DIME COMMUNITY BANCSHARES INC
Form 10-Q
August 09, 2012

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 June 30, 2012

OR

r 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 x NO r

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 (§232.405 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 r

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 r	SMALLER REPORTING COMPANY r

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES r 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 August 7, 2012
$.01 Par Value	35,510,676

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 the Company (as defined subsequently herein) 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;
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- 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
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands except share amounts)

	June 30, 2012	December 31, 2011
ASSETS:		
Cash and due from banks	$89,584	$43,309
Federal funds sold and other short-term investments	-	951
Total cash and cash equivalents	89,584	44,260
Investment securities held-to-maturity (estimated fair value of $5,603 and $4,924 at June 30, 2012 and December 31, 2011, respectively) (Fully unencumbered)	5,997	6,511
Investment securities available-for-sale, at fair value:		
Encumbered	89,095	124,282
Unencumbered	15,677	50,586
	104,772	174,868
Mortgage-backed securities available-for-sale, at fair value:		
Encumbered	80,407	90,164
Unencumbered	14,218	3,713
	94,625	93,877
Trading securities	3,354	1,774
Loans:		
Real estate, net	3,349,587	3,458,416
Other loans	2,861	2,449
Less allowance for loan losses	(20,243)	(20,254)
Total loans, net	3,332,205	3,440,611
Loans held for sale	343	3,022
Premises and fixed assets, net	32,918	32,646
Federal Home Loan Bank of New York ("FHLBNY") capital stock	42,086	49,489
Goodwill	55,638	55,638
Other assets	118,394	118,484
Total Assets	$3,879,916	$4,021,180
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Due to depositors:		
Interest bearing deposits	$2,205,811	$2,202,622
Non-interest bearing deposits	149,887	141,079
Total deposits	2,355,698	2,343,701
Escrow and other deposits	105,145	71,812
Securities sold under agreements to repurchase ("REPOS")	155,000	195,000
FHLBNY advances	777,500	939,775
Trust Preferred securities payable	70,680	70,680
Other liabilities	39,594	39,178
Total Liabilities	$3,503,617	$3,660,146
Commitments and Contingencies		
Stockholders' Equity:		
	-	-

Preferred stock ($0.01 par, 9,000,000 shares authorized, none issued or outstanding at June 30, 2012 and December 31, 2011)		
Common stock ($0.01 par, 125,000,000 shares authorized, 51,652,609 shares and 51,566,098 shares issued at June 30, 2012 and December 31, 2011, respectively, and 35,345,014 shares and 35,109,045 shares outstanding at June 30, 2012 and December 31, 2011, respectively)	517	516
Additional paid-in capital	233,469	231,521
Retained earnings	370,294	358,079
Accumulated other comprehensive loss, net of deferred taxes	(9,409)	(9,709)
Unallocated common stock of Employee Stock Ownership Plan ("ESOP")	(3,123)	(3,239)
Unearned Restricted Stock Award common stock	(4,065)	(3,037)
Common stock held by Benefit Maintenance Plan ("BMP")	(8,800)	(8,655)
Treasury stock, at cost (16,307,595 shares and 16,457,053 shares at June 30, 2012 and December 31, 2011, respectively)	(202,584)	(204,442)
Total Stockholders' Equity	$376,299	$361,034
Total Liabilities And Stockholders' Equity	$3,879,916	$4,021,180

See notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Interest income:				
Loans secured by real estate	$47,259	$51,857	$97,772	$102,486
Other loans	28	24	48	50
Mortgage-backed securities	832	1,330	1,779	2,782
Investment securities	505	382	820	698
Federal funds sold and other short-term investments	639	677	1,313	1,449
Total interest income	49,263	54,270	101,732	107,465
Interest expense:				
Deposits and escrow	5,422	6,798	11,148	13,583
Borrowed funds	9,343	11,312	22,692	22,679
Total interest expense	14,765	18,110	33,840	36,262
Net interest income	34,498	36,160	67,892	71,203
Provision for loan losses	2,275	1,662	3,732	3,088
Net interest income after provision for loan losses	32,223	34,498	64,160	68,115
Non-interest income:				
Other than temporary impairment ("OTTI") losses:	-	(574)	(187)	(637)
Less: Non-credit portion of OTTI recorded in other comprehensive income (before taxes)	-	-	6	-
Net OTTI recognized in earnings	-	(574)	(181)	(637)
Service charges and other fees	802	901	1,596	1,664
Net mortgage banking income	1,095	203	1,216	296
Net gain on sales of securities and other assets	8	21	114	67
Income from bank owned life insurance	420	447	841	914
Other	663	736	1,192	1,340
Total non-interest income	2,988	1,734	4,778	3,644
Non-interest expense:				
Salaries and employee benefits	8,519	8,061	17,507	16,795
Stock benefit plan amortization expense	958	955	1,909	1,948
Occupancy and equipment	2,434	2,403	4,905	5,092
Federal deposit insurance premiums	457	347	1,055	1,571
Data processing costs	742	784	1,476	1,476
Other	2,566	2,533	5,232	5,061
Total non-interest expense	15,676	15,083	32,084	31,943
Income before income taxes	19,535	21,149	36,854	39,816
Income tax expense	8,004	8,811	15,076	16,398
Net income	$11,531	$12,338	$21,778	$23,418
Earnings per Share:				
Basic	$0.34	$0.37	$0.64	$0.70
Diluted	$0.34	$0.36	$0.64	$0.69
STATEMENTS OF COMPREHENSIVE INCOME				
Net Income	$11,531	$12,338	$21,778	$23,418
	53	18	78	32

Amortization and reversal of net unrealized loss on securities transferred from available-for-sale to held-to-maturity, net of taxes of $43 and $14 during the three months ended June 30, 2012 and 2011, respectively, and $64 and $26 during the six months ended June 30, 2012 and 2011, respectively				
Reduction in non-credit component of OTTI charge, net of taxes of $122 and $290 during the three months ended June 30, 2012 and 2011, respectively, and $127 and $566 during the six months ended June 30, 2012 and 2011, respectively	149	352	154	688
Non-credit component of OTTI charge recognized during the period, net of tax benefit of $(3) during the six months ended June 30, 2011	-	-	(3)	-
Reclassification adjustment for securities sold during the period, net of taxes of $20 during the three months and six months ended June 30, 2012	24	-	24	-
Net unrealized securities gains arising during the period, net of (tax benefits) taxes of $(245) and $304 during the three months ended June 30, 2012 and 2011, respectively and $(218) and $37 during the six months ended June 30, 2012 and 2011, respectively	(300)	368	(265)	44
Defined benefit plan adjustments, net of taxes of $256 during the six months ended June 30, 2012 and $23 during the six months ended June 30, 2011	-	-	312	27
Comprehensive Income	$11,457	$13,076	$22,078	$24,209

See notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2012	2011
Common Stock (Par Value $0.01):		
Balance at beginning of period	$516	$512
Shares issued in exercise of options	1	2
Balance at end of period	517	514
Additional Paid-in Capital:		
Balance at beginning of period	231,521	225,585
Stock options exercised	812	1,800
Forfeited restricted stock award shares returned to treasury stock	(3)	2
Tax benefit of stock plans	189	305
Release from treasury stock for restricted stock award and BMP benefit shares	217	500
Amortization of excess fair value over cost – ESOP stock and stock options expense	733	804
Balance at end of period	233,469	228,996
Retained Earnings:		
Balance at beginning of period	358,079	329,668
Net income for the period	21,778	23,418
Cash dividends declared and paid	(9,563)	(9,417)
Balance at end of period	370,294	343,669
Accumulated Other Comprehensive Loss, net of tax:		
Balance at beginning of period	(9,709)	(6,352)
Amortization and reversal of net unrealized loss on securities transferred from available-for- sale to held-to-maturity, net of tax	78	32
Reduction in non-credit component of OTTI charge, net of tax	154	688
Non-credit component of OTTI charge recognized during the period, net of tax	(3)	-
Decrease (Increase) in unrealized loss on available-for-sale securities during the period	(241)	44
Adjustments related to defined benefit plans, net of tax	312	27
Balance at end of period	(9,409)	(5,561)
ESOP:		
Balance at beginning of period	(3,239)	(3,470)
Amortization of earned portion of ESOP stock	116	116
Balance at end of period	(3,123)	(3,354)
Unearned Restricted Stock Award Common Stock:		
Balance at beginning of period	(3,037)	(2,684)
Amortization of earned portion of restricted stock awards	899	700
Release from treasury stock for restricted stock award and BMP benefit shares	(1,959)	(1,953)
Forfeited restricted stock award shares returned to treasury stock	32	22
Balance at end of period	(4,065)	(3,915)
Treasury Stock, at cost:		
Balance at beginning of period	(204,442)	(206,546)
Forfeited restricted stock award shares returned to treasury stock	(29)	(24)
Release from treasury stock for restricted stock award and BMP benefit shares	1,887	2,129
Balance at end of period	(202,584)	(204,441)
Common Stock Held by BMP:		
Balance at beginning of period	(8,655)	(7,979)

