in the seller/servicer agreement) incurred by FNMA in connection with the loans sold (the "First Loss Position").

Under the terms of its seller/servicer agreement with FNMA, the Bank is obligated to remit to FNMA all monthly principal and interest payments under the original terms of the sold loans until the earliest of the following events: (i) the Bank re-acquires the loan from FNMA or the loan enters OREO status; (ii) the entire pool of loans sold to FNMA have either been fully satisfied or enter OREO status; or (iii) the First Loss Position is fully exhausted.

At September 30, 2013, within the pool of multifamily loans sold to FNMA, there were no loans 90 days or more delinquent and one $401 loan delinquent between 30 and 89 days. At December 31, 2012, within the pool of multifamily loans sold to FNMA, there was one $474 loan 90 days or more delinquent and one $229 loan delinquent between 30 and 89 days.

9. ALLOWANCE FOR LOAN LOSSES AND LIABILITY FOR FIRST LOSS POSITION

The allowance for loan losses may consist of specific and general components. The Bank's periodic evaluation of its allowance for loan losses (specific or general) is comprised of four primary components: (1) impaired loans; (2) non-impaired substandard loans; (3) non-impaired special mention loans; and (4) pass graded loans. Within these components, the Company has identified the following portfolio segments for purposes of assessing its allowance for loan losses (specific or general): (1) real estate loans; and (2) consumer loans. Within these segments, the Bank analyzes the allowance for loan losses based upon the underlying collateral type (classes). Consumer loans represent a nominal portion of the Company's loan portfolio, and were thus evaluated in aggregate as of both September 30, 2013 and December 31, 2012.

Impaired Loan Component

All multifamily residential, mixed use, commercial real estate and construction loans that are deemed to meet the definition of impaired are individually evaluated for impairment. In addition, all cooperative unit and one- to four-family residential real estate loans in excess of the FNMA Limits are individually evaluated for impairment. Impairment is typically measured using the difference between the outstanding loan principal balance and either: (1) the likely realizable value of a note sale; (2) the fair value of the underlying collateral, net of likely disposal costs, if repayment is expected solely from liquidation of the collateral; or (3) the present value of estimated future cash flows using the loan's pre-modification rate in the case of a TDR. For impaired loans on non-accrual status, either of the initial two measurements is utilized.

All TDRs are considered impaired loans and are evaluated individually for measurable impairment, if any. If a TDR is substantially performing in accordance with its restructured terms, management will look to either the present value of the expected cash flows from the debt service or the potential net liquidation proceeds of the underlying collateral property in measuring impairment (whichever is deemed most appropriate under the circumstances). If a TDR has re-defaulted, the likely realizable net proceeds from either a note sale or the liquidation of the collateral is generally considered when measuring impairment. While measured impairment is generally charged off immediately, impairment attributable to a reduction in the present value of expected cash flows of a performing TDR was reflected as an allocated reserve within the allowance for loan losses at both September 30, 2013 and December 31, 2012.

Large groups of smaller balance homogeneous real estate loans, such as cooperative unit and one-to four-family residential real estate loans with balances equal to or less than the FNMA Limits, are collectively evaluated for impairment, and accordingly, are not separately identified for impairment disclosures.

Non-Impaired Substandard Loan Component

At both September 30, 2013 and December 31, 2012, the reserve allocated within the allowance for loan losses associated with non-impaired loans internally classified as Substandard reflected expected loss percentages on the Bank's pool of such loans that were derived based upon an analysis of historical losses over a measurement timeframe. The loss percentage resulting from this analysis was then applied to the aggregate pool of non-impaired Substandard loans at September 30, 2013 and December 31, 2012. Based upon this methodology, increases or decreases in the amount of either non-impaired Substandard loans or charge-offs associated with such loans, or a change in the measurement timeframe utilized to derive the expected loss percentage, would impact the level of reserves determined on non-impaired Substandard loans. As a result, the allowance for loan losses associated with non-impaired Substandard loans is subject to volatility.

The portion of the allowance for loan losses attributable to non-impaired Substandard loans was $31 at September 30, 2013 and $795 at December 31, 2012. The decline resulted primarily from a reduction of $5,568 in the balance of such loans from December 31, 2012 to September 30, 2013, as well as the application of a lower loss percentage on these loans at September 30, 2013 compared to December 31, 2012 under the methodology employed.

All non-impaired Substandard loans were deemed sufficiently well secured and performing to have remained on accrual status both prior and subsequent to their downgrade to the Substandard internal loan grade.

