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DIME COMMUNITY BANCSHARES INC

Form S-4

July 29, 2004

As filed with the Securities and Exchange Commission on July 29, 2004

Registration No. 333-_____

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

FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

DIME COMMUNITY BANCSHARES, INC.
(Exact name of Registrant
as specified in its charter)

DIME COMMUNITY CAPITAL TRUST I
(Exact name of Co-Registrant
as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

6035
(Primary Standard Industrial
Classification Code Number)

6719
(Primary Standard Industrial
Classification Code Number)

11-3297463
(I.R.S. Employer Identification No.)

51-6555113
(I.R.S. Employer Identification No.)

209 HAVEMEYER STREET
BROOKLYN, NEW YORK 11211
(718) 782-6200
(Address, including zip code,
and telephone number,
including area code, of Registrant's and Co-Registrant's
principal executive offices)

VINCENT F. PALAGIANO
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
DIME COMMUNITY BANCSHARES, INC.
209 HAVEMEYER STREET
BROOKLYN, NEW YORK 11211
(718) 782-6200
(Name, address, including zip code, and telephone number,
including area code, of agents for service)

KENNETH J. MAHON
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
DIME COMMUNITY BANCSHARES, INC.
209 HAVEMEYER STREET
BROOKLYN, NEW YORK 11211
(718) 782-6200
(Name, address, including zip code, and telephone number,
including area code, of agents for service)

COPIES TO:
ROBERT C. AZAROW, ESQ.
OMER S. J. WILLIAMS, ESQ.
THACHER PROFFITT & WOOD LLP
TWO WORLD FINANCIAL CENTER
NEW YORK, NEW YORK 10281
(212) 912-7400

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (1)
Exchange of Capital Securities of Dime Community Capital Trust I....	70,000	\$1,000
Exchange of Debt Securities of Dime Community Bancshares, Inc (2)...		
Dime Community Bancshares, Inc Exchange Guarantee with respect to Exchange Capital Securities (2).....		
Total (3).....	70,000	\$1,000

- (1) Estimated solely for the purpose of computing the registration fee.
- (2) No separate consideration will be received for the Exchange Debt Securities of Dime Community Bancshares, Inc. distributed upon any liquidation of Dime Community Capital Trust I, and no separate consideration will be received for the Dime Community Bancshares, Inc. Exchange Guarantee.
- (3) This Registration Statement is deemed to cover rights of holders of Exchange Debt Securities under the Indenture, the rights of holders of Exchange Capital Securities of Dime Community Capital Trust I under the Second Amended and Restated Declaration of Trust, the rights of holders of such Exchange Capital Securities under the Exchange Guarantee and certain backup undertakings in this Registration Statement.
- (4) Such amount represents the liquidation amount of the Exchange Capital Securities to be exchanged hereunder and the principal amount of Exchange Debt Securities that may be distributed to holders of such Exchange Capital Securities upon any liquidation of Dime Community Capital Trust I.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION

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STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

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PROSPECTUS

DIME COMMUNITY CAPITAL TRUST I

OFFER TO EXCHANGE ITS 7.0% CAPITAL SECURITIES, SERIES B
(LIQUIDATION AMOUNT \$1,000 PER EXCHANGE CAPITAL SECURITY)
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
FOR ANY AND ALL OF ITS OUTSTANDING 7.0% CAPITAL SECURITIES, SERIES A
(LIQUIDATION AMOUNT \$1,000 PER ORIGINAL CAPITAL SECURITY)
FULLY AND UNCONDITIONALLY GUARANTEED, TO THE EXTENT DESCRIBED
IN THIS PROSPECTUS, BY

[LOGO OF DIME COMMUNITY BANCSHARES, INC.]

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT
5:00 P.M., NEW YORK CITY TIME ON _____, 2004, UNLESS EXTENDED.

Dime Community Capital Trust I, referred to as the Trust, is offering and selling upon the terms and subject to the conditions described in this prospectus, as amended and supplemented from time to time, and in the accompanying letter of transmittal, which together constitute the exchange offer, to exchange up to and including \$70,000,000 aggregate liquidation amount of its 7.0% capital securities, Series B, referred to as the exchange capital securities, which have been registered under the Securities Act of 1933, as amended, by a registration statement of which this prospectus is a part, for a like amount of its outstanding 7.0% capital securities, Series A, referred to as the original capital securities, of which \$70,000,000 aggregate liquidation amount are issued and outstanding.

This prospectus and the letter of transmittal are first being mailed to all holders of the original capital securities, on or about _____, 2004.

YOU SHOULD READ "RISK FACTORS" BEGINNING ON PAGE 16 TO READ ABOUT THE RISKS THAT YOU SHOULD CONSIDER IN DECIDING WHETHER TO TENDER THE ORIGINAL CAPITAL SECURITIES IN THE EXCHANGE OFFER.

THESE SECURITIES ARE NOT DEPOSITS OR ACCOUNTS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, REFERRED TO AS THE SEC, NOR ANY STATE SECURITIES COMMISSION OR REGULATOR HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE. IT IS ILLEGAL FOR ANYONE TO TELL YOU OTHERWISE.

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THE DATE OF THIS PROSPECTUS IS _____, 2004.

AVAILABLE INFORMATION

Dime Community Bancshares, Inc. files reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. You may read and copy this information at prescribed rates at the following location of the SEC:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

You can also obtain additional information about the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers like us who file electronically with the SEC. The address of that site is [HTTP://WWW.SEC.GOV](http://www.sec.gov).

The common stock of Dime Community is traded on The Nasdaq National Market and quoted under the symbol DCOM. You can also inspect information about Dime Community by visiting The Nasdaq National Market web site ([HTTP://WWW.NASDAQ.COM](http://www.nasdaq.com)). Our web site is [HTTP://WWW.DSBWDIRECT.COM](http://www.dsbwdirect.com). Information contained in our web site does not constitute part of this prospectus.

NO SEPARATE FINANCIAL STATEMENTS OF THE TRUST HAVE BEEN INCLUDED IN THIS PROSPECTUS AND NO SEPARATE FINANCIAL STATEMENTS WILL BE PREPARED IN THE FUTURE. WE DO NOT CONSIDER THAT SUCH FINANCIAL STATEMENTS WOULD BE MATERIAL TO HOLDERS OF THE EXCHANGE CAPITAL SECURITIES OFFERED BY THIS PROSPECTUS BECAUSE THE TRUST IS A NEWLY-FORMED SPECIAL PURPOSE ENTITY, HAS NO OPERATING HISTORY OR INDEPENDENT OPERATIONS, IS NOT ENGAGED IN AND DOES NOT PROPOSE TO ENGAGE IN ANY ACTIVITY OTHER THAN HOLDING AS TRUST ASSETS OUR EXCHANGE DEBT SECURITIES, ISSUING THE EXCHANGE CAPITAL SECURITIES TO INVESTORS AND COMMON SECURITIES TO DIME COMMUNITY AND ENGAGING IN INCIDENTAL ACTIVITIES. THE OBLIGATIONS OF THE TRUST TO MAKE PAYMENTS UNDER THE EXCHANGE CAPITAL SECURITIES ARE FULLY AND UNCONDITIONALLY GUARANTEED BY DIME COMMUNITY AS AND TO THE EXTENT SET FORTH UNDER "DESCRIPTION OF EXCHANGE GUARANTEE." TAKEN TOGETHER, DIME COMMUNITY'S OBLIGATIONS UNDER THE EXCHANGE DEBT SECURITIES, THE INDENTURE, THE TRUST AGREEMENT AND THE EXCHANGE GUARANTEE WILL PROVIDE, ON A SUBORDINATED BASIS, A FULL, IRREVOCABLE AND UNCONDITIONAL GUARANTEE OF THE TRUST'S PAYMENTS OF DISTRIBUTIONS AND OTHER AMOUNTS DUE ON THE EXCHANGE CAPITAL SECURITIES. DIME COMMUNITY DOES NOT EXPECT THAT THE TRUST WILL FILE REPORTS, PROXY STATEMENTS AND OTHER INFORMATION UNDER THE EXCHANGE ACT WITH THE SEC.