BMP award distribution	-	21
Release from treasury stock for restricted stock award and BMP benefit shares	(145)	(676)
Balance at end of period	(8,800)	(8,634)
Total Stockholders' Equity	$376,299	$347,274

See notes to condensed consolidated financial statements.

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

	Six Months Ended June 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$21,778	$23,418
Adjustments to reconcile net income to net cash provided by operating activities:		
Net (gain) loss on sale of loans originated for sale	(8)	14
Net gain on sale of investment securities available-for-sale	(44)	-
Net gain on trading securities	(70)	(53)
Net depreciation and amortization	678	1,526
ESOP compensation expense	542	561
Stock plan compensation (excluding ESOP)	1,206	1,059
Provision for loan losses	3,732	3,088
Credit to reduce the liability for loans sold with recourse	(967)	-
OTTI charge for investment securities recognized in earnings	181	637
Increase in cash surrender value of Bank Owned Life Insurance	(841)	(914)
Deferred income tax credit	(137)	(718)
Excess tax benefit of stock plans	(189)	(305)
Changes in assets and liabilities:		
Origination of loans held for sale	(2,061)	(3,050)
Proceeds from sale of loans held for sale	5,748	6,448
Decrease in other assets	1,009	3,341
Increase (decrease) in other liabilities	1,952	(1,568)
Net cash provided by operating activities	32,509	33,484
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from principal repayments of investment securities held-to-maturity	818	81
Proceeds from maturities of investment securities available-for-sale	-	-
Proceeds from calls and principal repayments of investment securities available-for-sale	150,320	94,000
Proceeds from sales of investment securities available-for-sale	313	-
Proceeds from sales of trading securities	171	-
Purchases of investment securities available-for-sale	(80,086)	(172,910)
Purchases of mortgage backed securities available-for-sale	(23,186)	-
Purchases of trading securities	(1,681)	(286)
Principal collected on mortgage backed securities available-for-sale	21,513	26,573
Purchases of loans	(8,968)	(29,951)
Proceeds from the sale of portfolio loans	19,244	15,040
Net decrease in loans	93,398	58,459
Purchases of fixed assets, net	(938)	(2,506)
Redemption of FHLBNY capital stock	7,403	2,229
Net cash provided by (used in) investing activities	178,321	(9,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in due to depositors	11,997	65,391
Net increase in escrow and other deposits	33,333	20,924
Decrease in REPOS	(40,000)	-
Repayment of FHLBNY advances	(162,275)	(50,750)
Cash dividends paid	(9,563)	(9,417)
Exercise of stock options	813	1,802

BMP award distribution	-	21
Excess tax benefit of stock plans	189	305
Net cash (used in) provided by financing activities	(165,506)	28,276
INCREASE IN CASH AND DUE FROM BANKS	45,324	52,489
CASH AND DUE FROM BANKS, BEGINNING OF PERIOD	44,260	90,729
CASH AND DUE FROM BANKS, END OF PERIOD	$89,584	$143,218
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$15,216	$13,718
Cash paid for interest	34,366	36,591
Loans transferred to held for sale	1,000	-
Amortization of unrealized loss on securities transferred from available-for-sale to held-to-maturity	142	58
Net decrease in non-credit component of OTTI	(3)	(1,254)
Adjustments to other comprehensive income from defined benefit plans, net of tax	312	27

See notes to condensed consolidated financial statements.

