Section 1: 10-Q (10-Q)

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

FORM 10-Q

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

For the quarterly period ended March 31, 2019
OR

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

For the transition period from to

Commission file number 0-27782

DIME COMMUNITY BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

N/A
(Former name or former address, if changed since last report)

Delaware	**11-3297463**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
300 Cadman Plaza West, 8th Floor, Brooklyn, NY	**11201**
*(*Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all the reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). YES ☒ NO ☐

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

LARGE ACCELERATED FILER ☐
NON -ACCELERATED FILER ☐
ACCELERATED FILER ☒
SMALLER REPORTING COMPANY ☐
EMERGING GROWTH COMPANY ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	DCOM	The NASDAQ Stock Market

Classes of Common Stock	Number of Shares Outstanding at May 10, 2019
\$.01 Par Value	**36,056,385**

Cautionary Note Regarding Forward-Looking Statements

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 “annualized,” “anticipate,” “believe,” “continue,” “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. 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. Accordingly, you should not place undue reliance on such statements. These factors include, without limitation, the following:

- there may be increases in competitive pressure among financial institutions or from non-financial institutions;
- the net interest margin is subject to material short-term fluctuation based upon market rates;
- changes in deposit flows, loan demand or real estate values may affect the business of Dime Community Bank (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 or results of operations;
- general economic conditions, either nationally or locally in some or all areas in which the Company conducts business, or conditions in the securities markets or the banking industry, may different than the Company currently anticipates;
- legislative, regulatory or policy changes may adversely affect the Company’s business or results of operations;
- technological changes may be more difficult or expensive than the Company anticipates;
- success or consummation of new business initiatives or the integration of any acquired entities 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" in our Annual Report on Form 10-K for the year ended December 31, 2018 as updated by our Quarterly Reports on Form 10-Q.

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)

	March 31, 2019	December 31, 2018
ASSETS:		
Cash and due from banks	$ 143,473	$ 147,256
Total cash and cash equivalents	143,473	147,256
Securities available-for-sale, at fair value	511,623	502,885
Marketable equity securities, at fair value	5,912	5,667
Loans:		
Real estate	5,238,882	5,163,122
Commercial and industrial ("C&I") loans	266,415	229,504
Other loans	1,139	1,192
Less allowance for loan losses	(21,941)	(21,782)
Total loans, net	5,484,495	5,372,036
Premises and fixed assets, net	23,708	24,713
Loans held for sale	682	1,097
Federal Home Loan Bank of New York ("FHLBNY") capital stock	55,840	57,551
Bank Owned Life Insurance ("BOLI")	112,121	111,427
Goodwill	55,638	55,638
Operating lease assets	40,401	—
Other assets	41,408	42,308
Total Assets	$ 6,475,301	$ 6,320,578
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Due to depositors:		
Interest-bearing deposits	$ 3,990,147	$ 3,961,277
Non-interest-bearing deposits	417,475	395,477
Total deposits	4,407,622	4,356,754
Escrow and other deposits	137,116	85,234
FHLBNY advances	1,087,325	1,125,350
Subordinated debt, net	113,796	113,759
Other borrowings	45,000	—
Operating lease liabilities	46,868	—
Other liabilities	31,300	37,400
Total Liabilities	5,869,027	5,718,497
Stockholders' Equity:		
Preferred stock ($0.01 par, 9,000,000 shares authorized, none issued or outstanding at March 31, 2019 and December 31, 2018)	—	—
Common stock ($0.01 par, 125,000,000 shares authorized, 53,690,825 shares and 53,690,825 shares issued at March 31, 2019 and December 31, 2018, respectively, and 36,020,112 shares and 36,081,455 shares outstanding at March 31, 2019 and December 31, 2018, respectively)	537	537
Additional paid-in capital	278,358	277,512
Retained earnings	572,175	565,713
Accumulated other comprehensive loss, net of deferred taxes	(5,232)	(6,500)
Unearned Restricted Stock Award common stock	(6,068)	(3,623)
Common stock held by Benefit Maintenance Plan ("BMP")	(1,509)	(1,509)
Treasury stock, at cost (17,670,713 shares and 17,609,370 shares at March 31, 2019 and December 31, 2018, respectively)	(231,987)	(230,049)
Total Stockholders' Equity	606,274	602,081
Total Liabilities and Stockholders' Equity	$ 6,475,301	$ 6,320,578

See notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Interest income:		
Loans secured by real estate	$ 49,177	$ 49,575
C&I loans	3,436	1,656
Other loans	18	19
Mortgage-backed securities (“MBS”) and Agency Collaterized Mortgage Obligation (“CMO”) securities	3,197	2,257
Marketable equity and investment securities	420	15
Other short-term investments	1,447	1,511
Total interest income	57,695	55,033
Interest expense:		
Deposits and escrow	15,017	10,751
Borrowed funds	7,354	6,267
Total interest expense	22,371	17,018
Net interest income	35,324	38,015
Provision for loan losses	321	193
Net interest income after provision for loan losses	35,003	37,822
Non-interest income:		
Service charges and other fees	1,099	911
Mortgage banking income, net	68	111
Net gain on securities and other assets(1)	192	1,366
Gain on sale of loans	255	90
Income from BOLI	694	712
Other	52	54
Total non-interest income	2,360	3,244
Non-interest expense:		
Salaries and employee benefits	11,884	11,177
Stock benefit plan compensation expense	284	388
Occupancy and equipment	3,869	3,872
Data processing costs	2,066	1,754
Marketing	466	1,047
Federal deposit insurance premiums	454	665
Other	3,029	2,831
Total non-interest expense	22,052	21,734
Income before income taxes	15,311	19,332
Income tax expense	3,810	4,587
Net income	**$ 11,501**	**$ 14,745**
Earnings per Share:		
Basic	**$ 0.32**	**$ 0.39**
Diluted	**$ 0.32**	**$ 0.39**

(1) Amount includes periodic valuation gains or losses on marketable equity securities.

See notes to unaudited financial statements.

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net Income	$ 11,501	$ 14,745
Other comprehensive income (loss):		
Change in holding gain (loss) on securities available-for-sale	4,687	(2,558)
Change in pension and other postretirement obligations	492	155
Change in gain (loss) on derivative assets	(3,284)	2,016
Other comprehensive gain (loss) before income taxes	1,895	(387)
Deferred tax expense (benefit)	627	(112)
Other comprehensive income (loss), net of tax	1,268	(275)
Total comprehensive income	$ 12,769	$ 14,470

See notes to unaudited 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)

	Three Months Ended March 31, 2019								
	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Deferred Taxes	Unearned Stock Award Common Stock	Common Stock Held by BMP	Treasury Stock, at cost	Total Stockholders' Equity
Beginning balance as of January 1, 2019	36,081,455	$ 537	$ 277,512	$ 565,713	$ (6,500)	$ (3,623)	$ (1,509)	$ (230,049)	$ 602,081
Net Income	—	—	—	11,501	—	—	—	—	11,501
Other comprehensive income, net of tax	—	—	—	—	1,268	—	—	—	1,268
Release of shares, net of forfeitures	138,329	—	846	—	—	(2,729)	—	1,883	—
Stock-based compensation	—	—	—	—	—	284	—	—	284
Payments related to tax withholding for stock-based compensation	(418)	—	—	—	—	—	—	(7)	(7)
Cash dividends declared and paid	—	—	—	(5,039)	—	—	—	—	(5,039)
Repurchase of shares of Common Stock	(199,254)	—	—	—	—	—	—	(3,814)	(3,814)
Ending balance as of March 31, 2019	36,020,112	$ 537	$ 278,358	$ 572,175	$ (5,232)	$ (6,068)	$ (1,509)	$ (231,987)	$ 606,274

	Three Months Ended March 31, 2018								
	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Deferred Taxes	Unearned Stock Award Common Stock	Common Stock Held by BMP	Treasury Stock, at cost	Total Stockholders' Equity
Beginning balance as of January 1, 2018	37,419,070	$ 536	$ 276,730	$ 535,130	$ (3,641)	$ (2,894)	$ (2,736)	$ (204,558)	$ 598,567
Reclassification of unrealized gains and losses on marketable equity securities	—	—	—	153	(153)	—	—	—	—
Adjusted beginning balance as of January 1, 2018	37,419,070	536	276,730	535,283	(3,794)	(2,894)	(2,736)	(204,558)	598,567
Net Income	—	—	—	14,745	—	—	—	—	14,745
Other comprehensive loss, net of tax	—	—	—	—	(275)	—	—	—	(275)
Exercise of stock options, net	19,726	1	454	—	—	—	—	(165)	290
Release of shares, net of forfeitures	73,019	—	426	—	—	(1,349)	—	923	—
Stock-based compensation	—	—	—	—	—	388	—	—	388
Shares received to satisfy distribution of retirement benefits	(27,545)	—	(540)	—	—	—	540	(524)	(524)
Reclassification of tax effects on other comprehensive income (loss)	—	—	—	(32)	32	—	—	—	—
Cash dividends declared and paid	—	—	—	(5,234)	—	—	—	—	(5,234)
Ending balance as of March 31, 2018	37,484,270	$ 537	$ 277,070	$ 544,762	$ (4,037)	$ (3,855)	$ (2,196)	$ (204,324)	$ 607,957

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 11,501	$ 14,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Net (gain) loss on sales of securities available-for-sale	76	(1,370)
Net (gain) loss recognized on marketable equity securities	(268)	4
Net gain on sale of loans held for sale	(255)	(90)
Net depreciation, amortization and accretion	2,875	2,184
Cash paid for amounts included in the measurement of lease liabilities	(1,712)	—
Stock plan compensation	284	388
Provision for loan losses	321	193
Originations of loans held for sale	(569)	—
Proceeds from sale of loans originated for sale	618	—
Increase in cash surrender value of BOLI	(694)	(712)
Deferred income tax provision	(807)	(1,728)
Changes in assets and liabilities:		
Decrease (Increase) in other assets	(262)	3,204
Decrease in other liabilities	(923)	(4,072)
Net cash provided by Operating activities	10,185	12,746
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales securities available-for-sale	15,499	158,484
Proceeds from sales of marketable equity securities	137	393
Purchases of securities available-for-sale	(38,319)	(189,874)
Acquisition of marketable equity securities	(114)	(109)
Proceeds from calls and principal repayments of securities available-for-sale	18,530	25,958
Proceeds from sale of portfolio loans held for sale	8,659	765
Net decrease (increase) in loans	(120,886)	93,994
Purchases of fixed assets, net	(50)	(1,879)
Sale of FHLBNY capital stock, net	1,711	7,182
Net cash provided by (used in) Investing Activities	(114,833)	94,914
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in due to depositors	50,868	26,994
Increase in escrow and other deposits	51,882	49,785
Repayments of FHLBNY advances	(1,030,150)	(1,034,600)
Proceeds from FHLBNY advances	992,125	875,000
Repayments of other borrowings	(571,000)	—
Proceeds from other borrowings	616,000	—
Proceeds from exercise of stock options	—	290
Payments related to tax withholding for stock-based compensation	(7)	—
BMP ESOP shares received to satisfy distribution of retirement benefits	—	(524)
Treasury shares repurchased	(3,814)	—
Cash dividends paid to stockholders, net	(5,039)	(5,234)
Net cash provided by (used in) Financing Activities	100,865	(88,289)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,783)	19,371
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	147,256	169,455
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 143,473	$ 188,826
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 4,406	$ 2,928
Cash paid for interest	24,013	15,323
Loans transferred to held for sale	2,329	675
Operating lease assets in exchange for operating lease liabilities	41,641	—

See notes to unaudited condensed consolidated financial statements.

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

1. NATURE OF OPERATIONS

Dime Community Bancshares, Inc. (the "Holding Company" and together with its direct and indirect subsidiaries, the "Company") is a Delaware corporation organized by Dime Community Bank (the "Bank") for the purpose of acquiring all of the capital stock of the Bank issued in the Bank's conversion to stock ownership on June 26, 1996. On January 24, 2019, the Bank filed an application with the New York Department of Financial Services (“NYSDFS”) seeking approval to convert from a New York stock form savings bank to a New York commercial bank (the “Charter Conversion”). Simultaneous with the Charter Conversion application to NYSDFS, the Company filed an application with the Federal Reserve Bank of Philadelphia to delist as a savings and loan holding company and elect to become a bank holding company. Having received all applicable regulatory approvals, on April 25, 2019 the Bank completed the Charter Conversion, and began operating as a New York commercial bank. Simultaneously, the Company began operating as a bank holding company. At March 31, 2019 the significant assets of the Holding Company were the capital stock of the Bank and investments retained by the Holding Company. The liabilities of the Holding Company were comprised primarily of $113,796 subordinated notes due in 2027, which become callable commencing in 2022. The Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

The Bank was originally founded in 1864 as a New York State-chartered mutual savings bank, and operated as a New York State-chartered stock savings bank until April 2019. Effective August 1, 2016, the Bank changed its name from The Dime Savings Bank of Williamsburgh to Dime Community Bank. The new name more accurately reflected the Bank's evolving business model and emphasized its broader geographic and business reach while retaining the Bank's mission to be in and of the communities it served, including the virtual online community. 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, mixed use, and, to an increasing extent, commercial and industrial (“C&I”) loans, and one-to-four family residential real estate loans, as well as mortgage-backed securities, obligations of the U.S. government and government- sponsored enterprises (“GSEs”), and corporate debt and equity securities.

The Holding Company neither owns nor leases any property, but instead uses the back office of the Bank, located in the Brooklyn Heights section of the borough of Brooklyn, New York. The Bank maintains its principal office in the Williamsburg section of the borough of Brooklyn, New York. As of March 31, 2019, the Bank had twenty-nine retail banking offices located throughout the boroughs of Brooklyn, Queens, and the Bronx, and in Nassau County and Suffolk County, New York.

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 March 31, 2019 and December 31, 2018, the results of operations and statements of comprehensive income for the three-month periods ended March 31, 2019 and 2018, and the changes in stockholders' equity and cash flows for the three-month periods ended March 31, 2019 and 2018. The results of operations for the three-month period ended March 31, 2019 is not necessarily indicative of the results of operations for the remainder of the year ending December 31, 2019. 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 condensed 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, 2018 and notes thereto contained in our Annual Report on Form 10-K.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires companies that lease valuable assets to recognize on their balance sheets the assets and liabilities generated by contracts longer than a year. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, and ASU 2018-11, *Leases (Topic 842)*: Targeted Improvements. The amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. An entity may adopt the new guidance by either restating prior periods and recording a cumulative effect adjustment at the beginning of the earliest comparative period presented (the modified retrospective transition approach) or by recording a cumulative adjustment at the beginning of the period of adoption (the additional transition method). The Company used the additional transition method approach. Topic 842 includes a number of optional practical expedients that entities may elect to apply. The practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Company adopted these practical expedients: not reevaluating whether or not a contract contains a lease; retaining current lease classification; not reassessing initial direct costs for existing leases; and not reassessing existing land easements that were not previously accounted for as leases under current lease accounting rules. The Company did not utilize the practical expedient of hindsight in its lease assessments. An entity that elects to apply these practical expedients will, in effect, continue to account for leases that commence before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. The adoption of ASU 2016-02 resulted in increases of $41,641 to the Company's assets and liabilities.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which requires that the measurement of all expected credit losses for financial assets held at the reporting date be based on historical experience, current condition, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. This guidance also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. For the Company, this guidance is effective for fiscal years and interim periods beginning after December 31, 2019. The Company has established a committee that has assessed system requirements, gathered data, and will evaluate the impact of ASU 2016-13 on its consolidated financial statements. The Company has engaged a third party software provider in order to evaluate the potential impact of ASU 2016-13, and is currently working through implementation of the software. The Company expects to recognize a one-time cumulative effect increase to the allowance for loan losses as of the beginning of the reporting period in which ASU 2016-13 takes effect, however, cannot yet determine the magnitude of the impact on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018, however, early adoption is permitted. The adoption of ASU 2017-08 did not have a material impact on the Company’s consolidated financial statements.

4. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Securities Available-for-Sale	Defined Benefit Plans	Derivative Asset	Total Accumulated Other Comprehensive Loss
Balance as of January 1, 2019	$ (1,957)	$ (6,290)	$ 1,747	$ (6,500)
Other comprehensive income (loss) before reclassifications	3,129	252	(2,007)	1,374
Amounts reclassified from accumulated other comprehensive loss	51	82	(239)	(106)
Net other comprehensive income during the period	3,180	334	(2,246)	1,268
Balance as of March 31, 2019	$ 1,223	$ (5,956)	$ (499)	$ (5,232)
Balance as of January 1, 2018	$ 285	$ (6,633)	$ 2,707	$ (3,641)
Reclassification for adoption of ASU 2016-01(1)	(153)	—	—	(153)
Adjusted balance as of January 1, 2018	132	(6,633)	2,707	(3,794)
Other comprehensive income (loss) before reclassifications	(786)	(88)	1,373	499
Amounts reclassified from accumulated other comprehensive loss	(922)	192	(44)	(774)
Net other comprehensive income during the period	(1,708)	104	1,329	(275)
Reclassification of tax effects on other comprehensive income (2)	—	32	—	32
Balance as of March 31, 2018	$ (1,576)	$ (6,497)	$ 4,036	$ (4,037)

(1) Represents the impact of adopting ASU 2016-01 allowing the reclassification of unrealized gains and losses on available-for-sale equity securities from accumulated other comprehensive income to retained earnings.

(2) Represents the impact of adopting ASU 2018-02 allowing the reclassification of certain stranded income tax effects in accumulated other comprehensive income resulting from the Tax Cuts and Jobs Act of 2017 (the "Tax Act") from accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act (or portion thereof) is recorded. The amount of the reclassification is an adjustment for the difference between the historical corporate income tax rate (35%) and the newly enacted 21% corporate income tax rate.

The before and after tax amounts allocated to each component of other comprehensive income (loss) are presented in the table below for the periods indicated.

	Three Months Ended March 31,	
	2019	2018
Change in holding gain (loss) on securities available-for-sale:		
Change in net unrealized holding gain (loss) during the period	$ 4,611	$ (1,188)
Reclassification adjustment for net gains included in net gain on securities and other assets	76	(1,370)
Net change	4,687	(2,558)
Tax expense (benefit)	1,507	(850)
Net change in holding gain (loss) on securities available-for-sale	3,180	(1,708)
Change in pension and other postretirement obligations:		
Reclassification adjustment for expense included in other expense	122	286
Change in the net actuarial gain or loss	370	(131)
Net change	492	155
Tax expense	158	51
Net change in pension and other postretirement obligations	334	104
Change in gain (loss) on derivative assets:		
Change in net unrealized gain (loss) during the period	(2,928)	2,081
Reclassification adjustment for expense included in interest expense	(356)	(65)
Net change	(3,284)	2,016
Tax expense (benefit)	(1,038)	687
Net change in unrealized loss on derivative asset or liability	(2,246)	1,329
Other comprehensive income (loss)	$ 1,268	$ (275)

5. 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, and if all likely aggregate Long-term Incentive Plan ("LTIP") and Sales Incentive Plan ("SIP") share are issued. In determining the weighted average shares outstanding for basic and diluted EPS, treasury shares are excluded. Vested restricted stock award ("RSA") shares are included in the calculation of the weighted average shares outstanding for basic and diluted EPS. Unvested RSA and SIP shares not yet awarded are recognized as a special class of participating securities under ASC 260, and are included in the calculation of the weighted average shares outstanding for basic and diluted EPS.

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

	Three Months Ended March 31,	
	2019	2018
Net income per the Consolidated Statements of Income	$ 11,501	$ 14,745
Less: Dividends paid and earnings allocated to participating securities	(37)	(29)
Income attributable to common stock	$ 11,464	$ 14,716
Weighted average common shares outstanding, including participating securities	36,000,140	37,495,317
Less: weighted average participating securities	(153,793)	(145,725)
Weighted average common shares outstanding	35,846,347	37,349,592
Basic EPS	$ 0.32	$ 0.39
Income attributable to common stock	$ 11,464	$ 14,716
Weighted average common shares outstanding	35,846,347	37,349,592
Weighted average common equivalent shares outstanding	130,568	115,133
Weighted average common and equivalent shares outstanding	35,976,915	37,464,725
Diluted EPS	$ 0.32	$ 0.39

Common and 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 common stock over the exercise price of outstanding in-the-money stock options during the period.

There were no "out-of-the-money" stock options during the three-month periods ended March 31, 2019 or 2018.

For information about the calculation of expected aggregate LTIP and SIP share payouts, see Note 14.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, on January 1, 2018. Under ASC 2014-09, an entity is required to recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires disclosure of sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, as well as qualitative and quantitative disclosure related to contracts with certain customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

In accordance with ASU 2014-09, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. The Company applies the following five steps to properly recognize revenue:

1. Identify the contract with a customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to performance obligations in the contract

5 Recognize revenue when (or as) the Company satisfies a performance obligation

The Company's only in-scope revenue stream that is subject to the accounting standard is service fees on deposit accounts (including interchange fees), which is disclosed on the Consolidated Statements of Operations as "Service charges and other fees." For the three-month periods ended March 31, 2019 and 2018, service charges and other fees totaled $1,099 and $911, respectively.

Service Charges on Deposit Accounts. The Company earns fees from its deposits customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payments, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of the month, representing the period over which the Company satisfied the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income. The Company earns interchange fees from debit cardholder transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provide to the cardholder.

7. INVESTMENT AND MORTGAGE-BACKED SECURITIES

The Company adopted ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, on January 1, 2018. As a result of adoption all registered mutual funds were reclassified as marketable equity securities on the Consolidated Statement of Financial Condition and are recorded at fair value with changes in fair value recorded through the income statement. Additionally, $153 of unrealized gains, net of taxes, was reclassified from accumulated other comprehensive income to beginning retained earnings on January 1, 2018. Marketable equity securities are excluded from the tables below.

The following tables summarize the major categories of securities owned by the Company as of the dates indicated:

	At March 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale:				
Agency Notes	$ 25,124	$ 52	$ 3	$ 25,173
Corporate Securities	29,131	166	64	29,233
Pass-through MBS issued by Government-sponsored Enterprises ("GSEs")	346,338	2,829	560	348,607
Agency CMOs	109,244	142	776	108,610
Total securities available-for-sale	$ 509,837	$ 3,189	$ 1,403	$ 511,623

	At December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale:				
Agency Notes	$ 25,110	$ 45	$ 10	$ 25,145
Corporate Securities	11,167	0	32	11,135
Pass-through MBS issued by GSEs	356,039	574	2,000	354,613
Agency CMOs	113,470	157	1,635	111,992
Total securities available-for-sale	$ 505,786	$ 776	$ 3,677	$ 502,885

The carrying amount of securities pledged as collateral for the Bank's first loss guarantee was $23,786 and $27,248 at March 31, 2019 and December 31, 2018, respectively.

At March 31, 2019, the available-for-sale agency notes possessed a weighted average contractual maturity of 3.9 years. At March 31, 2019, available-for-sale agency CMO and MBS securities possessed a weighted average contractual maturity of 12.9 years. At March 31, 2019, the corporate securities possessed had a weighted average contractual maturity of 5.9 years.

	For the Three Months Ended March 31,	
	2019	2018
Pass through MBS issued by GSEs:		
Proceeds	$ 6,117	$ —
Gross gains	—	—
Tax expense on gain	—	—
Gross losses	174	—
Tax benefit on loss	(56)	—
Agency CMOs:		
Proceeds	9,382	158,484
Gross gains	98	1,370
Tax expense on gain	31	440
Gross losses	—	—
Tax benefit on loss	—	—

The Company holds marketable equity securities as the underlying mutual fund investments of the BMP, held in a rabbi trust. The Company may sell these securities on a periodic basis in order to pay retirement benefits to plan retirees. There are no gains or losses recognized from the sales of marketable equity securities. A summary of the sales of marketable equity securities is listed below for the periods indicated:

	For the Three Months Ended March 31,	
	2019	2018
Proceeds:		
Marketable equity securities	$ 137	$ 393

The remaining gain or loss on securities shown in the unaudited condensed consolidated statements of income was due to market valuation changes. Net gains (losses) of $268 and $(4) were recognized on marketable equity securities for the three-month period ended March 31, 2019 and March 31, 2018, respectively.

The following table summarizes the gross unrealized losses and fair value of investment securities aggregated by investment category and the length of time the securities were in a continuous unrealized loss position as of the dates indicated:

	March 31, 2019					
	Less than 12 Consecutive Months		12 Consecutive Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
Agency Notes	$ 5,121	$ 3	$ —	$ —	$ 5,121	$ 3
Corporate Securities	10,104	64	—	—	10,104	64
Pass through MBS issued by GSEs	—	—	81,834	560	81,834	560
Agency CMOs	86,626	716	4,583	60	91,209	776

	December 31, 2018					
	Less than 12 Consecutive Months		12 Consecutive Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities available-for-sale:						
Agency Notes	$ 5,100	$ 10	$ —	$ —	$ 5,100	$ 10
Corporate Securities	11,135	32	—	—	11,135	32
Pass through MBS issued by GSEs	216,451	1,049	45,489	951	261,940	2,000
Agency CMOs	52,605	439	39,833	1,196	92,438	1,635

The issuers of securities available-for-sale are U.S. government-sponsored entities or agencies. The decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality. It is likely that the Company will not be required to sell the securities before their anticipated recovery, and as such, the Company does not consider these securities to be other-than-temporarily-impaired at March 31, 2019.

8. LOANS RECEIVABLE AND CREDIT QUALITY

Loans are reported at the principal amount outstanding, net of unearned fees or costs. 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:

On a quarterly basis, 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 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 loans, acquisition, development, and construction ("ADC") loans (which includes land loans), C&I loans, as well as one-to-four family residential and cooperative and condominium apartment loans.

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 as of March 31, 2019 or December 31, 2018. All real estate and C&I loans not classified as Special Mention or Substandard were deemed pass loans at both March 31, 2019 and December 31, 2018.

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

	Balance at March 31, 2019				
	Pass	Special Mention	Substandard	Doubtful	Total
Real Estate:					
One-to-four family residential, including condominium and cooperative apartment	$ 106,659	$ —	$ 1,050	$ —	$ 107,709
Multifamily residential and residential mixed-use	3,793,706	25,326	12,113	—	3,831,145
Commercial real estate and commercial mixed-use	1,230,111	6,110	9,585	—	1,245,806
ADC	54,222	—	—	—	54,222
Total real estate	5,184,698	31,436	22,748	—	5,238,882
C&I	265,521	49	845	—	266,415
Total Real Estate and C&I	$ 5,450,219	$ 31,485	$ 23,593	$ —	$ 5,505,297

	Balance at December 31, 2018				
	Pass	Special Mention	Substandard	Doubtful	Total
Real Estate:					
One-to-four family residential, including condominium and cooperative apartment	$ 95,782	$ —	$ 1,065	$ —	$ 96,847
Multifamily residential and residential mixed-use	3,829,643	32,682	4,463	—	3,866,788
Commercial real estate and commercial mixed-use	1,162,429	1,209	6,447	—	1,170,085
ADC	29,402	—	—	—	29,402
Total real estate	5,117,256	33,891	11,975	—	5,163,122
C&I	228,924	—	580	—	229,504
Total Real Estate and C&I	$ 5,346,180	$ 33,891	$ 12,555	$ —	$ 5,392,626

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

	Balance at	
Grade	**March 31, 2019**	**December 31, 2018**
Performing	$ 1,133	$ 1,189
Non-accrual	6	3
Total	$ 1,139	$ 1,192

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

	At March 31, 2019						
	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, including condominium and cooperative apartment	$ 133	$ 8	$ —	$ 706	$ 847	$ 106,862	$ 107,709
Multifamily residential and residential mixed-use	145	—	768	276	1,189	3,829,956	3,831,145
Commercial real estate and commercial mixed-use	—	—	5,622	4,205	9,827	1,235,979	1,245,806
ADC	—	—	—	—	—	54,222	54,222
Total real estate	**$ 278**	**$ 8**	**$ 6,390**	**$ 5,187**	**$ 11,863**	**$ 5,227,019**	**$ 5,238,882**
C&I	**$ 49**	**$ —**	**$ 565**	**$ 232**	**$ 846**	**$ 265,569**	**$ 266,415**
Consumer	**$ 3**	**$ 1**	**$ —**	**$ 6**	**$ 10**	**$ 1,129**	**$ 1,139**

(1) Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of March 31, 2019.

	At December 31, 2018						
	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, including condominium and cooperative apartment	$ 312	$ —	$ —	$ 712	$ 1,024	$ 95,823	$ 96,847
Multifamily residential and residential mixed-use	—	—	100	280	380	3,866,408	3,866,788
Commercial real estate and commercial mixed-use	—	—	—	1,041	1,041	1,169,044	1,170,085
ADC	—	—	—	—	—	29,402	29,402
Total real estate	**$ 312**	**$ —**	**$ 100**	**$ 2,033**	**$ 2,445**	**$ 5,160,677**	**$ 5,163,122**
C&I	**$ 50**	**$ 49**	**$ —**	**$ 309**	**$ 408**	**$ 229,096**	**$ 229,504**
Consumer	**$ 12**	**$ 1**	**$ —**	**$ 3**	**$ 16**	**$ 1,176**	**$ 1,192**

(1) Includes all loans on non-accrual status regardless of the number of days such loans were delinquent as of December 31, 2018.

Accruing Loans 90 Days or More Past Due

The Bank continued accruing interest on eleven loans with an aggregate outstanding balance of 6,955 at March 31, 2019, and one real estate loan with an aggregate outstanding balance of $100 at December 31, 2018, all of which were 90 days or more past due on their respective contractual maturity dates. These loans 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 the dates indicated above.