This prospectus constitutes a part of a registration statement on Form S-4 filed by us and the Trust with the SEC under the Securities Act of 1933, as amended, also referred to as the Securities Act. This prospectus does not contain all the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC, and reference is made to the registration statement and to the exhibits relating to such registration statement for further information with respect to Dime Community and the exchange capital securities. Any statements contained in

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this prospectus concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating information into this prospectus by reference, which means that we are disclosing important information to you by referring you to documents filed with the SEC. The information incorporated by reference is considered to be a part of this prospectus, except as discussed below. The following documents that we have filed with the SEC are incorporated into this prospectus by reference:

- o DIME COMMUNITY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2003;
- o DIME COMMUNITY'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2004; AND
- o DIME COMMUNITY'S CURRENT REPORT ON FORM 8-K DATED JUNE 9, 2004.
- o DIME COMMUNITY'S CURRENT REPORT ON FORM 8-K DATED JULY 23, 2004.

In addition, we also incorporate by reference all future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering of the exchange capital securities offered by this prospectus from the date of filing of such document. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (other than Current Reports furnished under Item 9 of Form 8-K), as well as proxy statements. However, any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

The information incorporated by reference contains information about us and our financial condition and performance and is an important part of this prospectus.

You can obtain any of the documents incorporated by reference in this prospectus through us, or from the SEC through the SEC's Internet world wide web site at the address specified above. Documents incorporated by reference in this prospectus are available without charge, excluding any exhibits to those documents, by writing or telephoning us at:

Dime Community Bancshares, Inc.
209 Havemeyer Street
Brooklyn, NY 11211
Attention: Investor Relations
(718) 782-6200

You should rely only on the information incorporated by reference or

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provided in this prospectus or any supplement. We have not authorized anyone to give any information or make any representation about us that is different from, or in addition to, those contained or incorporated by reference in this prospectus. If anyone does give you any additional or different information, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the exchange capital securities are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. The information contained or incorporated by reference in this prospectus speaks only as of the date of this document unless the information specifically indicates that another date applies.

FORWARD LOOKING STATEMENTS

This prospectus, including information included or incorporated by reference, contains statements which are not historical facts but "forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995, with respect to our financial condition, results of operations, plans, objectives, future

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performance and business. These statements may be identified by the use of the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "project," "should," "will," "would" and similar terms and phrases, including references to assumptions.

The forward-looking statements contained in this prospectus are based on various assumptions and analyses made by us in light of our management's experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors (many of which are beyond our control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These factors include, without limitation, the following:

- o the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control;
- o there may be increases in competitive pressure among financial institutions or from non-financial institutions;
- o changes in the interest rate environment may reduce net interest margins;
- o changes in deposit flows, loan demand or real estate values may adversely affect our business;
- o changes in accounting principles, policies or guidelines may cause our financial condition to be perceived differently;
- o general economic conditions, either nationally or locally in some or all areas in which we do business, or conditions in the securities markets or the banking industry may be less favorable than we currently anticipate;
- o legislation or regulatory changes may adversely affect our business;

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- o technological changes may be more difficult or expensive than we anticipate;
- o success or consummation of new business initiatives may be more difficult or expensive than we anticipate; or
- o 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 we anticipate.

The forward-looking statements are made as of the date of this prospectus, and, except as required by applicable law, we assume no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements. The statements in the "Risk Factors" section of this prospectus are cautionary statements identifying important factors, including certain risks and uncertainties, that could cause our results to vary materially from the future results covered in such forward-looking statements. You should consider these risks and uncertainties in evaluating the forward-looking statements and you should not place undue reliance on these statements.

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SUMMARY

The following information is a summary of the significant terms of the offering of exchange capital securities made by this prospectus. You should carefully read this prospectus to understand fully the terms of the exchange capital securities, as well as the tax and other considerations that are important to you in making a decision about whether to exchange your original capital securities for the exchange capital securities. You should pay special attention to the "Risk Factors" section beginning on page 16 of this prospectus to determine whether an investment in the exchange capital securities is appropriate for you.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "Dime Community," "we," "us," "our" or similar references mean Dime Community Bancshares, Inc. and references to "Dime of Williamsburgh" or "Bank" means The Dime Savings Bank of Williamsburgh.

DIME COMMUNITY BANCSHARES, INC.

Dime Community Bancshares, Inc., is a Delaware corporation and is the unitary savings and loan association holding company for The Dime Savings Bank of Williamsburgh, a federally chartered stock savings bank. At March 31, 2004, on a consolidated basis, we had total assets of \$3.37 billion, deposits of \$2.27 billion and total stockholders' equity of \$275.8 million.

The Bank's principal business has been, and continues to be, gathering deposits from customers primarily within its market area, and investing those deposits primarily in multi-family residential mortgage loans, commercial real estate loans, one- to four-family residential mortgage loans, construction loans, consumer loans, mortgage-backed securities, referred to as MBS, obligations of the U.S. Government and Government Sponsored Entities, and corporate debt and equity securities. The Bank's revenues are derived principally from interest on its loan and securities portfolios. The Bank's primary sources of funds are: deposits; loan amortization, prepayments and maturities; MBS amortization, prepayments and maturities; investment securities

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maturities; advances from the Federal Home Loan Bank of New York; securities sold under agreement to repurchase borrowings; and the sale of real estate loans to the secondary market.

The Bank's primary strategy is to increase its household and deposit market shares in the communities that it serves, either through direct marketing, acquisitions or purchases of deposits. The Bank also seeks to increase its product and service utilization for each individual depositor. In addition, the Bank's primary strategy includes the origination of, and investment in, mortgage loans with an emphasis on multi-family residential loans. Multi-family residential lending is a significant business of the Bank, reflecting the fact that much of the housing in its primary lending area is multi-family housing. The Bank also strives to provide a stable source of liquidity and earnings through the purchase of investment grade securities; seeks to maintain the asset quality of its loans and other investments; and uses appropriate portfolio and asset/liability management techniques in an effort to manage the effects of interest rate volatility on its profitability and capital.

Management of the Bank believes that multi-family residential loans provide advantages as investment assets. Initially, they offer a higher yield than one-to four-family loans or investment securities of comparable maturities or terms to repricing. Origination and processing costs for the Bank's multi-family residential and commercial real estate loans are lower per thousand dollars of originations than comparable one- to four-family loan costs. In addition, the Bank's market area generally has provided a stable flow of new and refinanced multi-family residential loan originations. In order to address the higher credit risk associated with multi-family residential lending, the Bank has developed underwriting standards that it believes are reliable in order to maintain consistent credit quality for its new loans. For further information regarding our operating strategies, you should read the sections titled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2003, which is incorporated into this prospectus by reference.

As a publicly-held unitary savings and loan holding company, Dime Community is required to file certain reports with, and otherwise comply with the rules and regulations of, the SEC under the federal securities laws and of the Office of Thrift Supervision, referred to as the OTS. Dime of Williamsburgh is subject to extensive regulation, examination, and supervision by the OTS, as its chartering agency, and the Federal Deposit Insurance Corporation, referred to as the FDIC, as its deposit insurer.

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Dime Community's principal executive offices are located at Dime Community Bancshares, Inc., 209 Havemeyer Street, Brooklyn, New York 11211, and its telephone number is (718) 782-6200.

Additional information about Dime Community and its subsidiaries is included in documents incorporated by reference in this prospectus. You should refer to "Available Information."

DIME COMMUNITY CAPITAL TRUST I

Dime Community Capital Trust I is a statutory trust created under Delaware law upon the filing of a certificate of trust with the Delaware Secretary of State. The Trust's business and affairs are conducted by the institutional trustee, the Delaware trustee and three individual administrators who are officers of Dime Community. The Trust exists for the exclusive purposes of:

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- o issuing and selling the original capital securities and the exchange capital securities, collectively referred to as the capital securities;
- o using the proceeds from the sale of the capital securities and the common securities to acquire fixed rate junior subordinated deferrable interest debt securities, referred to as the junior subordinated debt securities, issued by Dime Community; and
- o engaging in only those other activities necessary, advisable or incidental to the above.

Accordingly, the junior subordinated debt securities are the sole assets of the Trust, and payments under the junior subordinated debt securities are the sole revenues of the Trust.

All of the common securities of the Trust are owned by Dime Community.