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

1. NATURE OF OPERATIONS

Dime Community Bancshares, Inc. (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, one- to four-family residential, construction and land acquisition, and consumer 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 June 30, 2012 and December 31, 2011, the results of operations and statements of comprehensive income for the three-month and six-month periods ended June 30, 2012 and 2011, and the changes in stockholders' equity and cash flows for the six months ended June 30, 2012 and 2011. The results of operations for the three-month and six-month periods ended June 30, 2012 are not necessarily indicative of the results of operations for the remainder of the year ending December 31, 2012. 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 condensed consolidated financial statements where significant estimates are utilized.

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, 2011 and notes thereto.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-08, "Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment." ("ASU 2011-08"). Under ASU 2011-08, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing additional impairment testing is unnecessary. However, if an entity concludes otherwise, it is required to calculate the fair value of the reporting unit and compare the fair value with the carrying amount of the reporting unit, as described in the accounting guidance. This guidance is effective for fiscal years beginning after December 15, 2011 and interim periods within those years. While early adoption was permitted, the Company did not elect to early adopt ASU 2011-08. Adoption of ASU 2011-08 did not have a material impact upon the Company's consolidated financial condition or results of operations.

In June 2011, FASB issued Accounting Standards Update No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." ("ASU 2011-05") ASU 2011-05 permits an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In either option, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011-05 eliminates the presentation of the components of other comprehensive income as part of the statement of changes in stockholders' equity. ASU 2011-05 does not change the items that must be reported in other comprehensive income or the timing in which an item of other comprehensive income must be reclassified to net income. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Since the

Company's presentation of periodic comprehensive income already complied with the provisions of ASU 2011-05, adoption of ASU 2011-05 did not materially impact the Company's consolidated financial condition or results of operations or related disclosures.

In May 2011, FASB issued Accounting Standards Update No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ("ASU 2011-04"). ASU 2011-04 was issued concurrently with International Financial Reporting Standards ("IFRS") No. 13, "Fair Value Measurements," and these respective standards substantially converge the guidance in GAAP and IFRS on fair value measurements and disclosures. ASU 2011-04 amended several aspects of the fair value measurement guidance in FASB Accounting Standards Codification ("ASC") 820, "Fair Value Measurement," as follows: 1) application of the concepts of highest and best use and valuation premise; 2) introduction of an option to measure groups of offsetting assets and liabilities on a net basis; 3) incorporation of certain premiums and discounts in fair value measurements; and 4) initiating a requirement to disclose the measurement of the fair value of certain instruments classified in shareholders' equity. ASU 2011-04 additionally included several new fair value disclosure requirements, including, among others, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of the sensitivity of Level 3 measurementsto changes in unobservable inputs. The Company adopted ASU 2011-04 effective January 1, 2012. Adoption of ASU 2011-04 did not have a material impact upon 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 three months ended June 30, 2012 or 2011.

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.

On April 29, 2011, 126,304 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 $15.46, and the shares were released utilizing the average historical cost method. On May 3, 2011, 45,056 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 $15.16, and the shares were released utilizing the average historical cost method.

The Holding Company returned 2,371 and 1,984 forfeited restricted stock awards into treasury stock during the six months ended June 30, 2012 and June 30, 2011, respectively.

5. ACCOUNTING FOR GOODWILL

The Company has designated the last day of its fiscal year as its date for annual impairment testing. The Company performed an impairment test as of December 31, 2011 and concluded that no impairment of goodwill existed. No events or circumstances have occurred subsequent to December 31, 2011 that would, in management's opinion, reduce the fair value of the Company's reporting unit below its carrying value. Such events or circumstances would require the immediate performance of an impairment test in accordance with FASB ASC reference number 350.

6. EARNINGS PER SHARE ("EPS")

Basic EPS is computed by dividing net income 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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Numerator:				
Net Income per the Consolidated Statements of Operations	$11,531	$12,338	$21,778	$23,418
Denominator:				
Weighted-average number of shares outstanding utilized in the calculation of basic EPS	34,180,983	33,695,418	34,113,168	33,582,080
Common stock equivalents resulting from the dilutive effect of "in-the-money" outstanding stock options, net of the effect of tax benefits	48,219	170,490	66,928	211,636
Weighted average number of shares outstanding utilized in the calculation of diluted EPS	34,229,202	33,865,908	34,180,096	33,793,716