Troubled Debt Restructurings ("TDRs")

A TDR has been created in the event that, for economic or legal reasons, any of the following concessions has been granted that would not have otherwise been considered to a debtor experiencing financial difficulties. The following criteria are considered concessions:

- A reduction of interest rate has been made for the remaining term of the loan
- The maturity date of the loan has been extended with a stated interest rate lower than the current market rate for new debt with similar risk
- The outstanding principal amount and/or accrued interest have been reduced

In instances in which the interest rate has been reduced, management would not deem the modification a TDR in the event that the reduction in interest rate reflected either a general decline in market interest rates or an effort to maintain a relationship with a borrower who could readily obtain funds from other sources at the current market interest rate, and the terms of the restructured loan are comparable to the terms offered by the Bank to non-troubled debtors. The following table summarizes outstanding TDRs by underlying collateral types as of the dates indicated:

	As of March 31, 2019		As of December 31, 2018	
	No. of Loans	Balance	No. of Loans	Balance
One-to-four family residential, including condominium and cooperative apartment	1	$ 12	1	$ 14
Multifamily residential and residential mixed-use	2	261	2	271
Commercial real estate and commercial mixed-use	1	4,061	1	4,084
Total real estate	4	$ 4,334	4	$ 4,369

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 on either 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. There were no TDRs on non-accrual status at March 31, 2019 or at December 31, 2018.

The Company has not restructured any C&I or consumer loans, as these loan portfolios have not experienced any problem issues warranting restructuring. Therefore, all TDRs were collateralized by real estate at both March 31, 2019 and December 31, 2018.

There were no loans modified in a manner that met the criteria of a TDR during the three-month periods ended March 31, 2019 or 2018.

As of March 31, 2019 and December 31, 2018, 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-month periods ended March 31, 2019 or 2018 (thus no impact to the allowance for loan losses during those periods).

Impaired Loans

A loan is considered impaired when, based on then 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.

The Bank considers TDRs and all non-accrual loans, except one-to-four family loans equal to or less than the FNMA conforming loan limits for high-cost areas, such as the Bank's primary lending area, ("FNMA Limits") and consumer loans, to be impaired. Non-accrual one-to-four family loans equal to or less than the FNMA Limits and 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 to come from liquidation of the collateral; or 3) the present value of estimated future cash flows (using the loan's pre-modification rate for some of the performing TDRs). If a TDR is substantially performing in accordance with its restructured terms, management will look to either the potential net liquidation proceeds of the underlying collateral or the present value of the expected cash flows from the debt service 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.

9. ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses consists of specific and general components. At March 31, 2019, the Bank's periodic evaluation of its allowance for loan losses (specific or general) was comprised of two primary components: (1) impaired loans and (2) pass graded loans. Within these components, the Company has identified the following portfolio segments for purposes of assessing its allowance for loan losses: (1) real estate loans; (2) C&I loans; and (3) consumer loans. Within these segments, the Bank analyzes the allowance for loan losses based upon the underlying collateral type (classes). Smaller balance homogeneous real estate loans, such as condominium or cooperative apartment and one-to-four family residential real estate loans with balances equal to or less than the FNMA Limits, and consumer loans are collectively evaluated for impairment, and accordingly, are not separately identified for impairment disclosures.

Impaired Loan Component

All loans that are deemed to meet the definition of impaired 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 to come 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 certain performing TDRs). 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 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 are generally considered when measuring impairment. While measured impairment is generally charged off immediately, impairment attributed to a reduction in the present value of expected cash flows of a performing TDR is generally reflected as an allocated reserve within the allowance for loan losses. At March 31, 2019 and December 31, 2018, there were no allocated reserves related to TDRs within the allowance for loan losses.

Non-Impaired Loan Component

The Bank initially looks to the underlying collateral type when determining the allowance for loan losses associated with non-impaired real estate loans. The following underlying collateral types are analyzed separately: 1) one-to-four family residential and condominium or cooperative apartment; 2) multifamily residential and residential mixed-use; 3) commercial mixed-use real estate, 4) commercial real estate; 5) ADC; and 6) C&I. 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 non-impaired 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 non-impaired loan portfolio are segmented by significant common characteristics, against which historical loss rates are applied to reflect probable incurred loss percentages. The Bank also reviews and considers the charge-off experience of peer banks in its lending marketplace in order to determine whether probable incurred losses that could take a longer period to flow through its allowance for loan losses possibly exist.
(ii) Economic conditions – The Bank assigned a loss allocation to its entire non-impaired 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) Loan concentrations – The Bank regularly reviews its loan concentrations (borrower, collateral type, location, etc.) 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 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.

<u>Consumer Loans</u>

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.

<u>Reserve for Loan Commitments</u>

At both March 31, 2019 and December 31, 2018, respectively, the Bank maintained a reserve of $0.03 million associated with unfunded loan commitments accepted by the borrower. This reserve is determined based upon the outstanding volume of loan commitments at each period end. Any increases or reductions in this reserve are recognized in periodic non-interest expense.

The following tables present data regarding the allowance for loan losses activity for the periods indicated:

	At or for the Three Months Ended March 31, 2019						
	Real Estate Loans						
	One-to-Four Family Residential, Including Condominium and Cooperative Apartment	Multifamily Residential and Residential Mixed-Use	Commercial Real Estate and Commercial Mixed-Use	ADC	Total Real Estate	C&I	Consumer Loans
Beginning balance	$ 198	$ 13,446	$ 3,777	$ 397	$ 17,818	$ 3,946	$ 18
Provision (credit) for loan losses	4	(453)	250	246	47	273	1
Charge-offs	(1)	(5)	(5)	—	(11)	(150)	(1)
Recoveries	—	—	—	—	—	—	—
Ending balance	$ 201	$ 12,988	$ 4,022	$ 643	$ 17,854	$ 4,069	$ 18

	At or for the Three Months Ended March 31, 2018						
	Real Estate Loans						
	One- to Four Family Residential, Including Condominium and Cooperative Apartment	Multifamily Residential and Residential Mixed-Use	Commercial Real Estate and Commercial Mixed-Use	ADC	Total Real Estate	C&I	Consumer Loans
Beginning balance	$ 116	$ 15,219	$ 3,535	$ 123	$ 18,993	$ 2,021	$ 19
Provision (credit) for loan losses	—	(223)	(13)	3	(233)	424	2
Charge-offs	(15)	—	(4)	—	(19)	—	(4)
Recoveries	1	—	—	—	1	—	—
Ending balance	$ 102	$ 14,996	$ 3,518	$ 126	$ 18,742	$ 2,445	$ 17

The following tables present the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment evaluation method as of the dates indicated:

	At March 31, 2019						
	Real Estate Loans						
	One-to-Four Family Residential, Including Condominium and Cooperative Apartment	Multifamily Residential and Residential Mixed-Use	Commercial Real Estate and Commercial Mixed-Use	ADC	Total Real Estate	C&I	Consumer Loans
Allowance for loan losses:							
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ 116	$ —
Collectively evaluated for impairment	201	12,988	4,022	643	17,854	3,953	18
Total ending allowance balance	**$ 201**	**$ 12,988**	**$ 4,022**	**$ 643**	**$ 17,854**	**$ 4,069**	**$ 18**
Loans:							
Individually evaluated for impairment	$ 12	$ 537	$ 8,266	$ —	$ 8,815	$ 232	$ —
Collectively evaluated for impairment	107,697	3,830,608	1,237,540	54,222	5,230,067	266,183	1,139
Total ending loans balance	**$ 107,709**	**$ 3,831,145**	**$ 1,245,806**	**$ 54,222**	**$ 5,238,882**	**$ 266,415**	**$ 1,139**

	At December 31, 2018						
	Real Estate Loans						
	One-to-Four Family Residential, Including Condominium and Cooperative Apartment	Multifamily Residential and Residential Mixed-Use	Commercial Real Estate and Commercial Mixed-Use	ADC	Total Real Estate	C&I	Consumer Loans
Allowance for loan losses:							
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ 230	$ —
Collectively evaluated for impairment	198	13,446	3,777	397	17,818	3,716	18
Total ending allowance balance	**$ 198**	**$ 13,446**	**$ 3,777**	**$ 397**	**$ 17,818**	**$ 3,946**	**$ 18**
Loans:							
Individually evaluated for impairment	$ 14	$ 551	$ 5,125	$ —	$ 5,690	$ 309	$ —
Collectively evaluated for impairment	96,833	3,866,237	1,164,960	29,402	5,157,432	229,195	1,192
Total ending loans balance	**$ 96,847**	**$ 3,866,788**	**$ 1,170,085**	**$ 29,402**	**$ 5,163,122**	**$ 229,504**	**$ 1,192**

The following table summarizes impaired loans recorded as of the dates indicated (by collateral type within the real estate loan segment):

	At March 31, 2019			At December 31, 2018		
	Unpaid Principal Balance	Recorded Investment (1)	Related Allowance	Unpaid Principal Balance	Recorded Investment (1)	Related Allowance
With no related allowance recorded:						
One-to-four family residential, including condominium and cooperative apartment	$ 12	$ 12	$ —	$ 14	$ 14	$ —
Multifamily residential and residential mixed-use	537	537	—	551	551	—
Commercial real estate and commercial mixed-use	8,266	8,266	—	5,125	5,125	—
Total with no related allowance recorded	**8,815**	**8,815**	—	**5,690**	**5,690**	—
With an allowance recorded:						
C&I	232	232	116	309	309	230
Total with an allowance recorded	**232**	**232**	116	**309**	**309**	230
Total	**$ 9,047**	**$ 9,047**	**$ 116**	**$ 5,999**	**$ 5,999**	**$ 230**

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

The following table presents information for impaired loans for the periods indicated:

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Average Recorded Investment (1)	Interest Income Recognized	Average Recorded Investment (1)	Interest Income Recognized
With no related allowance recorded:				
One-to-four family residential, including condominium and cooperative apartment	$ 13	$ —	$ 21	$ —
Multifamily residential and residential mixed-use	544	13	611	12
Commercial real estate and commercial mixed-use	6,695	99	7,542	76
Total with no related allowance recorded	**7,252**	**112**	**8,174**	**88**
With an allowance recorded:				
C&I	271	**6**	**589**	—
Total	**$ 7,523**	**$ 118**	**$ 8,763**	**$ 88**

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

10. LEASES

The Company adopted ASU 2016-02 on January 1, 2019. As a result of adoption, the Company recognized operating lease assets and corresponding lease liabilities related to its office facilities and retail branches. The operating lease assets represent the Company’s right to use an underlying asset for the lease term, and the lease liability represents the Company’s obligation to make lease payments over the lease term.

The operating lease asset and lease liability are determined at the commencement date of the lease based on the present value of the lease payments. As most of our leases do not provide an implicit rate, the Company used its incremental borrowing rate, the rate of interest to borrow on a collateralized basis for a similar term, at the lease commencement date.

The Company made a policy election to exclude the recognition requirements of ASU 2016-02 to short-term leases, those leases with original terms of 12 months or less. Short-term lease payments are recognized in the income statement on a straight-line basis over the lease term. Certain leases may include one or more options to renew. The exercise of lease renewal options is typically at the Company’s discretion, and are included in the operating lease liability if it is reasonably certain that the renewal option will be exercised. Certain real estate leases may contain lease and non-lease components, such as common area maintenance charges, real estate taxes, and insurance, which are generally accounted for separately and are not included in the measurement of the lease liability since they are generally able to be segregated. The Company does not sublease any of its leased properties. The Company does not lease properties from any related parties.

Maturities of the Company's operating lease liabilities at March 31, 2019 are as follows:

	Rent to be Capitalized
2019	$ 5,184
2020	6,807
2021	6,664
2022	6,362
2023	5,395
Thereafter	23,573
Total undiscounted lease payments	53,985
Less amounts representing interest	7,117
Lease liability	$ 46,868

Other information related to our operating leases was as follows:

	At March 31, 2019
Operating lease cost	$ 1,620
Cash paid for amounts included in the measurement of operating lease liabilities	1,712
Weighted average remaining lease term	8.55 years
Weighted average discount rate	3.28%

11. DERIVATIVES AND HEDGING ACTIVITIES

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's loan portfolio.

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company uses derivatives to hedge the variable cash flows associated with existing or forecasted issuances of short term borrowings debt.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income (Loss) and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's debt. During the next twelve months, the Company estimates that an additional $907 will be reclassified as a reduction to interest expense.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Statements of Financial Condition as of the periods indicated.

	At March 31, 2019				At December 31, 2018			
	Count	Notional Amount	Fair Value Assets	Fair Value Liabilities	Count	Notional Amount	Fair Value Assets	Fair Value Liabilities
Included in other assets/ (liabilities):								
Interest rate swaps related to FHLBNY advances	17	$ 295,000	$ 3,258	$ (3,970)	14	$ 245,000	$ 4,669	$ (2,097)

The table below presents the effect of the cash flow hedge accounting on Accumulated Other Comprehensive Income Loss as of March 31, 2019 and 2018.

	Three Months Ended March 31,	
	2019	2018
Interest rate products		
Amount of gain (loss) recognized in other comprehensive income	$ (2,928)	$ 2,081
Amount of loss reclassified from other comprehensive income into interest expense	(356)	(65)

The table below presents a gross presentation, the effects of offsetting of derivative assets, and a net presentation of the Company's derivatives for the periods indicated. The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value in Note 12 provides the location that derivative assets and liabilities are presented on the Balance Sheet.

	At March 31, 2019					
				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
FHLB Advances	$ 3,258	$ (3,970)	$ (712)	$ —	$ —	$ (712)

	At December 31, 2018					
				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
FHLB Advances	$ 4,669	$ (2,097)	$ 2,572	$ —	$ —	$ 2,572

The Company's agreements with each of its derivative counterparties state that if the Company defaults on any of its indebtedness, it could also be declared in default on its derivative obligations and could be required to terminate its derivative positions with the counterparty.

The Company's agreements with certain of its derivative counterparties state that if the Bank fails to maintain its status as a well-capitalized institution, the Bank could be required to terminate its derivative positions with the counterparty.

As of March 31, 2019, the termination value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $(597). If the Company had breached any of the above provisions at March 31, 2019, it could have been required to settle its obligations under the agreements at the termination value and would have been required to pay any additional amounts due in excess of amounts previously posted as collateral with the respective counterparty. There were no provisions breached for the period ended March 31, 2019.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 Inputs – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs – Significant other observable inputs such as any of the following: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, (3) inputs other than quoted prices that are observable for the asset or liability (*e.g.*, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 Inputs – Significant unobservable inputs for the asset or liability. Significant unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Significant unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Securities

The Company's marketable equity securities and available-for-sale securities are reported at fair value, which were determined utilizing prices obtained from independent parties. The valuations obtained are based upon market data, and often utilize evaluated pricing models that vary by asset and incorporate available trade, bid and other market information. For securities that do not trade on a daily basis, pricing applications apply available information such as benchmarking and matrix pricing. The market inputs normally sought in the evaluation of securities include benchmark yields, reported trades, broker/dealer quotes (obtained only from market makers or broker/dealers recognized as market participants), issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. For certain securities, additional inputs may be used or some market inputs may not be applicable. Prioritization of inputs may vary on any given day based on market conditions.