THE EXCHANGE OFFER

THE EXCHANGE OFFER..... Up to and including \$70,000,000 aggregate liquidation amount of exchange capital securities are being offered in exchange for a like aggregate liquidation amount of original capital securities. Original capital securities may be tendered for exchange in whole or in part in a liquidation amount of \$100,000 (100 original capital securities) or any integral multiple of \$1,000 (one original capital security) in excess of \$100,000. Under the exchange offer, we will exchange as soon as practicable after the date of this prospectus our \$70,000,000 aggregate principal amount of junior subordinated debt securities, Series A, also referred to as the original junior subordinated debt securities, for a like aggregate principal amount of our junior subordinated debt securities, Series B, also referred to as the exchange debt securities. We refer to the original junior subordinated debt securities and the exchange debt securities collectively as the junior subordinated debt securities. Together with the Trust, we are making the exchange offer in order to satisfy our respective obligations under the registration rights agreement relating to the original capital securities. For a description of the procedures for tendering original capital securities,

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please read "The Exchange Offer--Procedures for Tendering Original Capital Securities."

EXPIRATION DATE..... 5:00 p.m., New York City time, on _____, 2004 unless the exchange offer is extended by us and the Trust, in which case the expiration date will be the latest date and time to which the exchange offer is extended.

CONDITIONS TO THE EXCHANGE OFFER..... The exchange offer is subject to certain conditions, which may be waived by us and the Trust in our sole discretion. The exchange offer is not conditioned upon any minimum liquidation amount of original capital securities being tendered.

TERMS OF THE EXCHANGE OFFER..... We and the Trust reserve the right in our sole and absolute discretion, subject to applicable law, at any time and from time to time, (i) to delay the acceptance of the original capital securities, (ii) to terminate the exchange offer if certain specified conditions have not been satisfied, (iii) to extend the expiration date of the exchange offer and retain all original capital securities tendered as a result of the exchange offer, subject, however, to the right of holders of original capital securities to withdraw their tendered original capital securities or (iv) to waive any condition or otherwise amend the terms of the exchange offer in any respect.

WITHDRAWAL RIGHTS..... Tenders of original capital securities may be withdrawn at any time on or prior to the expiration date by delivering a written notice of such withdrawal to the exchange agent in conformity with certain procedures as set forth under "The Exchange Offer--Withdrawal Rights."

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PROCEDURES FOR TENDERING ORIGINAL CAPITAL SECURITIES..... Certain brokers, dealers, commercial banks, trust companies and other nominees who hold original capital securities through The Depository Trust Company, or DTC, must effect tenders by book entry transfer through DTC's Automated Tender Offer Program, or ATOP. Beneficial owners of original capital securities registered in the name of a broker, dealer, commercial

bank, trust company or other nominee are urged to contact such person or entity promptly if they wish to tender original capital securities under the exchange offer. Tendering holders of original capital securities that do not use ATOP must complete and sign a letter of transmittal in accordance with the instructions contained in such letter and forward the same by mail, facsimile transmission or hand delivery, together with any other required documents, to the exchange agent, either with the certificates of the original capital securities to be tendered or in compliance with the specified procedures for guaranteed delivery of original capital securities. Tendering holders of original capital securities that use ATOP will, by so doing, acknowledge that they are bound by the terms of the letter of transmittal. Letters of transmittal and certificates representing original capital securities should not be sent to us or the Trust. Such documents should only be sent to the exchange agent.

RESALES OF EXCHANGE CAPITAL
SECURITIES.....

We and the Trust are making the exchange offer in reliance on the position of the staff of the SEC as set forth in certain interpretive letters addressed to third parties in other transactions. However, neither we nor the Trust has sought our own interpretive letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the exchange offer as it has in such interpretive letters to third parties. Based on these interpretations by the staff of the SEC, and subject to the two immediately following sentences, we and the Trust believe that the exchange capital securities issued under this exchange offer in exchange for original capital securities may be offered for resale, resold and otherwise transferred by a holder of such exchange capital securities, other than a holder who is a broker-dealer, without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such exchange capital securities are acquired in the ordinary course of such holder's business and that such holder is not participating, and has no arrangement or understanding with any

person to participate, in a distribution, within the meaning of the Securities Act, of such exchange capital securities. However, any holder of original capital securities who is an affiliate of us or the Trust or who intends to participate in the exchange offer for the purpose of distributing the exchange capital securities, or any broker-dealer who purchased the original capital securities from the Trust to resell pursuant to Rule 144A or any other available exemption under the Securities Act:

- o will not be able to rely on the interpretations of the staff of the SEC set forth in the above mentioned interpretive letters;
- o will not be permitted or entitled to tender such original capital securities in the exchange offer; and
- o must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of such original capital securities unless such sale is made in

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reliance on an exemption from such requirements.

In addition, as described in this prospectus, if any broker-dealer holds original capital securities acquired for its own account as a result of market-making or other trading activities and exchanges such original capital securities for exchange capital securities, then such broker-dealer must deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of such exchange capital securities. Each holder of original capital securities who wishes to exchange original capital securities for exchange capital securities in the exchange offer will be required to represent that:

- o it is not an affiliate of us

or the Trust;

- o any exchange capital securities to be received by it are being acquired in the ordinary course of its business;
- o it has no arrangement or understanding with any person to participate in a distribution, within the meaning of the Securities Act, of such exchange capital securities; and
- o if such holder is not a broker-dealer, such holder is not engaged in, and does not intend to engage in, a distribution, within the meaning of the Securities Act of such exchange capital securities.

Each broker-dealer that receives exchange capital securities for its own account in exchange for original capital securities, where such original capital securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Exchange Act in connection with any resale of such exchange capital securities. You should read "Plan of Distribution."

The letter of transmittal states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. Based on the position taken by the staff of the SEC in the interpretive letters referred to above, we and the Trust believe that participating broker-dealers who acquired original capital securities for their own accounts as a result of market-making activities or other trading activities may fulfill their prospectus delivery requirements with respect to the exchange capital securities received upon exchange of such original capital securities, other than original capital securities that represent an unsold allotment from the initial sale of the original capital securities, with a prospectus meeting

the requirements of the Securities Act, which may be the prospectus prepared for an exchange offer so long as it contains a description of the plan of distribution with respect to the resale of such exchange capital securities. Accordingly, this prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of exchange capital securities received in exchange for original capital securities

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where such original capital securities were acquired by such participating broker-dealer for its own account as a result of market-making or other trading activities. Subject to certain provisions set forth in the registration rights agreement and to the limitations described in this prospectus under "The Exchange Offer--Resales of Exchange Capital Securities," we and the Trust have agreed that this prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of such exchange capital securities for a period ending 90 days after the expiration date, subject to extension under certain limited circumstances, or, if earlier, when all such exchange capital securities have been disposed of by such participating broker-dealer. Any participating broker-dealer who is an affiliate of us or the Trust may not rely on such interpretive letters and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

EXCHANGE AGENT..... The exchange agent with respect to the exchange offer is the institutional trustee of the Trust, Wilmington Trust Company. The address, telephone and facsimile numbers of the exchange agent are set forth in this prospectus under "The Exchange Offer--Exchange Agent" and in the letter of transmittal.

USE OF PROCEEDS..... Neither we nor the Trust will receive any cash proceeds from the issuance of the exchange capital securities.

CERTAIN FEDERAL INCOME

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TAX CONSIDERATIONS..... The exchange of original capital securities for exchange capital securities will not be a taxable exchange for federal income tax purposes and you should not recognize any taxable gain or loss or any interest income as a result of such exchange.

ERISA CONSIDERATIONS..... You should review the information set forth in this prospectus under "ERISA Considerations" prior to tendering original capital securities in the exchange offer.

THE EXCHANGE CAPITAL SECURITIES

SECURITIES OFFERED..... Up to \$70,000,000 aggregate liquidation amount of exchange capital securities, liquidation amount \$1,000 per exchange capital security, will have been registered under the Securities Act. The exchange capital securities will be issued under the second amended and restated declaration of trust, dated as of July 29, 2004, relating to the Trust by and among us, as Sponsor, Wilmington Trust Company, as institutional trustee, Wilmington Trust Company, as Delaware trustee, and the administrators, also referred to as the trust agreement. The exchange capital securities and any original capital securities that remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage in outstanding liquidation amount have taken certain actions or exercised certain rights under the trust agreement. The terms of the exchange capital securities are identical in all material respects to the terms of the original capital securities, except that the exchange capital securities have been registered under the Securities Act, will not be subject to certain restrictions on transfer applicable to the original capital securities and will not provide for any increase in the distribution rate.