Common stock equivalents 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 2,203,024 and 1,263,877 weighted-average stock options outstanding for the three-month periods ended June 30, 2012 and 2011, respectively, that were not considered in the calculation of diluted EPS since their exercise prices exceeded the average market price during the period. There were 1,331,331 and 1,232,350 weighted-average stock options outstanding for the six-month periods ended June 30, 2012 and 2011, respectively, that 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 six-months ended June 30, 2012 and 2011, 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, 2011, 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 June 30,		At or for the Six Months Ended June 30,	
	2012	2011	2012	2011
Options outstanding – beginning of period	2,832,513	3,092,127	2,893,760	3,213,007
Options granted	24,440	91,583	24,440	91,583
Options exercised	(25,264)	(104,670)	(86,511)	(220,989)
Options forfeited	(1,387)	-	(1,387)	(4,561)
Options outstanding – end of period	2,830,302	3,079,040	2,830,302	3,079,040

Remaining unrecognized compensation expense	$482	$713	$482	$713

The weighted average fair value per option at the date of grant for stock options granted was estimated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Total options granted	24,440	91,583	24,440	91,583
Estimated fair value on date of grant	$4.09	$4.82	$4.09	$4.82
Pricing methodology utilized	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Expected life (in years)	6.53	6.80	6.53	6.80
Interest rate	1.21 %	2.59 %	1.21 %	2.59 %
Volatility	45.17	42.35	45.17	42.35
Dividend yield	4.04	3.62	4.04	3.62

Restricted Stock Awards

The Company, from time to time, issues restricted stock awards to outside directors and 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 June 30,		At or for the Six Months Ended June 30,	
	2012	2011	2012	2011
Unvested allocated shares – beginning of period	324,454	307,783	324,454	309,783
Shares granted	141,289	126,304	141,289	126,304
Shares vested	(135,369)	(107,649)	(135,369)	(109,649)
Shares forfeited	(2,371)	(1,984)	(2,371)	(1,984)
Unvested allocated shares – end of period	328,003	324,454	328,003	324,454

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 (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 in excess of the Fannie Mae ("FNMA") conforming loan limits for high-cost areas such as the Bank's primary lending area (the "FNMA Limits"). 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.

All loans not classified as Special Mention, Substandard or Doubtful were deemed pass loans at both June 30, 2012 and December 31, 2011.

The Bank had no loans classified as Doubtful at June 30, 2012 or December 31, 2011.

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

	Balance at June 30, 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
Pass	$65,072	$2,492,988	$ 330,680	$354,025	$ -	$3,242,766
Special Mention	470	8,430	5,518	8,369	-	22,787
Substandard	9,861	5,809	7,103	42,369	570	65,711
Total real estate loans individually assigned a credit grade	$75,403	$2,507,227	$ 343,301	$404,763	$ 570	$3,331,264
Real estate loans not individually assigned a credit grade (1)	$18,323	-	-	-	-	$18,323

(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. The credit quality of these loans was instead evaluated based upon payment activity.

	Balance at December 31, 2011					
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
Pass	$66,949	$2,587,573	$ 320,556	$364,462	$ -	$3,339,540
Special Mention	1,133	7,101	10,562	9,244	2,576	30,616
Substandard	2,635	8,245	7,152	39,610	623	58,265
Total real estate loans individually assigned a credit grade	$70,717	$2,602,919	$ 338,270	$413,316	$ 3,199	$3,428,421
Real estate loans not individually assigned a credit grade (1)	$29,995	-	-	-	-	$29,995

(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. The credit quality of these loans was instead evaluated based upon payment activity.

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	Balance at

	June 30, 2012	December 31, 2011
Pass	$2,859	$2,445
Substandard (non-accrual)	2	4
Total	$2,861	$2,449

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 June 30, 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	$468	$-	-	$1,161	$1,629	$92,097	$93,726
Multifamily residential and residential mixed use	2,216	4	$198	3,622	6,040	2,501,187	2,507,227
Mixed use commercial real estate	4,843	-	-	720	5,563	337,738	343,301
Commercial real estate	-	-	2,436	7,813	10,249	394,514	404,763
Construction	-	-	-	-	-	570	570
Total real estate	$7,527	4	$2,634	$13,316	$23,481	3,326,106	$3,349,587
Consumer	$3	$2	-	$2	$7	$2,854	$2,861

(1) Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of June 30, 2012.