All securities available-for-sale are guaranteed either implicitly or explicitly by GSEs as of March 31, 2019 and December 31, 2018. Obtaining market values as of March 31, 2019 and December 31, 2018 for these securities utilizing significant observable inputs was not difficult due to their considerable demand.

Derivatives

Derivatives represent interest rate swaps and estimated fair values are based on valuation models using observable market data as of the measurement date.

The following tables present financial assets liabilities measured at fair value on a recurring basis as of the dates indicated, segmented by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Total	Fair Value Measurements at March 31, 2019 Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial Assets				
Marketable equity securities (Registered Mutual Funds):				
Domestic Equity Mutual Funds	$ 1,611	$ 1,611	$ —	$ —
International Equity Mutual Funds	416	416	—	—
Fixed Income Mutual Funds	3,885	3,885	—	—
Securities available-for-sale:				
Agency Notes	25,173	—	25,173	—
Corporate Securities	29,233	—	29,233	—
Pass-through MBS issued by GSEs	348,607	—	348,607	—
Agency CMOs	108,610	—	108,610	—
Loans Held for Sale	682	—	682	—
Derivative – interest rate product	3,258	—	3,258	—
Financial Liabilities				
Derivative – interest rate product	3,970	—	3,970	—

	Total	Fair Value Measurements at December 31, 2018 Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Financial Assets				
Marketable Equity Securities (Registered Mutual Funds)				
Domestic Equity Mutual Funds	$ 1,420	$ 1,420	$ —	$ —
International Equity Mutual Funds	377	377	—	—
Fixed Income Mutual Funds	3,870	3,870	—	—
Securities available-for-sale:				
Agency Notes	25,145	—	25,145	—
Corporate Securities	11,135	—	11,135	—
Pass-through MBS issued by GSEs	354,613	—	354,613	—
Agency CMOs	111,992	—	111,992	—
Loans Held for Sale	1,097	—	1,097	—
Derivative – interest rate product	4,669	—	4,669	—
Financial Liabilities				
Derivative – interest rate product	2,097	—	2,097	—

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis. That is, they are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment), and are subject to fair value adjustments. Financial assets measured at fair value on a non-recurring basis include certain impaired loans reported at the fair value of the underlying collateral if repayment is expected solely from the collateral.

Financial Instruments Not Measured at Fair Value

The methods of determining the fair value of assets and liabilities presented in this note are consistent with our methodologies disclosed in Note 23 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K. Other borrowings consists of overnight or short-term borrowings carried at amortized cost, equal to the amount payable on demand at the reporting date (deemed a Level 1 valuation).

The following tables present the carrying amounts and estimated fair values of financial instruments other than those measured at fair value on either a recurring or non-recurring is as follows for the dates indicated, segmented by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Carrying Amount	Fair Value Measurements at March 31, 2019 Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Financial Assets					
Cash and due from banks	$ 143,473	$ 143,473	$ —	$ —	$ 143,473
Loans, net	5,484,495	—	—	5,410,989	5,410,989
Accrued interest receivable	18,868	27	1,664	17,177	18,868
Financial Liabilities					
Savings, money market and checking accounts	2,826,844	2,826,844	—	—	2,826,844
Certificates of Deposits ("CDs")	1,580,778	—	1,577,338	—	1,577,338
Escrow and other deposits	137,116	137,116	—	—	137,116
FHLBNY Advances	1,087,325	—	1,085,118	—	1,085,118
Subordinated debt, net	113,796	—	112,089	—	112,089
Other borrowings	45,000	45,000	—	—	45,000
Accrued interest payable	4,352	10	4,342	—	4,352

	Carrying Amount	Fair Value Measurements at December 31, 2018 Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Financial Assets					
Cash and due from banks	$ 147,256	$ 147,256	$ —	$ —	$ 147,256
Loans, net	5,372,036	—	—	5,301,281	5,301,281
Accrued interest receivable	17,875	—	1,296	16,579	17,875
Financial Liabilities	—	—	—	—	—
Savings, money market and checking accounts	2,946,717	2,946,717	—	—	2,946,717
CDs	1,410,037	—	1,407,747	—	1,407,747
Escrow and other deposits	85,234	85,234	—	—	85,234
FHLBNY Advances	1,125,350	—	1,119,548	—	1,119,548
Subordinated debt, net	113,759	—	110,346	—	110,346
Accrued interest payable	2,710	—	2,710	—	2,710

13. RETIREMENT AND POSTRETIREMENT PLANS

The Holding Company or the Bank maintains the Retirement Plan of Dime Community Bank (the "Employee Retirement Plan"), the Retirement Plan for Board Members of Dime Community Bancshares, Inc. (the "Outside Director Retirement Plan"), the BMP, and the Postretirement Welfare Plan of Dime Community Bank (the "Postretirement Plan").

The Company adopted ASU 2017-07, *Compensation-Retirement Benefits (Topic 715)*, on January 1, 2018. The components of net periodic costs are included in other non-interest expense in the Consolidated Statements of Operations. Net expenses associated with these plans were comprised of the following components:

	Three Months Ended March 31, 2019: BMP, Employee and Outside Director Retirement Plans	2019: Postretirement Plan	2018: BMP, Employee and Outside Director Retirement Plans	2018: Postretirement Plan
Service cost	$ —	$ —	$ —	$ —
Interest cost	313	14	292	14
Expected return on assets	(382)	—	(430)	—
Unrecognized past service liability	—	(2)	—	(2)
Amortization of unrealized loss (gain)	243	(3)	289	—
Net periodic cost	$ 174	$ 9	$ 151	$ 12

The following table presents the Company's planned contributions to, or benefit payments on behalf of each benefit plan as disclosed in its consolidated financial statements for the year ended December 31, 2018, as well as the actual contributions to, or benefit payments on behalf of each benefit plan during the period indicated:

	Planned Contributions/Benefit Payments for the Year Ended December 31, 2019	Actual Contributions/Benefit Payments for the Three Months Ended March, 31, 2019
Employee Retirement Plans	$ 1,492	$ —
Outside Director Retirement Plans	225	56
Post Retirement Plan	109	44
BMP	564	137

The Company expects to make the remainder of the contributions to, or benefit payments on behalf of, each benefit plan during 2019.

The BMP exists in order to compensate executive officers for any curtailments in benefits due to statutory limitations on qualifying benefit plans. In addition to benefit payments from the defined benefit component of the BMP discussed above, the following distributions were made to retired participants:

	For the Three Months Ended March 31,	
	2019	2018
Cash	$ —	$ 257
Market value of Common Stock from Employee Stock Ownership Plan of BMP (22,051 shares for March 31, 2018)	—	942
Gross lump-sum distribution	$ —	$ 1,199
Non-cash tax benefit	$ —	$ 285

14. ACCOUNTING FOR STOCK BASED COMPENSATION

The Company maintains the Dime Community Bancshares, Inc. 2001 Stock Option Plan for Outside Directors, Officers and Employees, the 2004 Stock Incentive Plan and the 2013 Equity and Incentive Plan ("2013 Equity Plan") (collectively, the "Stock Plans"), which are discussed more fully in Note 21 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2018, and which are subject to the accounting requirements of ASC 505-50 and ASC 718.

Stock Option Awards

The following table presents a summary of activity related to stock options granted under the Stock Plans, and changes during the period then ended:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Years	Aggregate Intrinsic Value
Options outstanding at January 1, 2019	72,395	$ 13.58		
Options granted	—	—		
Options expired	—	—		
Options exercised	—	—		
Options outstanding at March 31, 2019	72,395	$ 13.58	1.7	$ 373
Options vested and exercisable at March 31, 2019	72,395	$ 13.58	1.7	$ 373

Information related to stock options during each period is as follows:

	For the Three Months Ended March 31,	
	2019	2018
Cash received for option exercise cost	$ —	$ 290
Income tax benefit recognized on stock option exercises	—	4
Intrinsic value of options exercised	—	97

Restricted Stock Awards

The Company has made restricted stock award grants to outside Directors and certain officers under the Stock Plans. Typically, awards to outside Directors fully vest on the first anniversary of the grant date, while awards to officers may vest in equal annual installments over a four-year period or at the end of the pre-determined requisite period. All awards were made at the fair value of Common Stock on the grant date. Compensation expense on all restricted stock awards are based upon the fair value of the shares on the respective dates of the grant.

The following table presents a summary of activity related to the RSAs granted, and changes during the period then ended:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested allocated shares outstanding at January 1, 2019	148,235	$ 19.48
Shares granted	11,584	17.24
Shares vested	(4,329)	20.50
Shares forfeited	(3,743)	19.45
Unvested allocated shares at March 31, 2019	151,747	$ 19.28

Information related to restricted stock awards during each period is as follows:

	At or for the Three Months Ended March 31,	
	2019	2018
Compensation expense recognized	$ 289	$ 304
Income tax benefit (expense) recognized on vesting of RSA	(3)	(2)
Weighted average remaining years for which compensation expense is to be recognized	2.4	2.7

Performance Based Equity Awards

The Company established the LTIP, a long term incentive award program for certain officers, which meets the criteria for equity-based accounting. For each award, threshold (50% of target), target (100% of target) and maximum (150% of target) opportunities are eligible to be earned over a three-year performance period based on the Company's relative performance on certain goals that were established at the onset of the performance period and cannot be altered subsequently. Shares of Common Stock are issued on the grant date and held as unvested stock awards until the end of the performance period. They are issued at the maximum opportunity in order to ensure that an adequate number of shares are allocated for shares expected to vest at the end of the performance period.

The following table presents a summary of activity related to performance based equity awards, and changes during the period then ended:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Maximum aggregate share payout at January 1, 2019	120,880	$ 18.90
Shares granted	138,562	19.18
Shares vested	(2,276)	17.35
Shares forfeited	(2,574)	17.35
Maximum aggregate share payout at March 31, 2019	254,592	$ 19.08
Minimum aggregate share payout	—	—
Expected aggregate share payout	112,388	$ 19.28

Compensation expense recorded for performance based equity awards was $(75) and $84 for the three-month periods ended March 31, 2019 and March 31, 2018, respectively.

Sales Incentive Awards

The Company established the SIP, a sales incentive award program for certain officers, which meets the criteria for equity-based accounting. For each quarter an individual can earn their shares based on their sales performance in that quarter. The shares then vest one year from the quarter in which they are earned. Shares of Common Stock are issued on the grant date and held as unvested stock awards until the end of the performance period. They are issued at the maximum opportunity in order to ensure that an adequate number of shares are allocated for shares expected to vest at the end of the performance period.

The following table presents a summary of activity related to performance based equity awards, and changes during the period then ended:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Maximum aggregate share payout at January 1, 2019	8,151	$ 18.40
Shares granted	—	—
Shares vested	—	—
Shares forfeited	(5,500)	18.40
Maximum aggregate share payout at March 31, 2019	2,651	$ 18.40
Minimum aggregate share payout	—	—
Expected aggregate share payout	2,651	$ 18.40

Compensation expense recorded for sales incentive based equity awards was $70 for the three-month period ended March 31, 2019. No compensation expense was recognized for the three-month period ended March 31, 2018.

15. OTHER BORROWINGS

Other borrowings consists of overnight or short-term borrowings with member commercial banks within a network of financial institutions. The availability of funds changes daily. As of March 31, 2019, the Bank had $45,000 of such borrowings outstanding. Interest expense for the three month period ended March 31, 2019 was $65. There was no activity during 2018.

16. INCOME TAXES

During the three months ended March 31, 2019 and 2018, the Company's consolidated effective tax rates were 24.9% and 23.7%, respectively. There were no significant unusual income tax items during the three-month periods ended either March 31, 2019 or 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Dime Community Bancshares, Inc. (the "Holding Company" and together with its direct and indirect subsidiaries, the "Company") is a Delaware corporation organized by Dime Community Bank (the "Bank") for the purpose of acquiring all of the capital stock of the Bank issued in the Bank's conversion to stock ownership on June 26, 1996. On January 24, 2019, the Bank filed an application with the New York Department of Financial Services (“NYSDFS”) seeking approval to convert from a New York stock form savings bank to a New York commercial bank (the “Charter Conversion”). Simultaneous with the Charter Conversion application to NYSDFS, the Company filed an application with the Federal Reserve Bank of Philadelphia to delist as a savings and loan holding company and elect to become a bank holding company. Having received all applicable regulatory approvals, on April 25, 2019 the Bank completed the Charter Conversion, and began operating as a New York commercial bank. Simultaneously, the Company began operating as a bank holding company. At March 31, 2019 the significant assets of the Holding Company were the capital stock of the Bank and investments retained by the Holding Company. The liabilities of the Holding Company were comprised primarily of $113,796 subordinated notes due in 2027, which become callable commencing in 2022. The Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

The Bank was originally founded in 1864 as a New York State-chartered mutual savings bank, and operate as a New York State-chartered stock savings bank until April 2019. Effective August 1, 2016, the Bank changed its name from The Dime Savings Bank of Williamsburgh to Dime Community Bank. The new name more accurately reflects the Bank's evolving business model and emphasizes its broader geographic and business reach while retaining the Bank's mission to be in and of the communities it serves, including the virtual online community. 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, mixed use, and, to an increasing extent, commercial and industrial ("C&I") loans, and one-to-four family residential real estate loans, as well as mortgage-backed securities, obligations of the U.S. government and government- sponsored enterprises ("GSEs"), and corporate debt and equity securities.

In addition to the Bank, the Holding Company's direct and indirect subsidiaries consist of seven corporations, which are wholly-owned by the Bank. The following table presents an overview of the Holding Company's indirect subsidiaries, other than the Bank, as of March 31, 2019:

Direct Subsidiaries of the Bank	**Year/ State of Incorporation**	**Primary Business Activities**
Boulevard Funding Corp.	1981 / New York	Management and ownership of real estate
Dime Insurance Agency Inc. (*f/k/a* Havemeyer Investments, Inc.)	1997 / New York	Sale of non-FDIC insured investment products
DSBW Preferred Funding Corp.	1998 / Delaware	Real Estate Investment Trust investing in multifamily residential and commercial real estate loans
DSBW Residential Preferred Funding Corp.	1998 / Delaware	Real Estate Investment Trust investing in one-to-four family residential loans
Dime Reinvestment Corporation	2004 / Delaware	Community Development Entity. Currently inactive.
195 Havemeyer Corp.	2008 / New York	Management and ownership of real estate. Currently inactive.
DSB Holdings NY, LLC	2015 / New York	Management and ownership of real estate. Currently inactive.

Executive Summary

The Holding Company's primary business is the ownership of the Bank. The Company's consolidated results of operations are dependent primarily on net interest income, which is the difference between the interest income earned on interest-earning assets, such as loans and securities, and the interest expense paid on interest-bearing liabilities, such as deposits and borrowings. The Bank additionally generates non-interest income such as service charges and other fees, mortgage banking related income, and income associated with bank owned life insurance ("BOLI"). Non-interest expense primarily consists of employee compensation and benefits, federal deposit insurance premiums, data processing costs, occupancy and equipment, marketing and other operating expenses. The Company's consolidated results of operations are also significantly affected by general economic and competitive conditions (particularly fluctuations in market interest rates), government policies, changes in accounting standards and actions of regulatory agencies.