DISTRIBUTIONS..... You will be entitled to receive cumulative cash distributions at the

annual rate of 7.0% of the liquidation amount of \$1,000 per exchange capital security. Distributions will accumulate from the date the Trust issued the original capital securities and will be paid quarterly in arrears on January 15th, April 15th, July 15th and October 15th of each year, beginning on July 15, 2004. The record dates will be the 15th calendar day immediately preceding any payment date. Because the exchange offer will be consummated after June 30, 2004, which is the record date for the July 15, 2004 payment date, distributions were paid on the original capital securities accumulated from and after March 19, 2004 through July 14, 2004, and distributions will be paid on the exchange capital securities from and after July 15, 2004. The first interest payment date for the exchange debt securities will be October 15, 2004. The amount of each distribution with respect to the exchange capital securities will include amounts accrued to, but excluding, the date the distribution is due. Because of the foregoing procedures regarding distributions, the amount of the distributions received by holders whose original capital securities are accepted for exchange will not be affected by the exchange.

EXTENSION PERIODS.....

So long as no event of default relating to the exchange debt securities has occurred and is continuing, we have the right, at one or more times, to defer interest payments on the exchange debt securities for up to 20 consecutive quarterly periods. All such extensions will end on an interest payment date and will not extend beyond April 14, 2034, the stated maturity date of the exchange debt securities, any optional redemption date or special event redemption date. During an extension period, we are restricted, among other matters, from paying dividends or making distributions on our capital stock or redeeming, repurchasing or acquiring or making liquidation payments with respect to our capital stock, except in limited circumstances.

If we defer interest payments on the exchange debt securities, the Trust will also defer quarterly distributions on the exchange capital securities during the extension period. During this extension period, the

exchange debt securities will continue to accrue interest and the capital securities will continue to accumulate distributions. During any extension period, distributions will continue to accrue on the capital securities and on any accrued and unpaid distributions, compounded quarterly from the relevant distribution date. If the Trust defers distributions, you will still be required to accrue interest income and include it in your gross income for U.S. federal income tax purposes, even if you are a cash basis taxpayer.

RANKING.....

Our obligations under the exchange debt securities are unsecured and subordinated to payment of our senior debt, to the extent and in the manner set forth in the indenture governing the exchange debt securities, referred to as the indenture, and will be effectively subordinated to all of the existing and future liabilities and preferred equity of our subsidiaries, including Dime of Williamsburgh's deposit liabilities. At March 31, 2004, we had \$25 million of senior debt outstanding, consisting entirely of our subordinated notes payable, and our subsidiaries had \$3.00 billion of total liabilities and preferred equity outstanding.

EXCHANGE GUARANTEE.....

We are offering to exchange our guarantee, also referred to as the exchange guarantee, of payments of cash distributions and payments in liquidation of the Trust or redemption of the exchange capital securities for the existing guarantee, also referred to as the original guarantee, in respect of the original capital securities. We refer to the original guarantee and the exchange guarantee collectively as the guarantees. Under the trust agreement creating the Trust, our exchange debt securities and related indenture and our exchange guarantee, we will, on a subordinated basis, fully, irrevocably and unconditionally guarantee:

- o payment of distributions on the exchange capital securities;

- o payments on liquidation of the Trust; and
- o payments on maturity or earlier redemption of the exchange capital securities.

If we do not make a payment on the exchange debt securities, the Trust will not have sufficient funds to make the related payment on the exchange capital securities. Our exchange guarantee does not assure the payment of distributions or other amounts when the Trust does not have sufficient funds to make that payment. Our obligations under the exchange guarantee are unsecured and junior in right to all present and future senior debt and will be effectively subordinated to all of the existing and future liabilities and preferred equity of our subsidiaries, including Dime of Williamsburgh's deposit liabilities.

Taken together, our obligations under the exchange guarantee, the exchange debt securities, the indenture and the second amended and restated declaration of trust, referred to as the trust agreement, will provide, on a subordinated basis, a full, irrevocable and unconditional guarantee of the Trust's payments of distributions and other amounts due on the capital securities.

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DISTRIBUTION OF EXCHANGE
DEBT SECURITIES.....

At any time, we will have the right to liquidate the Trust and cause the exchange debt securities to be distributed to holders of exchange capital securities and common securities in liquidation of the Trust, subject to receipt of any required regulatory approval and an opinion of counsel that such liquidation and distribution will not result in a taxable event to holders. The exchange debt securities will have terms and conditions identical to the exchange capital securities. If we elect to liquidate the Trust and thereby cause the exchange debt securities to be distributed to holders of the exchange capital securities we will, for instance, have the same rights, subject to the receipt of any required

regulatory approval, to redeem such exchange debt securities as if the exchange debt securities were held by the Trust.

In the event of the involuntary or voluntary liquidation, dissolution, winding up or termination of the Trust in which the exchange debt securities are not distributed to holders, then the holders of the exchange capital securities will be entitled to receive, for each exchange capital security after satisfaction of creditors of the Trust, a liquidation amount of \$1,000 plus accumulated and unpaid distributions thereon to, but excluding, the date of payment. The Trust will be able to make this distribution in cash only if the exchange debt securities are redeemed by us.

MATURITY AND REDEMPTION.....

The exchange debt securities will mature on April 14, 2034, unless redeemed prior to such date if certain conditions are met. The Trust will redeem the exchange capital securities when we pay the exchange debt securities at maturity or upon any earlier redemption of the exchange debt securities.

We may redeem all or part of the exchange debt securities at any time on or after April 15, 2009. In addition, we may redeem the exchange debt securities at our option, in whole but not in part, prior to April 15, 2009 if:

- o certain tax events occur;
- o there is a change in the manner in which the exchange capital securities would be treated for regulatory capital purposes; or
- o there is a change in the Investment Company Act of 1940, referred to as the Investment Company Act, that requires the Trust to register under that law.

We may have to obtain regulatory approvals, including the approval of the OTS, before we redeem any exchange debt securities prior to maturity.

If we redeem the exchange debt

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securities on or after April 15, 2009, you will receive the liquidation amount of \$1,000 per exchange capital security plus any accrued and unpaid distributions, including additional distributions accrued during an extension period and not paid to the date of redemption. If such redemption occurs prior to April 15, 2009, you will be entitled to a redemption price calculated as a premium. For more information, please refer to "Description of Exchange Debt Securities -- Special Event Redemption."

TRANSFER RESTRICTION..... The exchange capital securities will be issued, and may be transferred,

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only in blocks having a liquidation amount of not less than \$100,000 (100 exchange capital securities). Any such transfer of exchange capital securities in a block having a liquidation amount of less than \$100,000 shall be deemed to be void and of no legal effect whatsoever.

ABSENCE OF MARKET FOR THE EXCHANGE CAPITAL SECURITIES..... The exchange capital securities will be a new issue of securities for which currently there is no market. Although the initial purchaser intends to make a market in the exchange capital securities in a manner permitted under applicable securities laws, the initial purchaser is not obligated to do so and any such market making may be discontinued at any time without notice. Accordingly, there can be no assurance as to the development, maintenance or liquidity of any trading market for the exchange capital securities. We do not intend to seek a listing of the exchange capital securities on any national securities exchange or on The Nasdaq Stock Market. The exchange capital securities are expected to be eligible for quotation on the Private Offering, Resales and Trading through Automated Linkages (PORTAL) System of the National Association of Securities Dealers, Inc. For more information, you should read "Plan of Distribution."

RATINGS..... Neither the original capital securities nor the exchange capital securities

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have been rated by a rating agency.

ERISA CONSIDERATIONS..... For a discussion of certain prohibited transactions and fiduciary duty issues pertaining to purchases by or on behalf of an employee benefit plan, you should read "ERISA Considerations."