	At December 31, 2011						
	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	$1,221	$-	-	$2,205	$3,426	$97,286	$100,712
Multifamily residential and residential mixed use	2,589	-	$946	7,069	10,604	2,592,315	2,602,919
Mixed use commercial real estate	4,976	-	-	5,591	10,567	327,703	338,270
Commercial real estate	478	-	2,874	11,083	14,435	398,881	413,316
Construction	-	-	-	-	-	3,199	3,199
Total real estate	$9,264	-	$3,820	$25,948	$39,032	$3,419,384	$3,458,416
Consumer	$12	$5	-	$4	$21	$2,428	$2,449

(1) Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of December 31, 2011.

Accruing Loans 90 Days or More Past Due:

At June 30, 2012, the Bank owned two real estate loans totaling $2,634 that were 90 days or more past due on their contractual balloon principal payment that continued to make monthly payments consistent with their initial contractual amortization schedule exclusive of the balloon payment. Management expects that these loans will either be satisfied or formally re-financed in the future. As a result, these loans remained on accrual status at June 30, 2012 and were deemed performing assets. At December 31, 2011, the Bank owned five real estate loans totaling $3,820 that were 90 days or more past due on their contractual balloon principal payment that continued to make monthly payments consistent with their initial contractual amortization schedule exclusive of the balloon payment. These loans remained on accrual status at December 31, 2011 and were deemed performing assets. With the exception of one loan with an outstanding balance of $2,872, the remaining four loans were either fully re-financed or satisfied during the six months ended June 30, 2012, or are expected to execute a re-financing agreement during the three months ending September 30, 2012.

Troubled Debt Restructured Loans ("TDRs").

At June 30, 2012, the Bank had twenty-two loans totaling $51,535 with terms that were modified in a manner that met the criteria for a TDR. Thirteen of these TDRs totaling $47,738 were commercial real estate loans, six loans totaling $2,434 were multifamily residential and residential mixed-use real estate loans, two loans totaling $622 were mixed use loans with four units or less and the remaining $741 loan was a mixed-use commercial real estate loan. At December 31, 2011, the Bank had twenty-two loans totaling $48,753 with terms that were modified in a manner that met the criteria for a TDR. Twelve of these TDRs totaling $44,458 were commercial real estate loans, three loans totaling $1,657 were mixed-use commercial real estate loans, five loans totaling $2,013 were multifamily residential and residential mixed-use real estate loans and the remaining two loans totaling $625 were mixed use loans with four units or less. (See "Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Asset Quality – TDRs" for a discussion of the criteria assessed in determining whether a loan modification has resulted in a TDR).

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

	As of June 30, 2012		As of December 31, 2011	
	No. of Loans	Balance	No. of Loans	Balance
Outstanding principal balance at period end	22	$51,535	22	$48,753
TDRs on accrual status at period end	19	43,722	17	40,688
TDRs on non-accrual status at period end	3	7,813	5	8,065

The Company has not restructured troubled consumer loans, as its consumer loan portfolio has not had any problem issues warranting restructuring. Therefore, all TDRs were collateralized by real estate at both June 30, 2012 and December 31, 2011.

There were no modification agreements entered into during the three months ended either June 30, 2012 or 2011 that met the criteria of a TDR. The following tables summarize activity related to TDRs for the periods indicated:

	For the Six Months Ended June 30, 2012			For the Six Months Ended June 30, 2011		
	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	1	$364	$364
Commercial real estate	2	4,430	4,430	-	-	-
TOTAL	3	$4,889	$4,889	1	$364	$364

The Bank's allowance for loan losses at June 30, 2012 reflected $581 of allocated reserve associated with modifications identified as TDRs. The Bank's allowance for loan losses at December 31, 2011 reflected $1,851 of allocated reserve associated with modifications identified as TDRs as of December 31, 2011. The reduction in the aggregate balance of allocated reserve associated with TDRs from December 31, 2011 to June 30, 2012 reflected both the removal $1,034 of such reserve on nine TDRs, as the improvement in the underlying conditions of these loans resulted in the determination that the allocated reserve was no longer warranted, as well as $154 of reserves that were charged-off upon the disposal of two TDRs during the three months ended June 30, 2012. Otherwise, there was no impact on the Bank's allowance for loan losses related to TDRs as of June 30, 2012 and December 31, 2011.

As of June 30, 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.