The Bank's primary deposit strategy is generally to increase its product and service utilization for each depositor, and to increase its household and deposit market shares in the communities that it serves. In recent years, particular emphasis has been placed upon growing individual and small business commercial checking account balances. The Bank also actively strives to obtain checking account balances affiliated with the operation of the collateral underlying its real estate and C&I loans, as well as personal deposit accounts from its borrowers. Historically, the Bank's primary lending strategy included the origination of, and investment in, real estate loans secured by multifamily and mixed-use properties, and, to a lesser extent, real estate loans secured by commercial real estate properties, primarily located in the greater NYC metropolitan area. As part of its strategic plan for 2019, the Bank is investing in the development of its Business Banking division, by adding products and services to serve both the credit and business banking needs in its footprint.

The Business Banking division is focused on total relationship banking and will enable the Bank to diversify its loan portfolio into areas such as C&I loans, Small Business Administration ("SBA") loans (a portion of which is guaranteed by the SBA), ADC loans, finance loans and leases, one-to-four family loans and consumer loans. These business lines are intended to supplement core deposit growth and provide greater funding diversity. In the first quarter of 2017, the Bank hired seasoned executives, and bolstered its lending and credit and administrative staff. In the third quarter of 2017, the Bank was approved by the SBA as a lender, and in December 2018 the Bank received "Preferred Lender" status from the SBA, thus better positioning the Business Banking division for future expansion.

Additionally, during the year ended December 31, 2018, the Bank resumed offering one-to-four family loan products.

The Bank also purchases securities primarily for liquidity purposes as defined by the Bank's investment policy. The Bank seeks to maintain the asset quality of its loans and other investments, and uses portfolio and asset/liability management techniques in an effort to manage the effects of interest rate volatility on its profitability and capital.

Selected Financial Highlights and Other Data
(Dollars in Thousands Except Per Share Amounts)

	At or For the Three Months Ended March 31,	
	2019	2018
Per Share Data:		
EPS (Diluted)	$ 0.32	$ 0.39
Cash dividends paid per share	0.14	0.14
Book value per share	16.83	16.22
Dividend payout ratio	43.75%	35.90%
Performance and Other Selected Ratios:		
Return on average assets	0.72%	0.93%
Return on average common equity	7.62	9.77
Net interest spread	2.02	2.28
Net interest margin	2.31	2.47
Average interest earning assets to average interest-bearing liabilities	118.14	115.84
Non-interest expense to average assets	1.39	1.36
Efficiency ratio	59.22	54.60
Loan-to-deposit ratio at end of period	124.93	124.31
Effective tax rate	24.88	23.73
Asset Quality Summary:		
Non-performing loans	$ 5,425	$ 1,719
Non-performing assets	5,425	1,719
Net charge-offs	162	23
Non-performing loans/Total loans	0.10%	0.03%
Non-performing assets/Total assets	0.08	0.03
Allowance for loan loss/Total loans	0.40	0.39
Allowance for loan loss/Non-performing loans	404.44	1,233.51

Critical Accounting Policies

The Company's policies with respect to the methodologies it uses to determine the allowance for loan losses (including reserves for loan commitments), are its most critical accounting policies because they are important to the presentation of the Company's consolidated financial condition and results of operations, involve a significant degree of complexity and require management to make difficult and subjective judgments which often necessitate assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions or estimates could result in material variations in the Company's consolidated results of operations or financial condition.

Allowance for Loan Losses. The Bank's methods and assumptions utilized to periodically determine its allowance for loan losses are summarized in Note 9 to the Company's condensed consolidated financial statements.

Liquidity and Capital Resources

The Board of Directors of the Bank has approved a liquidity policy that it reviews and updates at least annually. Senior management is responsible for implementing the policy. The Bank's ALCO is responsible for general oversight and strategic implementation of the policy and management of the appropriate departments are designated responsibility for implementing any strategies established by ALCO. On a daily basis, appropriate senior management receives a current cash position report and one-week forecast to ensure that all short-term obligations are timely satisfied and that adequate liquidity exists to fund future activities. Reports detailing the Bank's liquidity reserves and forecasted cash flows are presented to appropriate senior management on a monthly basis, and the Board of Directors at each of its meetings. In addition on a monthly basis, a twelve-month liquidity forecast is presented to ALCO in order to assess potential future liquidity concerns. A forecast of cash flow data for the upcoming 12 months is presented to the Board of Directors on an annual basis.

The Bank's primary sources of funding for its lending and investment activities include deposits, loan and MBS payments, investment security principal and interest payments and advances from the FHLBNY. The Bank may also sell or securitize selected multifamily residential, mixed-use or one-to-four family residential real estate loans to private sector secondary market purchasers, and has in the past sold such loans to FNMA and FHLMC. The Company may additionally issue debt under appropriate circumstances. Although maturities and scheduled amortization of loans and investments are predictable sources of funds, deposit flows and prepayments on real estate loans and MBS are influenced by interest rates, economic conditions and competition.

In December 2018, the Bank became a member of the American Financial Exchange ("AFX"), through which it may either borrow or lend funds on an overnight or short-term basis with other member institutions. The availability of funds changes daily. As of March 31, 2019, the Bank had $45.0 million of borrowings through AFX.

The Bank gathers deposits in direct competition with commercial banks, savings banks and brokerage firms, many among the largest in the nation. It must additionally compete for deposit monies against the stock and bond markets, especially during periods of strong performance in those arenas. The Bank's deposit flows are affected primarily by the pricing and marketing of its deposit products compared to its competitors, as well as the market performance of depositor investment alternatives such as the U.S. bond or equity markets. To the extent that the Bank is responsive to general market increases or declines in interest rates, its deposit flows should not be materially impacted. However, favorable performance of the equity or bond markets could adversely impact the Bank's deposit flows.

Total deposits increased $50.9 million during the three months ended March 31, 2019, compared to an increase of $27.0 million for the three months ended March 31, 2018. Within deposits, core deposits (*i.e.*, non-CDs) decreased $119.9 million during the three months ended March 31, 2019 and decreased $105.6 million during the three months ended March 31, 2018. CDs increased $170.7 million during the three months ended March 31, 2019 compared to an increase of $132.6 million during the three months ended March 31, 2018. The increase in deposits during the current period was primarily due to successful gathering efforts tied to CD products, offset by declines in money market deposits.

In the event that the Bank should require funds beyond its ability or desire to generate them internally, an additional source of funds is available through its borrowing line at the FHLBNY. At March 31, 2019, the Bank had an additional potential borrowing capacity of $988.4 million through the FHLBNY, subject to customary minimum FHLBNY common stock ownership requirements (*i.e.*, 4.5% of the Bank's outstanding FHLBNY borrowings).

The Bank reduced its outstanding FHLBNY advances by $38.0 million during the three months ended March 31, 2019, compared to a $159.6 million reduction during the three months ended March 31, 2018, reflecting deposit inflows.

During the three months ended March 31, 2019, principal repayments on real estate loans (including refinanced loans) totaled $150.5 million compared to $183.1 million during the three months ended March 31, 2018. The decrease resulted primarily from lower prepayment activity. During the three months ended March 31, 2019 and 2018, real estate loan originations totaled $233.9 million and $75.0 million, respectively.

Sales of mortgage-backed securities totaled $15.5 million and $158.5 million during the three-month periods ended March 31, 2019 and 2018, respectively. Purchases of mortgage-backed securities totaled $20.3 million and $189.9 million during the three-month periods ended March 31, 2019 and 2018 respectively. Proceeds from pay downs were $18.5 million and $25.0 million for the three-month periods ended March 31, 2019 and 2018, respectively.

The Company and the Bank are subject to minimum regulatory capital requirements imposed by its primary federal regulator. As a general matter, these capital requirements are based on the amount and composition of an institution's assets. At March 31, 2019, each of the Company and the Bank were in compliance with all applicable regulatory capital requirements and the Bank was considered "well-capitalized" for all regulatory purposes.

The following table summarizes Company and Bank capital ratios calculated under the Basel III Capital Rules framework as of March 31, 2019:

	Actual Ratios at March 31, 2019		Basel III		
	Bank	**Consolidated Company**	**Minimum Requirement**	**Minimum Requirement Plus 2.5% Buffer(1)**	**Well Capitalized Requirement Under FDIC Prompt Corrective Action Framework(2)**
Tier 1 common equity ratio	12.39%	11.04%	4.50%	7.0%	6.5%
Tier 1 risk-based based capital ratio	12.39	11.04	6.0	8.5	8.0
Total risk-based based capital ratio	12.84	13.77	8.0	10.5	10.0
Tier 1 leverage ratio	9.77	8.81	4.00	n/a	5.0

(1) The 2.5% buffer percentage represents the fully phased-in requirement as of January 1, 2019.
(2) Only the Bank is subject to these requirements.

Implementation of the Basel III Capital Rules on January 1, 2019 did not have a material impact upon the operations of the Bank or Holding Company.

As a result of the recently enacted Economic Growth, Regulatory Relief, and Consumer Protection Act, the federal banking agencies are required to develop a “Community Bank Leverage Ratio” (the ratio of a bank’s tangible equity capital to average total consolidated assets) for financial institutions with assets of less than $10 billion. A “qualifying community bank” that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered “well capitalized” under Prompt Corrective Action statutes. The federal banking agencies may consider a financial institution’s risk profile when evaluating whether it qualifies as a community bank for purposes of the capital ratio requirement. The federal banking agencies must set the minimum capital for the new Community Bank Leverage Ratio at not less than 8% and not more than 10%. A financial institution can elect to be subject to this new definition.

The Holding Company repurchased 199,254 shares of its common stock during the three months ended March 31, 2019. No shares were repurchased during the three months ended March 31, 2018. As of March 31, 2019, up to 1,267,886 shares remained available for purchase under authorized share purchase programs. See "Part II - Item 2. Other Information - Unregistered Sales of Equity Securities and Use of Proceeds" for additional information about repurchases of common stock.

The Holding Company paid $5.0 million and $5.2 million in cash dividends on common stock during the three months ended March 31, 2019 and 2018, respectively.

Contractual Obligations

The Bank is obligated to make rental payments under leases on certain of its branches and equipment. In addition, the Bank generally has outstanding at any time significant borrowings in the form of FHLBNY advances, as well as customer CDs with fixed contractual interest rates.

Off-Balance Sheet Arrangements

As part of its loan origination business, the Bank generally has outstanding commitments to extend credit to third parties, which are granted pursuant to its regular underwriting standards. Since these loan commitments may expire prior to funding, in whole or in part, the contract amounts are not estimates of future cash flows.

The following table presents off-balance sheet arrangements as of March 31, 2019:

	Less than One Year	One Year to Three Years	Over Three Years to Five Years	Over Five Years	Total
			(Dollars in thousands)		
Credit Commitments:					
Available lines of credit	$ 212,650	$ —	$ —	$ —	$ 212,650
Other loan commitments	120,515	—	—	—	120,515
Stand-by letters of credit	2,011	—	—	—	2,011
Total Off-Balance Sheet Arrangements	$ 335,176	$ —	$ —	$ —	$ 335,176

Asset Quality

General

The Bank does not originate or purchase loans, either whole loans or loans underlying mortgage-backed securities (“MBS”), which would have been considered subprime loans at origination, *i.e.*, real estate loans advanced to borrowers who did not qualify for market interest rates because of problems with their income or credit history. See Note 6 to the Company’s Consolidated Financial Statements for a discussion of evaluation for impaired investment securities and MBS.

Monitoring and Collection of Delinquent Loans

Management of the Bank reviews delinquent loans on a monthly basis and reports to its Board of Directors at each regularly scheduled Board meeting regarding the status of all non-performing and otherwise delinquent loans in the Bank's portfolio.

The Bank's loan servicing policies and procedures require that an automated late notice be sent to a delinquent borrower as soon as possible after a payment is ten days late in the case of multifamily residential, commercial real estate loans, and C&I loans, or fifteen days late in connection with one-to-four family or consumer loans. A second letter is sent to the borrower if payment has not been received within 30 days of the due date, or 32 days for one-to-four family loans serviced by the subservicer. Thereafter, periodic letters are mailed and phone calls placed to the borrower until payment is received. When contact is made with the borrower at any time prior to foreclosure, the Bank will attempt to obtain the full payment due or negotiate a repayment schedule with the borrower to avoid foreclosure.

Accrual of interest is generally discontinued on a loan that meets any of the following three criteria: (i) full payment of principal or interest is not expected; (ii) principal or interest has been in default for a period of 90 days or more (unless the loan is both deemed to be well secured and in the process of collection); or (iii) an election has otherwise been made to maintain the loan on a cash basis due to deterioration in the financial condition of the borrower. Such non-accrual determination practices are applied consistently to all loans regardless of their internal classification or designation. Upon entering non-accrual status, the Bank reverses all outstanding accrued interest receivable.

The Bank generally initiates foreclosure proceedings on real estate loans when a loan enters non-accrual status based upon non-payment, and typically does not accept partial payments once foreclosure proceedings have commenced. At some point during foreclosure proceedings, the Bank procures current appraisal information in order to prepare an estimate of the fair value of the underlying collateral. If a foreclosure action is instituted and the loan is not brought current, paid in full, or refinanced before the foreclosure action is completed, the property securing the loan is transferred to Other Real Estate Owned ("OREO") status. The Bank generally attempts to utilize all available remedies, such as note sales in lieu of foreclosure, in an effort to resolve non-accrual loans and OREO properties as quickly and prudently as possible in consideration of market conditions, the physical condition of the property and any other mitigating circumstances. In the event that a non-accrual loan is subsequently brought current, it is returned to accrual status once the doubt concerning collectability has been removed and the borrower has demonstrated performance in accordance with the loan terms and conditions for a period of at least six months.

The C&I portfolio is actively managed by the Bank's lenders and underwriters. All credit facilities at a minimum require an annual review of the exposure and typically terms of the loan require annual and interim financial reporting and have financial covenants to indicate expected performance levels. Guarantors are also required to, at a minimum, annually update their financial reporting. All exposures are risk rated and those entering adverse ratings due to financial performance concerns of the borrower or material delinquency of any payments or financial reporting are subjected to added management scrutiny. Measures taken typically include amendments to the amount of the available credit facility, requirements for increased collateral, a request for a capital infusion, additional guarantor support or a material enhancement to the frequency and quality of financial reporting. Loans determined to reach adverse risk rating standards are subject to quarterly updating to Credit Administration and executive management. When warranted, loans reaching a Substandard rating could be reassigned to Credit Administration for direct handling.

Non-accrual Loans

Within the Bank's held-for-investment loan portfolio (excluding consumer loans), eighteen non-accrual loans totaled $5.4 million at March 31, 2019, and sixteen non-accrual loans totaled $2.3 million at December 31, 2018. During the three months ended March 31, 2019, five loans totaling $3.4 million were placed on non-accrual status, two loans totaling $0.1 million were returned to accrual status, one loan totaling $0.2 million was fully charged off, and principal amortization of $0.04 million was recognized on eight non-accrual loans. There were no changes on the remaining five non-accrual loans during the three-month period ended March 31, 2019.