VOTING RIGHTS..... As a holder of the exchange capital securities, you will have no voting rights, except in limited circumstances. You should read "Description of Exchange Capital Securities Voting Rights; Amendment of the Trust Agreement" for more information.

RISK FACTORS..... For a discussion of considerations relevant to an investment in the exchange capital securities or the exchange of original capital securities for exchange capital securities which should be carefully considered by you, you should read Risk Factors.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated financial and other data presented below are derived in part from, and should be read in conjunction with, our consolidated financial statements, related notes and other financial information incorporated into this prospectus by reference. On July 18, 2002, our Board of Directors approved a change in our fiscal year end from June 30 to December 31. In order to further assist in the interpretive reading of the data below, we have added information related to the unaudited twelve month period ended December 31, 2002 and the unaudited six month period ended December 31, 2001. You should refer to "Available Information."

AT OR FOR THE THREE MONTHS ENDED MARCH 31,	AT OR FOR THE TWELVE MONTHS ENDED DECEMBER 31,	AT OR FOR THE TWELVE MONTHS ENDED DECEMBER 31,	AT OR FOR THE SIX MONTHS ENDED DECEMBER 31,	AT OR F

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	2004	2003	2002	2002	2001	2002
Dollars in Thousands						
FINANCIAL CONDITION						
DATA:						
Total assets.....	\$ 3,372,951	\$2,971,661	\$ 2,946,374	\$2,946,374	\$ 2,779,882	\$2,810,132
Loans, net (1).....	2,272,535	2,177,622	2,154,619	2,154,619	2,040,070	2,104,884
Mortgage-backed securities.....	751,738	462,737	362,952	362,952	364,375	291,488
Investment securities (2).....	71,632	64,517	140,279	140,279	137,614	173,818
Federal funds sold and other short-term investments.....	93,616	95,286	114,291	114,291	73,279	76,474
Goodwill.....	55,638	55,638	55,638	55,638	55,638	55,638
Deposits.....	2,272,667	2,041,678	1,927,175	1,927,175	1,595,362	1,780,034
Borrowings.....	721,977	571,675	675,541	675,541	872,547	697,717
Stockholders' equity	275,848	283,919	265,737	265,737	243,917	249,741
Tangible stockholders' equity	217,804	228,026	206,325	206,325	180,954	189,827
OPERATING DATA:						
Interest income.....	\$ 39,045	\$ 169,115	\$ 181,914	\$ 90,469	\$ 93,136	\$ 184,581
Interest expense on deposits and borrowings.....	14,929	71,063	91,790	43,278	53,732	102,244
Net interest income..	24,116	98,052	90,124	47,191	39,404	82,337
Provision for losses.	60	288	240	120	120	240
Net interest income after provision for loan losses.....	24,056	97,764	89,884	47,071	39,284	82,097
Non-interest income..	5,617	25,122	19,999	10,765	5,603	14,837
Non-interest expense	10,365	40,809	38,696	20,368	17,103	35,431
Income before income tax.	19,308	82,077	71,187	37,468	27,784	61,503
Income tax expense ..	6,968	30,801	26,565	14,008	10,269	22,826
Net income	12,340	51,276	44,622	23,460	17,515	38,677
FINANCIAL RATIOS AND OTHER						
DATA: (3)						
Return on average assets	1.60%	1.67%	1.57%	1.62%	1.27%	1.40%
Return on average stockholders' equity	17.72	18.76	17.65	18.17	14.97	16.07
Stockholders' equity to total assets at end of period.....	8.18	9.55	9.02	9.02	8.77	8.89
Tangible equity to tangible assets at end of period.....	6.57	7.82	7.15	7.15	6.66	6.90
Loans to deposits at end of period.....	100.65	107.39	112.60	112.60	128.85	119.11
Loans to interest-earning						

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assets at end of period.....	71.38	77.89	77.85	77.85	78.13	79.65
Net interest spread (4).....	3.05	3.08	2.93	3.07	2.61	2.70
Net interest margin (5).....	3.29	3.36	3.33	3.41	3.01	3.12
Average interest-earning assets to average interest-bearing liabilities.....	111.46	111.60	111.64	111.88	110.58	110.99
Non-interest expense to average assets...	1.34	1.33	1.36	1.40	1.24	1.28
Core non-interest expense to average assets (6).....	1.31	1.30	1.28	1.37	1.21	1.25
Efficiency ratio (7).	35.55	33.05	36.49	36.41	38.09	37.29

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Core efficiency ratio (6) (7).....	34.84	32.38	34.44	35.67	37.17	36.42
Effective tax rate...	36.09	37.53	37.32	37.39	36.96	37.11
Dividend payout ratio	39.39	30.10	25.00	25.81	27.14	24.61

PER SHARE DATA:

Diluted earnings per share.....	\$ 0.33	\$ 2.06	\$ 1.76	\$ 0.93	\$ 0.70	\$ 1.54
Cash dividends paid per share.....	0.13	0.62	0.44	0.24	0.19	0.38
Book value per share.	7.37	11.17	10.36	10.36	9.46	9.68
Tangible book value per share.....	5.82	8.97	8.04	8.04	7.01	7.35

ASSET QUALITY RATIOS AND OTHER DATA:

Net charge-offs.....	\$ 30	\$ 29	\$ 274	\$ 32	\$ 87	\$ 329
Total non-performing loans	1,381	525	2,116	2,116	1,899	2,123
Other real estate owned, net.....	-	-	134	134	179	114
Non-performing loans to total loans	0.06%	0.02%	0.10%	0.10%	0.09%	0.10%
Non-performing loans and real estate owned to total assets	0.04	0.02	0.08	0.08	0.07	0.08

ALLOWANCE FOR LOAN LOSSES TO:

Non-performing loans	1,085.59%	2,860.57%	730.53%	730.53%	815.80%	723.98%
Total loans (8).....	0.66	0.68	0.71	0.71	0.75	0.72

REGULATORY CAPITAL RATIOS:

(BANK ONLY)						
Tangible capital.....	7.16%	7.97%	7.19%	7.19%	6.69%	6.91%

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Core capital.....	7.16	7.97	7.19	7.19	6.69	6.91
Risk-based capital...	14.45	15.03	13.17	13.17	13.17	12.94
EARNINGS TO FIXED						
CHARGES RATIOS (9):						
Including interest						
on deposits.....	2.29x	2.15x	1.78x	1.87x	1.52x	1.60x
Excluding interest						
on deposits.....	4.26	3.50	2.49	2.73	2.02	2.16
FULL SERVICE BRANCHES	20	20	20	20	18	20

- (1) Loans, net represents gross loans (including loans held for sale) less net deferred loan fees and allowance for loan losses.
- (2) Amount includes investment in Federal Home Loan Bank of New York capital stock.
- (3) With the exception of end of period ratios, all ratios are based on average daily balances during the indicated periods. Asset Quality Ratios and Regulatory Capital Ratios are end of period ratios.
- (4) The net interest spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities.
- (5) The net interest margin represents net interest income as a percentage of average interest-earning assets.
- (6) In calculating these ratios, amortization expense related to goodwill and the core deposit intangible is excluded from non-interest expense.
- (7) The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income and non-interest income, excluding any gains or losses on sales of assets.
- (8) Total loans represents loans, net, plus the allowance for loan losses.
- (9) For purposes of computing the ratios of earnings to fixed charges, earnings represent income before taxes, extraordinary items and the cumulative effect of accounting changes plus fixed charges. Fixed charges represent total interest expense, including and excluding interest on deposits.
- (10) On January 21, 1999, Dime Community completed the acquisition of Financial Bancorp, Inc., the holding company of Financial Federal Savings Bank, F.S.B., referred to as the FIBC Acquisition. The consolidated operating results for the twelve months ended June 30, 1999 reflected the addition of earnings from the FIBC Acquisition for the period January 21, 1999 through June 30, 1999. The FIBC Acquisition was accounted for as a purchase transaction, generating \$44.2 million of goodwill.