Non-Impaired Special Mention Loan Component

At both September 30, 2013 and December 31, 2012, the reserve allocated within the allowance for loan losses associated with non-impaired loans internally classified as Special Mention reflected an expected loss percentage on the Bank's pool of such loans that was derived based upon an analysis of historical losses over a measurement timeframe. The loss percentage resulting from this analysis was then applied to the aggregate pool of non-impaired Special Mention loans at September 30, 2013 and December 31, 2012. Based upon this methodology, increases or decreases in the amount of either non-impaired Special Mention loans or charge-offs associated with such loans, or a change in the measurement timeframe utilized to derive the expected loss percentage, would impact the level of reserves determined on non-impaired Special Mention loans. As a result, the allowance for loan losses associated with non-impaired Special Mention loans is subject to volatility.

The portion of the allowance for loan losses attributable to non-impaired Special Mention loans increased from $145 at December 31, 2012 to $148 at September 30, 2013, due to an increase of $12,644 in the balance of such loans, that was offset by a reduction in the estimated loss percentage applied to such loans, from December 31, 2012 to September 30, 2013.

Pass Graded Loan Component

The Bank initially looks to the underlying collateral type when determining the allowance for loan losses associated with pass graded real estate loans. The following underlying collateral types are analyzed separately: 1) one- to four family residential and cooperative unit; 2) multifamily residential and residential mixed use; 3) mixed use commercial real estate, 4) commercial real estate;

and 5) construction and land acquisition. Within the analysis of each underlying collateral type, the following elements are additionally considered and provided weighting in determining the allowance for loan losses for pass graded real estate loans:

(i) Charge-off experience (including peer charge-off experience)
(ii) Economic conditions
(iii) Underwriting standards or experience
(iv) Loan concentrations
(v) Regulatory climate
(vi) Nature and volume of the portfolio
(vii) Changes in the quality and scope of the loan review function

The following is a brief synopsis of the manner in which each element is considered:

(i) Charge-off experience - Loans within the pass graded loan portfolio are segmented by significant common characteristics, against which historical loss rates are applied. The Bank also reviews and considers the charge-off experience of peer banks in its lending marketplace in order to determine whether there may be potential losses that have taken a longer period to flow through its allowance for loan losses.

(ii) Economic conditions - At both September 30, 2013 and December 31, 2012, the Bank assigned a loss allocation to its entire pass graded real estate loan portfolio based, in part, upon a review of economic conditions affecting the local real estate market. Specifically, the Bank considered both the level of, and recent trends in: 1) the local and national unemployment rate, 2) residential and commercial vacancy rates, 3) real estate sales and pricing, and 4) delinquencies in the Bank's loan portfolio.

(iii) Underwriting standards or experience - Underwriting standards are reviewed to ensure that changes in the Bank's lending policies and practices are adequately evaluated for risk and reflected in its analysis of potential credit losses. Loss expectations associated with changes in the Bank's lending policies and practices, if any, are then incorporated into the methodology.

(iv) Concentrations of credit - The Bank regularly reviews its loan concentrations (borrower, collateral type and location) in order to ensure that heightened risk has not evolved that has not been captured through other factors. The risk component of loan concentrations is regularly evaluated for reserve adequacy.

(v) Regulatory climate – Consideration is given to public statements made by the federal banking regulatory agencies that have a potential impact on the Bank's loan portfolio and allowance for loan losses.

(vi) Nature and volume of the portfolio – The Bank considers any significant changes in the overall nature and volume of its loan portfolio.

(vii) Changes in the quality and scope of the loan review function – The Bank considers the potential impact upon its allowance for loan losses of any adverse change in the quality and scope of the loan review function.

Consumer Loans

Due to their small individual balances, the Bank does not evaluate individual consumer loans for impairment. Loss percentages are applied to aggregate consumer loans based upon both their delinquency status and loan type. These loss percentages are derived from a combination of the Company's historical loss experience and/or nationally published loss data on such loans. Consumer loans in excess of 120 days delinquent are typically fully charged off against the allowance for loan losses.

The following table presents data regarding the allowance for loan losses and loans evaluated for impairment by class of loan within the real estate loan segment as well as for the aggregate consumer loan segment:

At or for the Three Months Ended September 30, 2013

	Real Estate Loans						Consumer Loans
	One- to Four Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total Real Estate	
Beginning balance	$352	$14,620	$2,215	$3,279	$12	$20,478	$24
Provision (credit) for loan losses	(75)	1,382	(443)	(618)	(11)	235	5
Charge-offs	(11)	(205)	-	(1)	-	(217)	(6)
Recoveries	8	13	-	-	-	21	-
Ending balance	$274	$15,810	$1,772	$2,660	$1	$20,517	$23
Ending balance – loans individually evaluated for impairment	$1,203	$3,891	$711	$35,277	$-	$41,082	$-
Ending balance – loans collectively evaluated for impairment	77,301	2,860,933	334,939	352,385	299	3,625,857	2,109
Allowance balance associated with loans individually evaluated for impairment	6	-	-	484	-	490	-
Allowance balance associated with loans collectively evaluated for impairment	268	15,810	1,772	2,176	1	20,027	23
Total Ending balance	$274	$15,810	$1,772	$2,660	$1	$20,517	$23
At December 31, 2012							
Ending balance – loans individually evaluated for impairment	$1,291	$2,460	$1,900	$47,493	$-	$53,144	$-
Ending balance – loans collectively evaluated for impairment	90,585	2,673,909	338,233	347,038	476	3,450,241	2,423
Allowance balance associated with loans individually evaluated for impairment	7	-	-	513	-	520	-
Allowance balance associated with loans collectively evaluated for impairment	337	14,299	2,474	2,869	24	20,003	27
Total Ending balance	$344	$14,299	$2,474	$3,382	$24	$20,523	$27

At or for the Three Months Ended September 30, 2012

	Real Estate Loans	Consumer Loans

	One- to Four Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total Real Estate	
Beginning balance	$258	$ 14,551	$ 2,181	$ 3,230	$ -	$20,220	$ 23
Provision (credit) for loan losses	557	(761)	143	157	27	123	3
Charge-offs	(134)	(242)	(8)	(14)	-	(398)	-
Recoveries	(1)	686	-	36	-	723	-
Ending balance	$682	$ 14,234	$ 2,316	$ 3,409	$ 27	$20,668	$ 26

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At or for the Nine Months Ended September 30, 2013

	Real Estate Loans						Consumer Loans
	One- to Four Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total Real Estate	
Beginning balance	$344	$ 14,299	$ 2,474	$ 3,382	$ 24	$20,523	$ 27
Provision (credit) for loan losses	29	1,840	(716)	(719)	(23)	411	14
Charge-offs	(110)	(362)	(15)	(5)	-	(492)	(18)
Recoveries	11	33	29	2	-	75	-
Ending balance	$274	$ 15,810	$ 1,772	$ 2,660	$ 1	$20,517	$ 23

At or for the Nine Months Ended September 30, 2012

	Real Estate Loans						Consumer Loans
	One- to Four Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	Commercial Real Estate	Construction	Total Real Estate	
Beginning balance	$480	$ 14,313	$ 1,528	$ 3,783	$ 124	$20,228	$ 26
Provision (credit) for loan losses	959	1,477	1,442	64	(94)	3,848	10
Charge-offs	(774)	(2,381)	(670)	(500)	(3)	(4,328)	(10)
Recoveries	17	773	11	37	-	838	-
Transfer from the reserve for loan commitments	-	52	5	25	-	82	-
Ending balance	$682	$ 14,234	$ 2,316	$ 3,409	$ 27	$20,668	$ 26

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The following tables summarize impaired real estate loans as of or for the periods indicated (by collateral type within the real estate loan segment):

	At September 30, 2013		
	Unpaid Principal Balance at Period End	Recorded Investment at Period End(1)	Reserve Balance Allocated within the Allowance for Loan Losses at Period End
One- to Four Family Residential and Cooperative Unit			
With no allocated reserve	$1,070	$ 991	$ -
With an allocated reserve	256	212	6
Multifamily Residential and Residential Mixed Use			
With no allocated reserve	4,040	3,891	-
With an allocated reserve	-	-	-
Mixed Use Commercial Real Estate			
With no allocated reserve	711	711	-
With an allocated reserve	-	-	-
Commercial Real Estate			
With no allocated reserve	21,269	20,156	-
With an allocated reserve	15,121	15,121	484
Construction			
With no allocated reserve	-	-	-
With an allocated reserve	-	-	-
Total			
With no allocated reserve	$27,090	$ 25,749	$ -
With an allocated reserve	$15,377	$ 15,333	$ 490

(1) The recorded investment excludes accrued interest receivable and loan origination fees, net, due to immateriality.

	At December 31, 2012		
	Unpaid Principal Balance at Period End	Recorded Investment at Period End(1)	Reserve Balance Allocated within the Allowance for Loan Losses at Period End
One- to Four Family Residential and Cooperative Unit			
With no allocated reserve	$1,079	$ 1,079	$ -
With an allocated reserve	258	212	7
Multifamily Residential and Residential Mixed Use			
With no allocated reserve	2,767	2,460	-
With an allocated reserve	-	-	-
Mixed Use Commercial Real Estate			
With no allocated reserve	1,900	1,900	-