Impaired Loans

The recorded investment in loans deemed impaired (as defined in Note 9 to the condensed consolidated financial statements) totaled $9.0 million, consisting of fifteen loans, at March 31, 2019, compared to $6.0 million, consisting of thirteen loans, at December 31, 2018. During the three months ended March 31, 2019, five loans totaling $3.4 million were added to impaired status, two loans totaling $0.1 million were removed from impaired status, one loan totaling $0.02 million was fully charged off, and principal amortization totaling $0.07 million was recognized on eight impaired loans.

The following is a reconciliation of non-accrual and impaired loans as of the dates indicated:

	March 31, 2019	December 31, 2018
	(Dollars in Thousands)	
Non-accrual loans [(1)]**:**		
One-to-four family residential, including condominium and cooperative apartment	$ 706	$ 712
Multifamily residential and residential mixed-use real estate	276	280
Commercial real estate and commercial mixed-use	4,205	1,041
C&I	232	309
Consumer	6	3
Total non-accrual loans	5,425	2,345
Non-accrual one-to-four family residential and consumer loans deemed homogeneous loans	(712)	(715)
TDRs:		
One-to-four family residential, including condominium and cooperative apartment	12	14
Multifamily residential and residential mixed-use real estate	261	271
Commercial real estate and commercial mixed-use	4,061	4,084
Total TDRs	4,334	4,369
Impaired loans	$ 9,047	$ 5,999

(1) There were no non-accruing TDRs for the periods indicated.

Ratios:		
Total non-accrual loans to total loans	0.10%	0.04%
Total non-performing assets to total assets	0.08	0.04

TDRs

Under ASC 310-40-15, the Bank is required to recognize loans for which certain modifications or concessions have been made as TDRs. A TDR has been created in the event that, for economic or legal reasons, any of the following concessions has been granted that would not have otherwise been considered to a debtor experiencing financial difficulties. The following criteria are considered concessions:

- A reduction of interest rate has been made for the remaining term of the loan
- The maturity date of the loan has been extended with a stated interest rate lower than the current market rate for new debt with similar risk
- The outstanding principal amount and/or accrued interest have been reduced

In instances in which the interest rate has been reduced, management would not deem the modification a TDR in the event that the reduction in interest rate reflected either a general decline in market interest rates or an effort to maintain a relationship with a borrower who could readily obtain funds from other sources at the current market interest rate, and the terms of the restructured loan are comparable to the terms offered by the Bank to non-troubled debtors. The Bank did not modify any loans in a manner that met the criteria for a TDR during the three months ended March 31, 2019 or 2018.

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 on either 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 three 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 Bank does not accept receivables or equity interests in satisfaction of TDRs.

At March 31, 2019 and December 31, 2018, all TDRs but one were collateralized by real estate that generated rental income. For TDRs that demonstrated conditions sufficient to warrant accrual status, the present value of the expected net cash flows of the underlying property was utilized as the primary means of determining impairment. Any shortfall in the present value of the expected cash flows calculated at each measurement period (typically quarter-end) compared to the present value of the expected cash flows at the time of the original loan agreement was recognized as either an allocated reserve (in the event that it related to lower expected interest payments) or a charge-off (if related to lower expected principal payments). For TDRs on non-accrual status, an appraisal of the underlying real estate collateral is deemed the most appropriate measure to utilize when evaluating impairment and any shortfall in valuation from the recorded balance is accounted for through a charge-off. In the event that either an allocated reserve or a charge-off is recognized on TDRs, the periodic loan loss provision is impacted.

Please refer to Note 8 to the condensed consolidated financial statements for a further discussion of TDRs.

OREO

Property acquired by the Bank, or a subsidiary, as a result of foreclosure on a mortgage loan or a deed in lieu of foreclosure is classified as OREO. Upon entering OREO status, the Bank obtains a current appraisal on the property and reassesses the likely realizable value (*a/k/a* fair value) of the property quarterly thereafter. OREO is carried at the lower of the fair value or book balance, with any write downs recognized through a provision recorded in non-interest expense. Only the appraised value, or either a contractual or formal marketed value that falls below the appraised value, is used when determining the likely realizable value of OREO at each reporting period. The Bank typically seeks to dispose of OREO properties in a timely manner. As a result, OREO properties have generally not warranted subsequent independent appraisals.

The Bank had no OREO properties at March 31, 2019 or December 31, 2018. The Bank did not recognize any provisions for losses on OREO properties during the three months ended March 31, 2019 or 2018.

Other Potential Problem Loans

Loans Delinquent 30 to 89 Days

The Bank had two real estate loans totaling $0.3 million and three real estate loans totaling $0.3 million that were delinquent between 30 and 89 days at March 31, 2019 and at December 31, 2018, respectively. The 30 to 89 day delinquency levels fluctuate monthly, and are generally considered a less accurate indicator of near-term credit quality trends than non-accrual loans.

Reserve for Loan Commitments

The Bank maintains a reserve associated with unfunded loan commitments accepted by the borrower. The amount of reserve was $0.03 million at both March 31, 2019 and December 31, 2018. This reserve is determined based upon the outstanding volume of loan commitments at each period end. Any increases or reductions in this reserve are recognized in periodic non-interest expense.

Allowance for Loan Losses

The methodology utilized to determine the Company's allowance for loan losses on real estate, C&I, and consumer loans, along with periodic associated activity, remained constant during the periods ended March 31, 2019 and December 31, 2018. The following is a summary of the components of the allowance for loan losses as of the following dates:

	March 31, 2019	December 31, 2018	March 31, 2018
	(Dollars in Thousands)		
Impaired loans	$ 116	$ 230	$ 294
Non-impaired loans:			
Real estate loans	17,854	17,818	18,742
C&I loans	3,953	3,716	2,151
Consumer loans	18	18	17
Total	**$ 21,941**	**$ 21,782**	**$ 21,204**

Provisions of $0.3 million and $0.2 million were recorded during the three month periods ended March 31, 2019 and 2018, respectively. During the three month period ended March 31, 2019, the loan loss provision was driven mainly by a charge-off of one C&I loan.

For a further discussion of the allowance for loan losses and related activity during the three-month periods ended March 31, 2019 and 2018, and as of December 31, 2018, please see Note 9 to the condensed consolidated financial statements.

Comparison of Financial Condition at March 31, 2019 and December 31, 2018

Assets. Assets totaled $6.48 billion at March 31, 2019, $154.7 million above their level at December 31, 2018, primarily due to an increase in the loan portfolio, the initial recognition of the operating lease asset as a result of the adoption of ASU 2016-02, and an increase in securities available-for-sale.

Total loans increased $112.5 million during the three months ended March 31, 2019. During the period, the Bank had originations of $286.7 million which exceeded $165.7 million of aggregate amortization on loans (also including refinancing of existing loans).

The Company adopted ASU 2016-02 on January 1, 2019 which resulted in $41.6 million of operating lease assets.

Total securities increased by $9.0 million during the three months ended March 31, 2019, as a result of holding increased on-balance sheet liquidity, which will be based on monetary policy, interest rates, the Bank's funding needs, and periodic stress testing analysis.

Liabilities. Total liabilities increased $150.5 million during the three months ended March 31, 2019, primarily due to an increase of $50.9 million in deposits, an increase of $51.9 million in escrow and other deposits, and $48.2 million for the initial recognition of the operating lease liabilities as a result of the adoption of ASU 2016-02. The $51.9 million increase in escrow and other deposits at March 31, 2019 was in part due to the annual reassessment of borrower escrow accounts.

Stockholders' Equity. Stockholders' equity increased $4.2 million during the three months ended March 31, 2019, due primarily to net income of $11.5 million, and a decrease of $1.3 million in accumulated other comprehensive loss, partially offset by $5.0 million in cash dividends paid during the period, and the repurchase of 199,254 shares into treasury at a cost of $3.8 million.

Comparison of Operating Results for the Three Months Ended March 31, 2019 and 2018

General. Net income was $11.5 million during the three months ended March 31, 2019, a decrease of $3.2 million from net income of $14.7 million during the three months ended March 31, 2018. During the three months ended March 31, 2019, net interest income decreased by $2.7 million, non-interest income decreased by $0.9 million, non-interest expense increased by $0.3 million and the provision for loan losses increased by $0.1 million, offset in part by a decrease in income tax expense of $0.8 million due to lower pre-tax income. The decrease in non-interest income was primarily due to $1.4 million of gains from the sale of securities that the Bank had retained from its Freddie Mac sponsored Q-deal securitization completed in December of 2017 recorded during the three months ended March 31, 2018.

Net Interest Income. The discussion of net interest income for the three months ended March 31, 2019 and 2018 should be read in conjunction with the following tables, which set forth certain information related to the consolidated statements of income for those periods, and which also present the average yield on assets and average cost of liabilities for the periods indicated. The average yields and costs were derived by dividing income or expense by the average balance of their related assets or liabilities during the periods represented. Average balances were derived from average daily balances. The yields include fees that are considered adjustments to yields.

Analysis of Net Interest Income

	Three Months Ended March 31,					
	2019			2018		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:			(Dollars in Thousands)			
Interest-earning assets:						
Real estate loans	$ 5,195,951	$ 49,177	3.79%	$ $5,435,400	$ $49,575	3.65%
C&I loans	248,267	3,436	5.54	140,720	1,656	4.71
Other loans	1,083	18	6.65	1,189	19	6.39
MBS and CMO securities	464,303	3,197	2.75	351,196	2,257	2.57
Investment securities	47,177	420	3.56	6,492	15	0.92
Other	154,512	1,447	3.75	210,016	1,511	2.88
Total interest-earning assets	6,111,293	57,695	3.78%	6,145,013	$ 55,033	3.58%
Non-interest earning assets	252,805			224,297		
Total assets	$ 6,364,098			$ $6,369,310		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing checking accounts	$ 115,243	$ 22	0.08%	$ $124,440	$ $54	0.18%
Money Market accounts	2,029,794	7,640	1.53	2,432,242	6,318	1.05
Savings accounts	331,662	45	0.06	359,638	59	0.07
CDs	1,466,439	7,310	2.02	1,151,146	4,320	1.52
Borrowed funds	1,229,607	7,354	2.43	1,237,094	6,267	2.05
Total interest-bearing liabilities	5,172,745	22,371	1.75%	5,304,560	$ 17,018	1.30%
Non-interest-bearing checking accounts	397,907			310,651		
Other non-interest-bearing liabilities	189,372			150,544		
Total liabilities	$ 5,760,024			$ 5,765,755		
Stockholders' equity	604,074			603,555		
Total liabilities and stockholders' equity	$ 6,364,098			$ $6,369,310		
Net interest income		$ 35,324			$ $38,015	
Net interest spread			2.02%			2.28%
Net interest-earning assets	$ 938,548			$ $840,453		
Net interest margin			2.31%			2.47%
Ratio of interest-earning assets to interest-bearing liabilities			118.14%			115.84%
Deposits	$ 4,341,045	$ 15,017	1.40%	$ $4,378,117	$ $10,751	1.00%

Rate/Volume Analysis

	Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018 Increase/ (Decrease) Due to:		
	Volume	Rate	Total
	(Dollars In thousands)		
Interest-earning assets:			
Real estate loans	$ (2,242)	$ 1,844	$ (398)
C&I loans	1,377	403	1,780
Other loans	(2)	1	(1)
MBS and CMO securities	755	185	940
Investment securities	228	177	405
Other	(460)	396	(64)
Total	$ (344)	$ 3,006	$ 2,662
Interest-bearing liabilities:			
Interest-bearing checking accounts	$ (3)	$ (29)	$ (32)
Money market accounts	(1,301)	2,623	1,322
Savings accounts	(5)	(9)	(14)
CDs	1,377	1,613	2,990
Borrowed funds	(55)	1,142	1,087
Total	$ 13	$ 5,340	$ 5,353
Net change in net interest income	$ (357)	$ (2,334)	$ (2,691)

Net interest income was $35.3 million during the three months ended March 31, 2019, a decrease of $2.7 million from the three months ended March 31, 2018. Average interest-earning assets were $6.11 billion for the three months ended March 31, 2019, a decrease of $33.7 million from $6.15 billion for the three months ended March 31, 2018. Net interest margin ("NIM") was 2.31% during the three months ended March 31, 2019, down from 2.47% during the three months ended March 31, 2018, primarily due to a reduction in prepayment fee income.

Interest Income. Interest income was $57.7 million during the three months ended March 31, 2019, an increase of $2.7 million from the three months ended March 31, 2018, primarily reflecting increases of interest income of $1.8 million on C&I loans, $0.9 million on mortgage-backed securities, and $0.4 in investment securities, offset by a decrease of $0.4 million in interest income on real estate loans. The increased interest income on C&I loans reflected the build out of the Business Banking division and growth of $107.5 million in the average balance of such loans during the period. The increased interest income from mortgage-backed securities and investment securities was due to the increased average balance of $113.1 million and $40.7 million, respectively. The decreased interest income from real estate loans was due to a decrease in average balance of $239.4 million and a decrease in prepayment fee income.

Interest Expense. Interest expense increased $5.4 million, to $22.4 million, during the three months ended March 31, 2019, from $17.0 million during the three months ended March 31, 2018. The increased interest expense was mainly attributable to both growth in certificates of deposits average balances of $315.3 million and increased offering rates on CD products. This was offset by a decrease in average balance of $402.4 million of money market accounts, offsetting increased offering rates on such products.

Provision for Loan Losses. The Company recognized a provision for loan losses of $0.3 million during the three months ended March 31, 2019, compared to $0.2 million for the three months ended March 31, 2018.

Non-Interest Income. Non-interest income was $2.4 million during the three months ended March 31, 2019, a decrease of $0.9 million from $3.2 million during the three months ended March 31, 2018, primarily due to gains of $1.4 million on sales of securities and other assets realized during the three months ended March 31, 2018, compared to a loss of $0.08 million for the three months ended March 31, 2019.

Non-Interest Expense. Non-interest expense was $22.1 million during the three months ended March 31, 2019, an increase of $0.3 million from $21.7 million during the three months ended March 31, 2018, reflecting increases in salary and employee benefits of $0.7 million and an increase of data processing costs of $0.3 million, offset by a decrease in marketing expense of $0.6 million and a decrease in FDIC deposit insurance premiums of $0.2 million. The increase of $0.7 million in salaries and employee benefits was due to new employees and their associated employee benefits expense. The increase of $0.3 million in data processing costs was primarily due to various technology enhancement initiatives related to customer banking services. The $0.2 million decrease in FDIC insurance premiums is due to lower FDIC assessment rates.

Non-interest expense was 1.39% and 1.36% of average assets during the three-month periods ended March 31, 2019 and 2018, respectively.

Income Tax Expense. Income tax expense was $3.8 million during the three months ended March 31, 2019, down $0.8 million from $4.6 million during the three months ended March 31, 2018. The Company's consolidated tax rate was 24.9% during the three months ended March 31, 2019, up from 23.7% during the three months ended March 31, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk were presented at December 31, 2018 in Item 7A of the Holding Company's Annual Report on Form 10-K, filed with the SEC on March 14, 2019. The following is an update of the discussion provided therein.