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RISK FACTORS

YOU SHOULD CAREFULLY REVIEW THE INFORMATION CONTAINED ELSEWHERE OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS AND SHOULD PARTICULARLY CONSIDER THE FOLLOWING FACTORS, WHICH DO NOT NECESSARILY APPEAR IN THE ORDER OF IMPORTANCE. INVESTORS SHOULD CONSIDER ALL OF THESE FACTORS TO BE IMPORTANT. BECAUSE HOLDERS OF THE EXCHANGE CAPITAL SECURITIES MAY RECEIVE EXCHANGE DEBT SECURITIES IN EXCHANGE THEREFOR UPON LIQUIDATION OF THE TRUST, PROSPECTIVE PURCHASERS OF THE EXCHANGE CAPITAL SECURITIES ARE ALSO MAKING AN INVESTMENT DECISION WITH REGARD TO THE EXCHANGE DEBT SECURITIES AND SHOULD CAREFULLY REVIEW ALL THE INFORMATION REGARDING THE EXCHANGE DEBT SECURITIES CONTAINED IN THIS PROSPECTUS.

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RISKS RELATED TO YOUR INVESTMENT IN THE EXCHANGE CAPITAL SECURITIES

YOU ARE SUBJECT TO REPAYMENT RISK BECAUSE THE ADOPTION OF RECENTLY PROPOSED REGULATORY CAPITAL TREATMENT CHANGES COULD RESULT IN A REDEMPTION OF THE EXCHANGE CAPITAL SECURITIES.

In late 2003, the Financial Accounting Standards Board, referred to as the FASB, issued Interpretation No. 46 (revised December 2003), CONSOLIDATION OF VARIABLE INTEREST ENTITIES, referred to as FIN 46(R), which addresses consolidation of variable interest entities. Generally, such entities must be consolidated by their primary beneficiary if the entities do not effectively disperse risks among the parties involved. As a result of adopting FIN 46(R), Dime Community has not consolidated the Trust.

On May 6, 2004, the Federal Reserve Board, referred to as the FRB, issued proposed rules that would continue to allow trust preferred securities to be included in "Tier 1" regulatory capital, subject to stricter quantitative and qualitative limits. Currently, trust preferred securities and qualifying perpetual preferred stock are limited in the aggregate to no more than 25% of a bank holding company's core capital elements. As proposed, the FRB's rule would retain trust preferred securities as an element of Tier 1 regulatory capital, but with stricter quantitative limitations following a three-year transition period. Under the proposed rule, as of March 31, 2007, the aggregate amount of trust preferred securities and cumulative perpetual preferred stock, as well as certain additional elements of Tier 1 capital, which are identified in the proposed rule, may not exceed 25% of a bank holding company's Tier 1 capital, net of goodwill. As of the date of this prospectus, the 25% limitation is limited to the aggregate amount of only trust preferred securities and cumulative perpetual preferred stock, and is calculated on a basis that includes goodwill. The proposed rule, if adopted, would effectively limit the amount of trust preferred securities that may be included in Tier 1 capital.

The proposed rule also requires that the terms of the subordinated debt issued to the trust must conform to the requirements of the FRB's subordinated debt policy statement, which establishes the requirements for subordinated debt to receive Tier 2 capital treatment. The proposed rule also states that with respect to trust preferred securities issued prior to May 31, 2004 (such as the original capital securities), the underlying subordinated debt need not comply with the FRB subordinated debt policy statement, provided the non-complying terms (i) have been commonly used by banking organizations, (ii) do not provide an unreasonably high degree of protection to the holder in circumstances other than bankruptcy, and (iii) do not effectively allow the holder in due course to stand ahead of senior or subordinated debt holders in the event of bankruptcy. Although we believe that the terms of the original subordinated debt fall within these safe harbor provisions for pre-May 31, 2004 issuances, there can be no assurance that the FRB would concur or that the final rule adopted by the FRB will retain or modify the safe harbor provisions and the grandfather date. Further, there can be no assurance that the FRB will treat the exchange debt securities the same as the original debt securities for purposes of the safe harbor provisions and the grandfather date.

There can be no assurance that the final rule adopted by the FRB will be as proposed or that the FRB will not further or otherwise limit the amount of trust preferred securities that may be included in Tier 1 capital. In addition, there can be no assurance that any changes to the current capital treatment of trust preferred securities would not trigger a capital event under the Indenture or provide incentive for Dime Community to redeem the exchange debt securities in accordance with their terms, in each case resulting in the redemption of exchange capital securities.

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Although Dime Community, as a savings and loan holding company, is not subject to holding company capital requirements, if Tier 1 capital treatment were to be disallowed by the FRB in the future, then a special event redemption would occur and Dime Community would be able to redeem the exchange debt securities thereby causing a mandatory redemption of the exchange capital securities. Under such circumstance, no additional

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cash distributions would be paid on the exchange capital securities after they were redeemed and you would lose whatever future potential income you may have expected to receive as a holder of the exchange capital securities and you may not be able to reinvest the redemption proceeds at a similar yield. If a special event redemption occurs prior to April 15, 2009, the redemption price would be at a premium, as set forth in "Description of Exchange Capital Securities -- Redemption" and "Description of Exchange Debt Securities -- Special Event Redemption".

THE TRUST WILL NOT BE ABLE TO MAKE PAYMENTS ON THE EXCHANGE CAPITAL SECURITIES TO YOU IF IT DOES NOT RECEIVE PAYMENTS FROM US ON THE EXCHANGE DEBT SECURITIES.

The ability of the Trust to make payments due on the exchange capital securities is solely dependent on us making payments on the exchange debt securities as and when required. If we default on our obligations to pay principal or interest on the exchange debt securities, the Trust will not have sufficient funds to make distribution, redemption or liquidation payments on the exchange capital securities. As a result, you will not be able to rely upon our guarantee for payment of these amounts. Instead, you may seek legal redress against us directly to collect payments owed to you or rely on the institutional trustee to enforce the rights of the Trust under the exchange debt securities against us.

Further, the exchange capital securities, the exchange guarantee, the exchange debt securities and the indenture do not limit our ability to incur additional debt, including debt that is senior to the exchange debt securities in priority of payment, or the ability of our subsidiaries to incur debt or issue preferred equity.

For more information on payments under the exchange guarantee and the exchange debt securities, you should read "Description of Exchange Debt Securities -- Subordination" and "Description of Exchange Guarantee -- Status of the Exchange Guarantee."

WE CANNOT MAKE PAYMENTS UNDER THE EXCHANGE GUARANTEE OR THE EXCHANGE DEBT SECURITIES IF WE DEFAULT ON OUR OBLIGATIONS THAT ARE MORE SENIOR.

Our obligations under the exchange guarantee and the exchange debt securities are unsecured and rank:

- o junior to all of our other borrowings, except those borrowings that by their terms are equal;
- o junior to all of our subsidiaries' liabilities, including Dime of Williamsburgh's deposit accounts and preferred equity; and
- o senior to our common stock and preferred stock, if any.

This means that we cannot pay under the exchange guarantee or the

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exchange debt securities if we default on payments on our senior debt. In addition, if the maturity of our senior debt is accelerated, we cannot pay under the exchange guarantee or the exchange debt securities until all of our accelerated senior debt is paid in full. Finally, if we liquidate, go bankrupt or dissolve, we would not be permitted to pay under the exchange guarantee and the exchange debt securities until we have paid all of our senior liabilities. At March 31, 2004, we had \$25 million of senior debt outstanding.

DIME OF WILLIAMSBURGH'S ABILITY TO PAY DIVIDENDS OR LEND FUNDS TO ITS AFFILIATES IS SUBJECT TO REGULATORY LIMITATIONS WHICH MAY PREVENT DIME COMMUNITY FROM MAKING PAYMENTS UNDER THE EXCHANGE DEBT SECURITIES.

We are a savings and loan association holding company regulated by the OTS, and almost all of our operating assets are owned by Dime of Williamsburgh. Dime of Williamsburgh is regulated by both the FDIC and the OTS. We are a legal entity separate and distinct from our subsidiaries. Holders of exchange debt securities should look only to us for payments on the exchange debt securities.

