

DIME COMMUNITY BANCSHARES INC
Form 11-K
June 24, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the Fiscal Year Ended December 31, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transaction period from to

Commission file Number 0-27782

The Employee Stock Ownership Plan of
Dime Community Bancshares, Inc. and Certain Affiliates
(Full title of the plan and the address of the plan, if different from that of the issuer named below)

Dime Community Bancshares, Inc.
209 Havemeyer Street, Brooklyn, NY 11211
(Name of issuer of the securities held pursuant to the plan
and the address of its principal executive office)

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

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Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Committee and Employee Benefits Committee
of Dime Community Bancshares, Inc.
209 Havemeyer Street
Brooklyn, New York

We have audited the accompanying statements of net assets available for benefits of The Employee Stock Ownership Plan of Dime Community Bancshares, Inc. and Certain Affiliates as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013 in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) and Schedule H, Line 4j – Schedule of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2013 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2013 financial statements taken as a whole.

/s/ CROWE HORWATH LLP

New York, New York
June 24, 2014

THE EMPLOYEE STOCK OWNERSHIP PLAN OF DIME COMMUNITY
 BANCSHARES, INC. AND CERTAIN AFFILIATES
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2013 AND 2012

	As of December 31, 2013			As of December 31, 2012		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS:						
Non-participant directed investments, at fair value						
Federated Government Obligations Fund	\$92,204	\$-	\$92,204	\$93,519	\$-	\$93,519
Dime Community Bancshares, Inc. common stock	37,597,221	15,868,456	53,465,677	30,267,894	14,112,337	44,380,231
TOTAL ASSETS	37,689,425	15,868,456	53,557,881	30,361,413	14,112,337	44,473,750
LIABILITIES:						
Borrowing from Dime Community Bancshares, Inc.	-	3,401,059	3,401,059	-	3,567,003	3,567,003
TOTAL LIABILITIES	-	3,401,059	3,401,059	-	3,567,003	3,567,003
NET ASSETS AVAILABLE FOR BENEFITS	\$37,689,425	\$12,467,397	\$50,156,822	\$30,361,413	\$10,545,334	\$40,906,747

See notes to financial statements.

THE EMPLOYEE STOCK OWNERSHIP PLAN OF DIME COMMUNITY
 BANCSHARES, INC. AND CERTAIN AFFILIATES
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Allocated	Unallocated	Total
ADDITIONS:			
Interest and dividend income	\$1,209,419	\$568,964	\$1,778,383
Net appreciation in the fair value of Dime Community Bancshares, Inc. common stock	6,554,023	3,078,501	9,632,524
Contributions from Dime Savings Bank of Williamsburgh - net	-	421,285	421,285
Total additions	7,763,442	4,068,750	11,832,192
DEDUCTIONS:			
Interest expense on borrowings from Dime Community Bancshares, Inc.	-	285,360	285,360
Benefit payments	1,757,813	538,944	2,296,757
Total deductions	1,757,813	824,304	2,582,117
TRANSFERS:			
Allocation of 78,155 shares of Dime Community Bancshares, Inc. common stock at fair value	1,322,383	(1,322,383)	-
Total transfers	1,322,383	(1,322,383)	-
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	7,328,012	1,922,063	9,250,075
NET ASSETS AVAILABLE FOR BENEFITS			
Beginning of year	30,361,413	10,545,334	40,906,747
End of year	\$37,689,425	\$12,467,397	\$50,156,822

See notes to financial statements.

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THE EMPLOYEE STOCK OWNERSHIP PLAN OF DIME COMMUNITY BANCSHARES, INC. AND CERTAIN AFFILIATES

NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013 AND 2012 AND FOR THE YEAR ENDED DECEMBER 31, 2013

1. SUMMARY DESCRIPTION OF PLAN

The following is a brief description of The Employee Stock Ownership Plan of Dime Community Bancshares, Inc. and Certain Affiliates (the "ESOP" or the "Plan"). This description of the ESOP is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the ESOP's provisions.