General. Virtually all of the Company's market risk continues to reside at the Bank level. The Bank's largest component of market risk remains interest rate risk. The Company is not subject to foreign currency exchange or commodity price risk. At March 31, 2019, the Company owned thirteen marketable equity securities carried at a fair value of $5.9 million, in which market value adjustments are recorded through the statement of income. During the three months ended March 31, 2019, the Company conducted seventeen transactions involving derivative instruments requiring bifurcation in order to hedge interest rate or market risk.

Interest Rate Risk Exposure Analysis

Economic Value of Equity ("EVE") Analysis. In accordance with agency regulatory guidelines, the Bank simulates the impact of interest rate volatility upon EVE using several interest rate scenarios. EVE is the difference between the present value of the expected future cash flows of the Bank's assets and liabilities and the value of any off-balance sheet items, such as or derivatives, if applicable.

Traditionally, the fair value of fixed-rate instruments fluctuates inversely with changes in interest rates. Increases in interest rates thus result in decreases in the fair value of interest-earning assets, which could adversely affect the Company's consolidated results of operations in the event they were to be sold, or, in the case of interest-earning assets classified as available-for-sale, reduce the Company's consolidated stockholders' equity, if retained. The changes in the value of assets and liabilities due to fluctuations in interest rates measure the interest rate sensitivity of those assets and liabilities.

In order to measure the Bank's sensitivity to changes in interest rates, EVE is calculated under market interest rates prevailing at a given quarter-end ("Pre-Shock Scenario"), and under various other interest rate scenarios ("Rate Shock Scenarios") representing immediate, permanent, parallel shifts in the term structure of interest rates from the actual term structure observed in the Pre-Shock Scenario. An increase in the EVE is considered favorable, while a decline is considered unfavorable. The changes in EVE between the Pre-Shock Scenario and various Rate Shock Scenarios due to fluctuations in interest rates reflect the interest rate sensitivity of the Bank's assets, liabilities, and off-balance sheet items that are included in the EVE. Management reports the EVE results to the Bank's Board of Directors on a quarterly basis. The report compares the Bank's estimated Pre-Shock Scenario EVE to the estimated EVE calculated under the various Rate Shock Scenarios.

The Bank's valuation model makes various estimates regarding cash flows from principal repayments on loans and deposit decay rates at each level of interest rate change. The Bank's estimates for loan repayment levels are influenced by the recent history of prepayment activity in its loan portfolio, as well as the interest rate composition of the existing portfolio, especially in relation to the existing interest rate environment. In addition, the Bank considers the amount of fee protection inherent in the loan portfolio when estimating future repayment cash flows. Regarding deposit decay rates, the Bank tracks and analyzes the decay rate of its deposits over time, with the assistance of a reputable third party, and over various interest rate scenarios. Such results are utilized in determining estimates of deposit decay rates in the valuation model. The Bank also generates a series of spot discount rates that are integral to the valuation of the projected monthly cash flows of its assets and liabilities. The Bank's valuation model employs discount rates that it considers representative of prevailing market rates of interest, with appropriate adjustments it believes are suited to the heterogeneous characteristics of the Bank's various asset and liability portfolios. No matter the care and precision with which the estimates are derived, actual cash flows could differ significantly from the Bank's estimates, resulting in significantly different EVE calculations.

The analysis that follows presents, as of March 31, 2019 and December 31, 2018, the estimated EVE at both the Pre-Shock Scenario and the +200 Basis Point Rate Shock Scenario. The +200 scenario models the majority of any balance sheet optionality affected by interest rates, which may not be true in the +100 scenario. The analysis additionally presents the percentage change in EVE from the Pre-Shock Scenario to the +200 Basis Point Rate Shock Scenario at both March 31, 2019 and December 31, 2018.

	At March 31, 2019			At December 31, 2018		
	EVE	Dollar Change	Percentage Change	EVE	Dollar Change	Percentage Change
Rate Shock Scenario			(Dollars in Thousands)			
+ 200 Basis Points	$ 610,878	$ 14,100	2.4%	$ 643,531	$ (27,967)	(4.2)%
Pre-Shock Scenario	596,777	—	—	671,498	—	—

The Bank's Pre-Shock Scenario EVE decreased from $671.5 million at December 31, 2018 to $596.8 million at March 31, 2019. The primary factors contributing to the lower EVE at March 31, 2019 were the payment of a $30.0 million dividend from the Bank to the Holding Company and an increase in the value of the Bank's core deposit liability and borrowings. These factors were partially offset by an increase in the value of the Bank's loan portfolio due to a slightly lower duration.

The Bank's EVE in the +200 basis point Rate Shock Scenario decreased from $643.5 million at December 31, 2018 to $610.9 million at March 31, 2019.

Income Simulation Analysis. As of the end of each quarterly period, the Bank also monitors the impact of interest rate changes through a net interest income simulation model. This model estimates the impact of interest rate changes on the Bank's net interest income over forward-looking periods typically not exceeding 36 months (a considerably shorter period than measured through the EVE analysis). Management reports the net interest income simulation results to the Bank's Board of Directors on a quarterly basis. The following table discloses the estimated changes to the Bank's net interest income over the 12-month period beginning March 31, 2019 assuming gradual changes in interest rates for the given rate scenarios:

Gradual Change in Interest rates of:	Percentage Change in Net Interest Income
+ 200 Basis Points	(2.5)%
+ 100 Basis Points	(1.3)%

Item 4. Controls and Procedures

Management of the Company, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness as of March 31, 2019, of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2019 in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management of the Company as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, such controls.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the Company is routinely named as a defendant in or party to various pending or threatened legal actions or proceedings. Certain of these matters may seek substantial monetary damages. In the opinion of management, the Company is involved in no actions or proceedings that are likely to have a material adverse impact on its financial condition and results of operations as of March 31, 2019.

Item 1A. Risk Factors

There were no material changes from the risks disclosed in the Risk Factors section of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable.

(b) Not applicable.

(c)

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet be Purchased Under the Programs
January 2019	76,000	17.76	76,000	1,397,140
February 2019	53,254	20.24	53,254	1,321,140
March 2019	70,000	19.96	70,000	1,267,886

No existing repurchase programs expired during the three months ended March 31, 2019, nor did the Company terminate any repurchase programs prior to expiration during the period. On October 26, 2018, the Board of Directors of the Company authorized a stock repurchase program pursuant to which the Company may repurchase up to 1,824,040 shares, or 5.0% of the Company’s currently outstanding common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number

3.1	Amended and Restated Certificate of Incorporation of Dime Community Bancshares, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Transition Report on Form 10-K for the transition period ended December 31, 2002, filed with the SEC on March 28, 2003 (File No. 000-27782))
3.2	Amended and Restated Bylaws of Dime Community Bancshares, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 28, 2018 (File No. 000-27782))
4.1	Draft Stock Certificate of Dime Community Bancshares, Inc. (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1998, filed with the SEC on September 28, 1998 (File No. 000-27782))
4.2	Indenture, dated as of June 13, 2017, by and between Dime Community Bancshares, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 13, 2017 (File No. 000-27782))
4.3	First Supplemental Indenture, dated as of June 13, 2017, by and between Dime Community Bancshares, Inc. and Wilmington Trust, National Association, as Trustee, including the form of 4.50% fixed-to-floating rate subordinated debentures due 2027 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed with the SEC on June 13, 2017 (File No. 000-27782))
4.4	Change in Control Employment Agreement between Dime Community Bancshares, Inc. and Conrad Gunther
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350
101	Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2019 is formatted in XBRL (Extensible Business Reporting Language) interactive data files: (i) the Consolidated Statements of Financial Condition (Unaudited), (ii) the Consolidated Statements of Income f(Unaudited), (iii) the Consolidated Statements of Comprehensive Income (Unaudited), (iv) the Consolidated Statements of Changes in Stockholders' Equity (Unaudited), (v) the Consolidated Statements of Cash Flows (Unaudited), and (vi) the Notes to Unaudited Condensed Consolidated Financial Statements **

** Furnished, not filed, herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dime Community Bancshares, Inc.

Dated: May 10, 2019 By: **/s/ KENNETH J. MAHON**
Kenneth J. Mahon
President and Chief Executive Officer

Dated: May 10, 2019 By: **/s/ AVINASH REDDY**
Avinash Reddy
Executive Vice President and Chief Financial Officer

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Section 2: EX-4.4 (EXHIBIT 4.4)

Exhibit 4.4

CHANGE IN CONTROL EMPLOYMENT AGREEMENT

THIS CHANGE IN CONTROL EMPLOYMENT AGREEMENT (this "**Agreement**") is made and entered into, as of February 1, 2019, by and between Dime Community Bancshares, Inc., a Delaware corporation (the "**Company**") and Mr. Conrad Gunther ("**Executive**").

WHEREAS, the Board of Directors of the Company (the "**Board**") and has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below); and

WHEREAS, the Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide Executive with compensation and benefits arrangements upon a Change in Control that ensure that the compensation and benefits expectations of Executive will be satisfied and that are competitive with those of other corporations.

NOW, **THEREFORE**, in order to accomplish the foregoing objectives and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

1. **Certain Definitions.**

(a) "**Affiliate**" shall mean an entity controlled by, controlling or under common control with another entity.

(b) "**Change in Control**" shall mean:

(i) The occurrence of any event (other than an event satisfying the conditions of Section 1(b)(iii)(A)(I) and (II)) upon which any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**Exchange Act**")) becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities issued by the Company representing 25% or more of the combined voting power of all of the Company's then outstanding securities, other than an acquisition by (A) a trustee or other fiduciary holding securities under an employee benefit plan maintained for the benefit of employees of the Company; (B) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; or (C) any group constituting a person in which employees of the Company are substantial members;

(ii) the occurrence of any event upon which the individuals who, on the date of this Agreement, are members of the Board, together with individuals whose election by the Board or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the members of the Board then in office who were either members of the Board on the date of this Agreement or whose nomination or election was previously so approved, cease for any reason to constitute a majority of the members of the Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company;

(iii) (A) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation following which both of the following conditions are satisfied:

(I) either (x) the members of the Board immediately prior to such merger or consolidation constitute at least a majority of the members of the governing body of the institution resulting from such merger or consolidation; or (y) the stockholders of the Company own securities of the institution resulting from such merger or consolidation representing 80% or more of the combined voting power of all such securities of the resulting institution then outstanding in substantially the same proportions as their ownership of voting securities of the Company immediately before such merger or consolidation; and

(II) if the entity which results from such merger or consolidation is not the Company, such entity expressly agrees in writing to assume and perform the Company's obligations under the Plan; or

(B) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company; or

(C) Any event that would be described in section 1(b)(i), (ii) or (iii) if "The Dime Savings Bank of Williamsburgh, a New York state chartered savings bank (and any successor thereto)" or "Dime Community Bank (and any successor thereto)" were substituted for the "Company" therein.

(c) "**Change in Control Period**" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change in Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to Executive that the Change in Control Period shall not be so extended.

(d) “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

(e) “**Effective Date**” shall mean the first date during the Change in Control Period on which a Change in Control occurs. Notwithstanding anything in this Agreement to the contrary, if (i) Executive’s employment with the Company is terminated by the Company, (ii) the Date of Termination is prior to the date on which a Change in Control occurs, and (iii) it is reasonably demonstrated by Executive that such termination of employment (A) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control or (B) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement, the “Effective Date” means the date immediately prior to such Date of Termination.

2. **Employment Period.** The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the “**Employment Period**”). The Employment Period shall terminate upon Executive’s termination of employment for any reason.

3. **Terms of Employment.** (a) **Position and Duties**. (i) During the Employment Period, (A) Executive’s position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all respects with the most significant of those held, exercised and assigned to Executive at any time during the 120-day period immediately preceding the Effective Date and (B) Executive’s services shall be performed at the location where Executive was employed immediately preceding the Effective Date or any office or location less than 25 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive’s reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of Executive’s responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of Executive’s responsibilities to the Company.

(b) **<u>Compensation</u>.** (i) **<u>Base Salary</u>**. During the Employment Period, Executive shall receive an annual base salary ("**Annual Base Salary**"), that shall be paid at an annual rate, at least equal to 12 times the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to Executive by the Company and its Affiliates in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally. During the Employment Period, the Annual Base Salary shall be periodically reviewed and increased in the same manner and proportion as the base salaries of other senior executives of the Company and Affiliates, but in no event shall such review and adjustment be more than 12 months after the last salary increase awarded to Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) **<u>Annual Bonus</u>.** In addition to Annual Base Salary, Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "**Annual Bonus**") in cash at least equal to the greater of (A) Executive's target annual bonus for the fiscal year in which the Effective Date occurs (or (x) if no target annual bonus has been set for such fiscal year, the target annual bonus for the immediately preceding fiscal year, or (y) if Executive has no such target annual bonus, an amount equal to at least 35% of Annual Base Salary) and (B) the average of the annual bonuses paid or payable to Executive in respect of the last three full fiscal years prior to the Effective Date (or, if Executive was first employed by the Company after the beginning of the earliest of such three fiscal years, the average of the bonuses paid or payable under such plan(s) in respect of the fiscal years ending before the Effective Date during which Executive was employed by the Company), in each case, with any bonus that was prorated for a partial fiscal year being annualized (the "**Recent Bonus**"). Each such Annual Bonus shall be paid no later than two and a half months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Code.

(iii) **<u>Incentive, Savings and Retirement Plans</u>.** During the Employment Period, Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates.

(iv) **<u>Welfare and Insurance Benefit Plans</u>.** During the Employment Period, Executive and/or Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare and insurance benefit plans, practices, policies and programs provided by the Company and its Affiliates (including medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) ("**Company Welfare Benefit Plans**") to the extent applicable generally to other peer executives of the Company and its Affiliates, but if the Company Welfare Benefit Plans provide Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, those provided generally at any time after the Effective Date (the "**Former Company Welfare Benefit Plans**"), the Company shall provide Executive with supplemental arrangements (such as individual insurance coverage purchased by the Company for Executive) such that the Company Welfare Benefit Plans together with such supplemental arrangements provide Executive with benefits that are at least as favorable, in the aggregate, as those provided by the Former Company Welfare Benefit Plans.

(v) **<u>Expenses</u>.** During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(vi) **<u>Fringe Benefits</u>.** During the Employment Period, Executive shall be entitled to fringe benefits and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(vii) **<u>Office and Support Staff</u>.** During the Employment Period, Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to Executive by the Company and its Affiliates at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(viii) **<u>Vacation</u>.** During the Employment Period, Executive shall be entitled to paid vacation, in each case in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for Executive at any time during the 365-day period immediately preceding the Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

4. **<u>Termination of Employment</u>.** (a) **<u>Death or Disability</u>**. The Executive's employment shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 11(b) of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive (the "**Disability Effective Date**"), <u>provided</u> that, within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "**Disability**" shall mean the absence of Executive from Executive's duties with the Company on a full-time basis for 180 consecutive business days (or for 180 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative.