We rely primarily on dividends from Dime of Williamsburgh to meet our obligations for payment of corporate expenses, to pay cash dividends to our common stockholders, to engage in share repurchase programs and to pay principal of and interest on our debt, including principal of and interest on the exchange debt securities. The OTS limits all capital distributions by Dime of Williamsburgh directly or indirectly to us, including dividend

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payments. As the subsidiary of a savings and loan association holding company, Dime of Williamsburgh must file a notice with the OTS for each capital distribution. However, if the total amount of all capital distributions (including each proposed capital distribution) for the applicable calendar year exceeds net income for that year to date plus the retained net income for the preceding two years, then Dime of Williamsburgh must file an application to receive the approval of the OTS for the proposed capital distribution. As of March 31, 2004, approximately \$34.0 million was available for the payment of dividends to us without submission of an application for approval from the OTS.

In addition to the OTS limits, Dime of Williamsburgh may not pay dividends to us if, after paying those dividends, it would fail to meet the required minimum levels under risk-based capital guidelines and the minimum leverage and tangible capital ratio requirements. Under the prompt corrective action provisions of the Federal Deposit Insurance Act, Dime of Williamsburgh is prohibited from making capital distributions, including the payment of dividends, if, after making any capital distribution, Dime of Williamsburgh would become undercapitalized as defined under the Federal Deposit Insurance Act. Based on Dime of Williamsburgh's current financial condition, we do not expect that this provision will have any impact on the ability of Dime of Williamsburgh to pay dividends to us. Payment of dividends by Dime of Williamsburgh may also be restricted at any time at the discretion of the appropriate regulator if it deems the payment to constitute an unsafe or unsound banking practice.

We cannot assure you that Dime of Williamsburgh will be able to pay dividends to us at past levels, or at all, in the future. For additional information, you should read the section titled "Regulation" in our Annual Report on Form 10-K for the year ended December 31, 2003 which is incorporated into this prospectus by reference.

In addition to regulatory restrictions on the payment of dividends,

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Dime of Williamsburgh is subject to certain restrictions imposed by federal law on any extensions of credit it makes to its affiliates and on investments in stock or other securities of its affiliates. We are considered an affiliate of Dime of Williamsburgh. These restrictions prevent affiliates of Dime of Williamsburgh, including us, from borrowing from Dime of Williamsburgh, unless various types of collateral secure the loans. Federal law limits the aggregate amount of loans to and investments in any single affiliate to 10% of Dime of Williamsburgh's capital stock and surplus and also limits the aggregate amount of loans to and investments in all affiliates to 20% of Dime of Williamsburgh's capital stock and surplus. As of March 31, 2004, approximately \$28.9 million of credit was available to us under these limitations.

Also, as a holding company, our right to receive any distribution of assets of any subsidiary, upon such subsidiary's liquidation or reorganization or otherwise (and thus your right to benefit indirectly from such distribution), is subject to the prior claims of creditors and preferred equity holders of that subsidiary, except to the extent we are also recognized as a creditor of that subsidiary. For example, if Dime of Williamsburgh, our only direct banking subsidiary, is liquidated or reorganized, depositors of Dime of Williamsburgh would have the right to receive distributions from Dime of Williamsburgh before us unless we were also recognized as a creditor of Dime of Williamsburgh. At March 31, 2004, Dime of Williamsburgh had total liabilities, including deposits and preferred equity, of \$3.00 billion.

If we do not receive sufficient cash dividends or other funds from Dime of Williamsburgh, then it is unlikely that we will have sufficient funds to make payments on the exchange debt securities, thereby leaving insufficient funds for the Trust to make payments to you on your exchange capital securities.

WE CAN DEFER INTEREST PAYMENTS ON THE EXCHANGE DEBT SECURITIES, CAUSING YOUR PAYMENTS UNDER THE EXCHANGE CAPITAL SECURITIES TO STOP, WHICH WILL HAVE TAX CONSEQUENCES TO YOU AND MAY AFFECT THE MARKET PRICE OF THE EXCHANGE CAPITAL SECURITIES.

We have the right, at one or more times, unless an event of default exists relating to the exchange debt securities, to defer interest payments on the exchange debt securities for up to 20 consecutive quarterly periods, but not beyond April 14, 2034 or any date of earlier redemption. If we defer interest payments, the Trust will defer paying distributions to you on your exchange capital securities during the extension period. During any extension period, distributions will continue to accrue on the exchange capital securities and on any accrued and unpaid distributions, compounded quarterly from the relevant distribution date at the applicable distribution rate. During this time, we will be prohibited from declaring or paying cash dividends on our common stock and preferred stock,

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if any, and making payments on our debt securities which rank equal to the exchange debt securities, if any. For more information, you should also read "Description of Exchange Capital Securities -- Distributions."

When any extension period ends, we are required to pay all interest then accrued and unpaid on the exchange debt securities, in which event we may elect to begin a new extension period subject to the limitations described above. There is no limitation on the number of times that we may elect to begin an extension period. You should read "Description of Exchange Capital Securities -- Distributions" and "Description of Exchange Debt Securities -- Option to Extend Interest Payment Date."

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If we exercise our right to defer payments of interest on the exchange debt securities, you will be required to accrue income (as original issue discount) in respect of the deferred stated interest allocable to your exchange capital securities for U.S. federal income tax purposes, even though such interest will not be distributed to you. If you dispose of your exchange capital securities prior to the record date for payments on the exchange capital securities, you may have adverse tax consequences. Under these circumstances, you will be required to include accrued but unpaid interest and liquidated damages, if any, on the exchange debt securities allocable to the exchange capital securities through the date of disposition in your income. If interest and liquidated damages, if any, on the exchange debt securities are included in income under the original issue discount provisions, you would add this amount to your adjusted tax basis in your share of the underlying exchange debt securities deemed disposed. If your selling price is less than your adjusted tax basis, which will include all accrued but unpaid original issue discount interest and liquidated damages, if any, included in your income, you could recognize a capital loss which cannot be applied to offset ordinary income for U.S. federal income tax purposes, subject to exceptions. For more information on possible adverse tax consequences to you, you should read "Certain U.S. Federal Income Tax Consequences -- Interest Income and Original Issue Discount" and " -- Sales or Redemptions of Exchange Capital Securities."

As a result of our right to defer interest payments, the market price of the exchange capital securities, which represent preferred beneficial interests in the Trust, may be more volatile than the market prices of other securities that are not subject to such extension options. We do not currently intend to exercise our right to defer interest payments on the exchange debt securities. However, if we exercise this right in the future, the market price of the exchange capital securities is likely to be affected. The exchange capital securities may trade at a price that does not fully reflect the value of accrued but unpaid interest on the exchange debt securities. If you sell your exchange capital securities during an extension period, you may not receive the same return on your investment as someone else who continues to hold the exchange capital securities.

DISTRIBUTION OF EXCHANGE DEBT SECURITIES MAY HAVE A POSSIBLE ADVERSE EFFECT ON TRADING PRICES.

We have the right to dissolve the Trust at any time if such dissolution and any distribution of the exchange debt securities would not result in a taxable event to the holders of the exchange capital securities. If we dissolve the Trust, the Trust will be liquidated by distribution of the exchange debt securities to holders of the exchange capital securities and the common securities.

Under current U.S. federal income tax laws, a distribution of exchange debt securities to you on the dissolution of the Trust would not be a taxable event to you. However, if the Trust was to be classified for U.S. federal income tax purposes as an association taxable as a corporation at the time it is dissolved, the distribution of exchange debt securities to you would be a taxable event. In addition, if there is a change in law, a distribution of exchange debt securities to you on the dissolution of the Trust could also be a taxable event.

Your investment in the exchange capital securities may decrease in value if the exchange debt securities are distributed to you in liquidation of the Trust. We cannot predict the liquidity or market prices for the exchange debt securities that may be distributed. Accordingly, the exchange debt securities that you receive upon a distribution, or the exchange capital securities you hold pending such distribution, may trade at a discount to the price that you paid to purchase the exchange capital securities. Because you may

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receive the exchange debt securities, you must also make an investment decision with regard to the exchange debt securities. You should carefully review all of the information regarding the exchange debt securities contained in this prospectus.

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IN THE EVENT WE REDEEM THE EXCHANGE DEBT SECURITIES BEFORE THEIR STATED MATURITY, YOU MAY NOT BE ABLE TO REINVEST YOUR PRINCIPAL AT THE SAME OR A HIGHER RATE OF RETURN.