As of June 30, 2012, there were no TDRs modified within the previous 12 months that defaulted subsequent to modification (thus no significant impact to the allowance for loan losses during the three-month or six-month periods ended June 30, 2012 related to such loans).

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 non-accrual and TDR 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.

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 existing rate. 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. While measured impairment on TDRs is typically charged off immediately, an allocated reserve within the allowance for loan losses can be recognized in limited instances.

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

Delinquent Serviced Loans Subject to the First Loss Position

As of June 30, 2012 and December 31, 2011, 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 these loans (the "First Loss Position").

Under the terms of its seller/servicer agreement with FNMA, the Bank is obligated to fund FNMA all monthly principal and interest payments under the original terms of the sold loans until the earlier of the following events: (i) the Bank re-acquires the loan from FNMA or it enters Other Real Estate Owned ("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 June 30, 2012, within the pool of multifamily loans sold to FNMA, two loans totaling $706 were delinquent between 30 and 89 days, and one $1,336 loan was 90 days or more delinquent. At December 31, 2011, within the pool of multifamily loans sold to FNMA, one $1,342 loan was delinquent between 30 and 89 days, and one $757 loan was 90 days or more delinquent.

9. ALLOWANCE FOR LOAN LOSSES AND LIABILITY FOR FIRST LOSS POSITION ON MULTIFAMILY LOANS SOLD TO FNMA

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) has traditionally been comprised of three primary components: (1) impaired loans; (2) special mention loans; and (3) 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 the segments, the Bank analyzes the allowance 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 June 30, 2012 and December 31, 2011.

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 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 existing rate. 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 on TDRs is typically charged off immediately, impairment measured from 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 June 30, 2012 and December 31, 2011.

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 Special Mention Loan Component

At both June 30, 2012 and December 31, 2011, the reserve allocated within the allowance for loan losses associated with loans internally classified as Special Mention (excluding impaired loans internally designated 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 June 30, 2012 and December 31, 2011. 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 declined from $800 at December 31, 2011 to $520 at June 30, 2012, due to a reduction of $6,728 in non-impaired Special Mention loans from December 31, 2011 to June 30, 2012.

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
(ii) Economic conditions
(iii) Underwriting standards or experience
(iv) Loan concentrations
(v) Loan seasoning

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.

(ii) Economic conditions - At both June 30, 2012 and December 31, 2011, 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. Different loss expectations are then incorporated into the methodology. The Bank modified only certain less critical underwriting practices during the years ended June 30, 2012 and December 31, 2011, and, as a result, this component did not impact the methodology at either June 30, 2012 or December 31, 2011.

(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) Loan Seasoning – The Bank analyzes its charge-off history in order to determine whether loans that are over three years past their origination date (referred to as seasoned loans) have experienced lower loss levels, and would thus warrant a lower expected loss percentage. This element was given minimal consideration in the June 30, 2012 and December 31, 2011 evaluations. The minimal consideration resulted from an analysis of the loss experience recognized during the recent recessionary period (to which the Company migrated late in 2010), which concluded that the age or seasoning of a loan did not inversely correlate to the Bank's loss experience.

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 these 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 activity in 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 June 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	$313	$13,871	$2,249	$3,011	$-	$19,444	$24
Charge-offs	(110)	(1,241)	(136)	(163)	-	(1,650)	(2)
Recoveries	15	63	11	1	-	90	-
Transfer from the reserve for loan commitments	-	18	10	34	-	62	-
Provision	40	1,840	47	347	-	2,274	1
Ending balance	$258	$14,551	$2,181	$3,230	$-	$20,220	$23
Ending balance – loans individually evaluated for impairment	$1,061	$6,254	$1,462	$50,173	-	$58,951	$-
Ending balance – loans collectively evaluated for impairment	92,665	2,500,973	341,839	354,590	570	3,290,636	2,861
Allowance balance associated with loans individually evaluated for impairment	8	-	-	573	-	581	-
Allowance balance associated with loans collectively evaluated for impairment	250	14,551	2,181	2,657	-	19,639	23

At or for the Three Months Ended June 30, 2011				
	Real Estate Loans			Consumer Loans
	One- to Four Family Residential and Cooperative Unit	Multifamily Residential and Residential Mixed Use	Mixed Use Commercial Real Estate	