(b) **<u>Cause</u>.** The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company or one of its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or following Executive's delivery of a Notice of Termination for Good Reason), after a written demand for substantial performance is delivered to Executive by the Board or the Chief Executive Officer of the Company that specifically identifies the manner in which the Board or Chief Executive Officer of the Company believes that Executive has not substantially performed Executive's duties, or

(ii) the willful engaging by Executive in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent entity of the Company and is not publicly traded, the board of directors (or, for a non-corporate entity, equivalent governing body) of the ultimate parent of the Company (the "**Applicable Board**") or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company and its Affiliates or based upon the advice of counsel for the Company and its Affiliates shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company and its Affiliates. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Applicable Board (excluding Executive if Executive is a member of the Applicable Board) at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel for Executive, to be heard before the Applicable Board), finding that, in the good faith opinion of the Applicable Board, Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) **<u>Good Reason</u>.** The Executive's employment may be terminated during the Employment Period by Executive for Good Reason or by Executive voluntarily without Good Reason. "**Good Reason**" means actions taken by the Company resulting in a material negative change in the employment relationship. For these purposes, a "material negative change in the employment relationship" shall include:

(i) the assignment to Executive of duties materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or a material diminution in such position, authority, duties or responsibilities or a material diminution in the budget over which Executive retains authority;

(ii) a material diminution in the authorities, duties or responsibilities of the person to whom Executive is required to report, including a requirement that Executive report to an officer or employee instead of reporting directly to the Applicable Board;

(iii) a material reduction of (A) any element of the compensation and benefits required to be provided to Executive in accordance with any of the provisions of Section 3(b); (B) Executive's aggregate annual cash compensation, that for this purpose shall include Base Salary and Annual Bonus; or (C) the benefits, in the aggregate, required to be provided to Executive in accordance with the provisions of this Agreement;

(iv) the Company's requiring Executive (A) to be based at any office or location other than as provided in Section 3(a)(i) (B) resulting in a material increase in Executive's commute to and from Executive's primary residence (for this purpose an increase in Executive's commute by 25 miles or more shall be deemed material); or (B) to be based at a location other than the principal executive offices of the Company if Executive was employed at such location immediately preceding the Effective Date; or

(v) any other action or inaction that constitutes a material breach by the Company of this Agreement, including any failure by the Company to comply with and satisfy Section 10(c).

In order to invoke a termination for Good Reason, Executive shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (i) through (v) within 90 days following Executive's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "**Cure Period**") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, Executive's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the initial existence of such condition or conditions in order for such termination as a result of such condition to constitute a termination for Good Reason. The Executive's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (v) shall not affect Executive's ability to terminate employment for Good Reason and Executive's death following delivery of a Notice of Termination for Good Reason shall not affect Executive's estate's entitlement to severance payments benefits provided hereunder upon a termination of employment for Good Reason.

(d) **Incapacity.** The Executive's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (v) of Section 4(c) shall not affect Executive's ability to terminate employment for Good Reason and Executive's death following delivery of a Notice of Termination for Good Reason shall not affect the entitlement of the estate of Executive to severance payments or benefits provided hereunder upon a termination of employment for Good Reason.

(e) **Notice of Termination.** Any termination of employment by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). For purposes of this Agreement, a "**Notice of Termination**" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than 30 days after the giving of such notice) (subject to the Company's right to cure in the case of a resignation for Good Reason). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(f) **<u>Date of Termination</u>.** "**Date of Termination**" means (i) if Executive's employment is terminated by the Company for Cause, or by Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies Executive of such termination, (iii) if Executive resigns without Good Reason, the date on which Executive notifies the Company of such termination and (iv) if Executive's employment is terminated by reason of death or Disability, the date of death of Executive or the Disability Effective Date, as the case may be.

5. **<u>Obligations of the Company upon Termination</u>.** (a) **<u>By Executive for Good Reason; By the Company Other Than for Cause, Death or Disability</u>**. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause, Death or Disability or Executive shall terminate employment for Good Reason:

(i) subject to Section 11(l), the Company shall pay to Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) Executive's business expenses that are reimbursable pursuant to Section 3(b)(v) but have not been reimbursed by the Company as of the Date of Termination; (3) Executive's Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been determined but not paid as of the Date of Termination; (4) any accrued vacation pay to the extent not theretofore paid (the sum of the amounts described in subclauses (1), (2), (3) and (4), the "**Accrued Obligations**"); and (5) an amount equal to the product of (x) the Recent Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the "**Pro Rata Bonus**"); <u>provided</u>, that notwithstanding the foregoing, if Executive has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or the Annual Bonus described in clauses (1) or (3) above, then for all purposes of this Section 5 (including Sections 5(b) through 5(d)), such deferral election, and the terms of the applicable arrangement shall apply to the same portion of the amount described in such clause (1) or clause (3), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) Executive's Annual Base Salary and (y) the Recent Bonus;

(C) an amount equal to Company and its Affiliates contributions under the tax-qualified defined contribution plan and any excess or supplemental defined contribution plans sponsored by the Company or its Affiliates, in which Executive participates as of immediately prior to the Date of Termination (or, if more favorable to Executive, the plans as in effect immediately prior to the Effective Date) (collectively, the "**Savings Plans**") that Executive would receive if Executive's employment continued for the two-year period following the Date of Termination (the "**Benefits Period**"), assuming for this purpose that (A) Executive is fully vested in the right to receive employer contributions under such plans; (B) Executive's compensation during each year of the Benefits Period is equal to the Annual Base Salary and the Recent Bonus, and such amounts are paid in equal installments ratably over each year of the Benefits Period; (C) Executive received an Annual Bonus with respect to the year in which the Date of Termination occurs equal to the Pro Rata Bonus, only if a contribution in respect of the compensation described in this clause (C) has not already been credited to Executive under the Savings Plans; (D) the amount of any such employer contributions is equal to the maximum amount that could be provided under the terms of the applicable Savings Plans for the year in which the Date of Termination occurs (or, if more favorable to Executive, or in the event that as of the Date of Termination the amount of any such contributions for such year is not determinable, the amount of contribution that could be provided under the Savings Plans for the plan year ending immediately prior to the Effective Date) for a participant whose compensation is as provided in clauses (B) and (C) above; and (E) to the extent that the employer contributions are determined based on the contributions or deferrals of Executive, disregarding Executive's actual contributions or deferral elections as of the Date of Termination and assuming that Executive had elected to participate in the Savings Plans and to defer that percentage of Annual Base Salary and/or Annual Bonus under the Savings Plans that would result in the maximum possible employer contribution

(D) an amount equal to the product of (A) the sum of (x) 150% of the monthly premiums for coverage under the Company's or and its Affiliates health care plans for purposes of continuation coverage under Section 4980B of the Code with respect to the maximum level of coverage in effect for Executive and his or her spouse and dependents as of immediately prior to the Date of Termination, and (y) 150% of the monthly premium for coverage (based on the rate paid by the Company and its Affiliates for active employees) under the life insurance plans of the Company and its Affiliates, in each case, based on the plans and at the levels of participation in which Executive participates as of immediately prior to the Date of Termination (or, if more favorable to Executive, the plans as in effect immediately prior to the Effective Date), and (B) the number of months in the Benefits Period;

(ii) the Company shall, at its sole expense as incurred, provide Executive with outplacement services the scope and provider of which shall be selected by the Company prior to the Effective Date; provided, further, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Date of Termination; and

(iii) except as otherwise set forth in the last sentence of Section 6, to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or that Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "**Other Benefits**") in accordance with the terms of the underlying plans or agreements. Without limiting the generality of the foregoing, Executive shall be entitled to all rights and benefits set forth in the plans and agreements governing Executive's outstanding equity awards.

(b) **Death.** If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide Executive's estate or beneficiaries with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include and Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates to the estates and beneficiaries of peer executives of the Company and such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive's estate and/or Executive's beneficiaries, as in effect on the date of Executive's death with respect to other peer executives of the Company and its Affiliates and their beneficiaries.

(c) **Disability.** If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide Executive with the Accrued Obligations and Pro Rata Bonus and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(c) shall include, and Executive shall be entitled after the Disability Effective Date to receive, without limitation, disability and other benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable of those generally provided by the Company and its Affiliates to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to Executive and/or Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates and their families.

(d) **Cause; Other than for Good Reason.** If Executive's employment is terminated for Cause during the Employment Period, the Company shall provide Executive with Executive's Annual Base Salary (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) through the Date of Termination, and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. If Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide to Executive the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive in a lump sum in cash within 30 days of the Date of Termination.

6. **Non-exclusivity of Rights.** Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which Executive may qualify, nor, subject to Section 11(h), shall anything herein limit or otherwise affect such rights as Executive may have under any other contract or agreement with the Company or its Affiliates. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Without limiting the generality of the foregoing, Executive's resignation under this Agreement with or without Good Reason, shall in no way affect Executive's ability to terminate employment by reason of Executive's "retirement" under any compensation and benefits plans, programs or arrangements of the Company or its Affiliates, including any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company or any of its Affiliates, including any retirement or pension plan or arrangement of the Company or any of its Affiliates or substitute plans adopted by the Company or its successors, and any termination that otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and its Affiliates, unless otherwise specifically provided therein in a specific reference to this Agreement.

7. **<u>Full Settlement; Legal Fees</u>.** (a) **<u>Full Settlement</u>**. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

(b) **<u>Legal Fees</u>.** The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from Executive), at any time from the Effective Date through Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date) to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof whether such contest is between the Company and Executive or between either of them and any third party, and (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("**Interest**") determined as of the date such legal fees and expenses were incurred.

8. **<u>Treatment of Certain Payments</u>.**

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "**Agreement Payments**") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 8 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the date of Termination of Employment. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) cash payments that may not be valued under Treas. Reg. § 1.280G-1, Q&A-24(c) ("**24(c)**"), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of Section 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

(d) The following terms shall have the following meanings for purposes of this Section 8:

(i) "**Accounting Firm**" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "**Net After-Tax Receipt**" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "**Parachute Value**" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(iv) "**Payment**" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G (b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "**Safe Harbor Amount**" shall mean 2.99 *times* Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(e) The provisions of this Section 8 shall survive the expiration of the Agreement.

9. **Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its Affiliates, and their respective businesses, which shall have been obtained by Executive during Executive's employment by the Company or any of its Affiliates and which shall not be or become public knowledge (other than by acts by Executive or representatives of Executive in violation of this Agreement). After termination of Executive's employment with the Company, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those persons designated by it. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement, but the Company otherwise shall be entitled to all other remedies that may be available to it at law or equity.

10. **Successors.** (a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section 10(c), without the prior written consent of Executive, this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. **Miscellaneous.**

(a) **Governing Law and Dispute Resolution.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The parties irrevocably submit to the jurisdiction of any state or federal court sitting in or for the United States District Court for the Eastern District of New York or any New York State court sitting in Kings County, New York with respect to any dispute arising out of or relating to this Agreement, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the venue of any dispute arising out of or relating to this Agreement or the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute or proceeding. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. THE PARTIES HEREBY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTER CLAIM BROUGHT OR ASSERTED BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT.

(b) **Notices.** All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

Mr. Conrad Gunther
249 Jennings Road
Cold Spring Harbor, NY 11724

If to the Company:

300 Cadman Plaza West, 8th Floor
Brooklyn, New York 11201
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) **Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(d) **Survivorship.** Upon the expiration or other termination of this Agreement or Executive's employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(e) **Section Headings; Construction.** The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(f) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(g) **Amendments; Waiver.** No provision of this Agreement shall be modified or amended except by an instrument in writing duly executed by the parties hereto. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including the right of Executive to terminate employment for Good Reason pursuant to Section 4(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) **At-Will Employment.** The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and, subject to Section 1(e) of this Agreement, prior to the Effective Date, Executive's employment may be terminated by either Executive or the Company at any time prior to the Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the Effective Date, except as specifically provided herein, this Agreement shall supersede any other employment agreement between the parties. For the avoidance of doubt, prior to the Effective Date, any other employment agreement between the parties shall continue to govern the relationship between the parties.

(i) **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto in respect of the terms and conditions of Executive's employment with the Company and its Affiliates, including his severance entitlements, and, as of the Effective Date, supersedes and cancels in their entirety all prior understandings, agreements and commitments, whether written or oral, relating to the terms and conditions of employment between Executive, on the one hand, and the Company or its Affiliates, on the other hand. For the avoidance of doubt, this Agreement does not limit the terms of any benefit plans (including equity award agreements) of the Company or its Affiliates that are applicable Executive, except to the extent that the terms of this Agreement are more favorable to Executive. From and after the Effective Date, the obligations of Executive under Section 9 shall be the exclusive restrictive covenant to which Executive is bound and any other restrictive covenants, including noncompetition and nonsolicitation restrictions, set forth in any agreement between Executive and the Company or its Affiliates, including any equity award agreement, shall be void and of no force and effect.

(j) **Tax Withholding.** The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) **Section 409A.**

(i) **General.** It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year.

(ii) **Reimbursements and In-Kind Benefits.** Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) **Delay of Payments.** Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company and its Affiliates as in effect on the Termination Date), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, with Interest (based on the rate in effect for the month in which the Executive's separation from service occurs), on the first business day of the seventh month following his separation from service (the "**Delayed Payment Date**"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of his estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of Executive's death.

(l) **Indemnification.** The Company shall indemnify Executive and hold him harmless to the fullest extent permitted by law and under the charter and bylaws of the Company (including the advancement of expenses) against, and with respect to, any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney fees), losses and damages resulting from Executive's good faith performance of his duties and obligations with the Company and its Affiliates.

(m) **Federal Deposit Insurance Act.** Notwithstanding any provision of this Agreement to the contrary, payments and benefits to Executive hereunder shall be paid or provided, to the extent applicable, in compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and any regulations promulgated thereunder.

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from the Board, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

DIME COMMUNITY BANCSHARES, INC.

By: ________________________________

Name: Kenneth J. Mahon
Title: President and Chief Executive Officer

Conrad Gunther:

____

[Signature Page]

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Section 3: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 17 CFR 240.13a-14(a) / 15d-14(a)

I, Kenneth J. Mahon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dime Community Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter In the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ **KENNETH J. MAHON**
Kenneth J. Mahon
President and Chief Executive Officer

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Section 4: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO 17 CFR 240.13a-14(a) / 15d-14(a)

I, Avinash Reddy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dime Community Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter In the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2019

/s/ **AVINASH REDDY**

Avinash Reddy
Executive Vice President and Chief Financial Officer

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Section 5: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q (the "Report") for the period ended March 31, 2019 of Dime Community Bancshares, Inc., (the "Company") as filed with the Securities and Exchange Commission on the date hereof, I, Kenneth J. Mahon, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2019

By: **/s/ KENNETH J. MAHON**
Kenneth J. Mahon
President and Chief Executive Officer

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Section 6: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q (the "Report") for the period ended March 31, 2019 of Dime Community Bancshares, Inc., (the "Company") as filed with the Securities and Exchange Commission on the date hereof, I, Avniash Reddy, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2019

By: **/s/ AVINASH REDDY**
Avinash Reddy
Executive Vice President and Chief Financial Officer

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