General - The ESOP was adopted by the Board of Directors of the Dime Savings Bank of Williamsburgh (the "Bank") on February 8, 1996, with an effective date of July 1, 1995. Dime Community Bancshares, Inc. (the "Company") acts as the Plan Sponsor for the ESOP, and members of management of the Company or its direct subsidiaries serve as Plan Administrator for the ESOP. The Employee Benefits Committee, comprised of members of both the Company's Board of Directors and management, oversees the operation and administration of the ESOP. The ESOP is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Since February 2009, Pentegra Trust Company ("Pentegra") has served as trustee for the ESOP.

In order to purchase the shares of the Company's common stock, the ESOP obtained a borrowing from the Company of \$11,638,000, which originally was to be repaid over a ten-year period at a fixed interest rate of 8.0%. Effective July 1, 2000, the maturity of the ESOP loan was extended from June 2006 to December 2025, with the continued option of prepayment. Repayments of the borrowing are made from fully deductible contributions from the Company or Bank to the ESOP. As the ESOP makes each payment of principal and interest on the borrowing, an appropriate percentage of stock will be allocated to eligible participants' accounts in accordance with applicable regulations under the Code. The required principal repayments of the loan for the next five years and thereafter are as follows: 2014 – \$179,219; 2015 – \$193,556; 2016 – \$209,041; 2017 – \$225,764; 2018 – \$243,825; and thereafter \$2,349,654.

The borrowing is collateralized by the unallocated shares of the Company's stock held by the ESOP. The Company, as lender, has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the ESOP as of December 31, 2013 and 2012 and for the year ended December 31, 2013, present separately the assets and liabilities and changes therein pertaining to:

- (1) the accounts of employees with vested rights in allocated stock (Allocated) and
- (2) stock not yet allocated to employees (Unallocated).

b. Eligibility and Participation - Eligible employees, defined as salaried, common law employees of the Company or the Bank and its subsidiaries, who have completed a period of service of at least one year, automatically become eligible participants of the ESOP. An employee is not an eligible employee if he or she is compensated principally on an hourly, daily, commission fee or retainer basis, or has waived any claim to membership in the ESOP.

c. Contributions - The Company or the Bank shall contribute to the ESOP an amount that, at minimum, shall serve to finance the ESOP's obligation under its outstanding borrowing from the Company. The Company or the Bank may contribute additional amounts, if designated by the Compensation Committee, to the ESOP, which shall be applied as a prepayment of principal or interest for the outstanding borrowing from the Company. Any additional contributions approved by the Employee Benefits Committee shall be treated as an ESOP contribution and shall be allocated among the accounts of eligible participants in accordance with a pre-established formula. Participant contributions are not permitted.

d. Vesting - The balance credited to each participant's account shall become vested in accordance with the following schedule:

Number of Years Of Service	Vested Percentage
Less than 2 years	0%
Less than 3 years	25
Less than 4 years	50
Less than 5 years	75
5 or more years	100

Under the provisions of the ESOP, participants were granted credit, for purposes of vesting, for years of service at the Company or any of its direct or indirect subsidiaries prior to the establishment of the ESOP. Any previously unvested portion shall become fully vested to a participant upon attainment of age 65, or, if earlier, upon the termination of participation by reason of death, disability, retirement or upon occurrence of change in control of the Company or the Bank.

e. Investments - As of December 31, 2013 and 2012, the ESOP's investments consist of the investment in common stock of the Company and the investment of cash balances in a short-term investment fund administered by the ESOP trustee. The ESOP is permitted to invest in any of the following: (i) shares of the Company's common stock; (ii) such Investment Funds as may be established from time to time by the Employee Benefits Committee; and (iii) such other investments as may be permitted under the ESOP trust agreement. The terms of the ESOP trust agreement permits investment in any commingled or group trust fund, or common trust fund that is exempt from taxes under Section 501(a) of the Code.

f. Allocation of Shares to Participant Accounts - As of the last day of each plan year during which a borrowing is outstanding, a portion of the financed shares purchased with the proceeds of the borrowing shall be released in accordance with a predetermined formula. The released shares are allocated to eligible participant accounts in the proportion that each such eligible participant's compensation, as measured under the terms of the ESOP, for the portion of the plan year during which he or she was a participant, bears to the aggregate compensation of all eligible participants, as measured under the terms of the ESOP.