Under the following circumstances, we may redeem the exchange debt securities before their stated maturity:

- o We may redeem the exchange debt securities, in whole or in part, at any time on or after April 15, 2009.
- o We may redeem the exchange debt securities in whole, but not in part, within 90 days after certain occurrences at any time prior to April 15, 2009. These occurrences may include adverse tax, investment company or bank regulatory developments. You should read "Description of Exchange Debt Securities -- Special Event Redemption."

You should assume that we will exercise our redemption option if we are able to obtain capital at a lower cost than we must pay on the exchange debt securities or if it is otherwise in our interest to redeem the exchange debt securities. If the exchange debt securities are redeemed, the Trust must redeem exchange capital securities and common securities having an aggregate liquidation amount equal to the aggregate principal amount of exchange debt securities redeemed, and you may be required to reinvest your principal at a time when you may not be able to earn a return that is as high as you were earning on the exchange capital securities.

YOU WILL HAVE LIMITED VOTING RIGHTS.

As a holder of exchange capital securities, you will have limited voting rights. You can vote only to modify certain terms of the exchange capital securities or to remove the institutional and Delaware trustees of the Trust upon a limited number of events. We, along with the institutional trustee and the administrators, may amend the trust agreement, without your consent, even if these actions adversely affect your interests, to ensure that the Trust:

- o will continue to be classified as a grantor trust for U.S. federal income tax purposes; and
- o will not be required to register as an "investment company" under the Investment Company Act.

You will not have any voting rights regarding us or the administrators or with respect to any matters submitted to a vote of the holders of the common securities. You should read "Description of Exchange Capital Securities -- Removal of Trustees" and " -- Voting Rights; Amendment of the Trust Agreement" for more information on your limited voting rights.

THE LIMITED COVENANTS RELATING TO THE EXCHANGE CAPITAL SECURITIES AND THE EXCHANGE DEBT SECURITIES DO NOT PROTECT YOU.

The covenants in the governing documents relating to the exchange capital securities and the exchange debt securities are limited. As a result, the governing documents do not protect you in the event of an adverse change in

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our financial condition or results of operations and do not prohibit us from entering into a highly leveraged or similar transaction. You should not consider the terms of the governing documents to be a significant factor in evaluating whether we will be able to comply with our obligations under the exchange debt securities or the exchange guarantee. In addition, the governing documents do not limit our ability, or the ability of our subsidiaries, to incur additional debt, including senior debt.

TRADING CHARACTERISTICS OF THE EXCHANGE CAPITAL SECURITIES MAY CREATE ADVERSE TAX CONSEQUENCES FOR YOU.

The exchange capital securities may trade at a price that does not reflect the value of the accrued but unpaid interest on the underlying exchange debt securities. If you dispose of your exchange capital securities between the record date for payments on the exchange capital securities, you may have adverse tax consequences. Under these circumstances, you will be required to include accrued but unpaid interest on the exchange debt securities allocable to the exchange capital securities through the date of disposition in your income. If interest on the exchange debt

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securities is included in income under the original issue discount provisions, you would add this amount to your adjusted tax basis in your share of the underlying exchange debt securities deemed disposed. If your selling price is less than your adjusted tax basis, which will include all accrued but unpaid original issue discount interest included in your income, you could recognize a capital loss which cannot be applied to offset ordinary income for federal income tax purposes, subject to exceptions. You should read "Certain Federal Income Tax Consequences--Interest Income and Original Issue Discount" and "--Sales or Redemptions of Exchange Capital Securities" for more information on possible adverse tax consequences to you.

YOUR FAILURE TO EXCHANGE ORIGINAL CAPITAL SECURITIES MAY ADVERSELY AFFECT YOUR ABILITY TO SELL SUCH SECURITIES.

The original capital securities have not been registered under the Securities Act or any state securities laws and therefore may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, or pursuant to an exemption from the applicable securities laws or in a transaction not subject to such laws, and in each case in compliance with certain other conditions and restrictions. Original capital securities which remain outstanding after consummation of the exchange offer will continue to bear a legend reflecting such restrictions on transfer. In addition, upon consummation of the exchange offer, holders of original capital securities which remain outstanding will not be entitled to any rights to have such original capital securities registered under the Securities Act or to any similar rights under the registration rights agreement, subject to certain limited exceptions. We and the Trust do not intend to register under the Securities Act any original capital securities which remain outstanding after consummation of the exchange offer, subject to such limited exceptions, if applicable. To the extent that original capital securities are tendered and accepted in the exchange offer, your ability to sell untendered original capital securities could be adversely affected.

The exchange capital securities and any original capital securities which remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the

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requisite percentage in outstanding liquidation amount thereof have taken certain actions or exercised certain rights under the trust agreement. You should read "Description of Exchange Capital Securities--Voting Rights; Amendment of the Trust Agreement."

THE ABSENCE OF A PUBLIC MARKET AND RESTRICTIONS ON RESALE OF THE EXCHANGE CAPITAL SECURITIES MAY ADVERSELY AFFECT YOUR ABILITY TO SELL SUCH SECURITIES.

The original capital securities were issued to, and we believe such securities are currently owned by, a relatively small number of beneficial owners. The original capital securities have not been registered under the Securities Act and will be subject to restrictions on transferability if they are not exchanged for the exchange capital securities. Although the exchange capital securities may be resold or otherwise transferred by the holders, who are not affiliates of Dime Community or the Trust, without compliance with the registration requirements under the Securities Act, they will constitute a new issue of securities with no established trading market and will be transferable only in blocks having a liquidation amount of not less than \$100,000 (100 exchange capital securities).

If a public trading market develops, future trading prices of the exchange capital securities will depend on many factors, including, among others, prevailing interest rates, our operating results and the market for similar securities. The initial purchaser has informed the Trust and us that it intends to make a market in the capital securities. However, the initial purchaser is not obligated to do so and any such activity may be terminated at any time without notice to the holders of the exchange capital securities. In addition, any market making activity will be subject to the limits of the Securities Act and may be limited during the pendency of the exchange offer. Accordingly, we cannot assure you that an active public or other market will develop for the exchange capital securities, or as to the liquidity of or the trading market for the exchange capital securities. If an active public market does not develop, the market price and liquidity of the exchange capital securities may be adversely affected. In addition, neither we nor the Trust intend to apply for listing of the exchange capital securities on any securities exchange or for quotation through the Nasdaq Stock Market, Inc. You should read "Plan of Distribution."

Notwithstanding the registration of the exchange capital securities in the exchange offer, holders who are "affiliates" (as defined under Rule 405 of the Securities Act) of us or the Trust may publicly offer for sale or resell the exchange capital securities only in compliance with the provisions of Rule 144 under the Securities Act.

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Each broker-dealer that receives exchange capital securities for its own account in exchange for original capital securities, where such original capital securities were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange capital securities. You should read "Plan of Distribution."

"WE ARE NOT OBLIGATED TO NOTIFY YOU OF DEFECTS OR IRREGULARITIES IN THE EXCHANGE OFFER PROCEDURES.

Subject to conditions set forth under "The Exchange Offer--Conditions to the Exchange Offer," issuance of the exchange capital securities in exchange for original capital securities under the exchange offer will be made only after a timely receipt by the Trust of:

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- o a book-entry confirmation evidencing the tender of such original capital securities through ATOP; or
- o certificates representing such original capital securities, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other required documents.

Therefore, holders of the original capital securities desiring to tender such original capital securities should allow sufficient time to ensure timely delivery. You should read "The Exchange Offer--Acceptance for Exchange and Issuance of Exchange Capital Securities" and "-- Procedures for Tendering Original Capital Securities." Neither we nor the Trust is under any duty to give notification of defects or irregularities with respect to the tenders of original capital securities for exchange.

RISK FACTORS RELATING TO DIME COMMUNITY BANCSHARES, INC.

OUR FOCUS ON MULTI-FAMILY AND COMMERCIAL REAL ESTATE LENDING MAY SUBJECT US TO GREATER RISK OF AN ADVERSE IMPACT ON OUR OPERATIONS FROM A DOWNTURN IN THE ECONOMY.

At March 31, 2004, Dime of Williamsburgh had multi-family loans totaling \$1.80 billion in its portfolio, comprising 78.8% of the gross loan portfolio. Of Dime of Williamsburgh's multi-family loans, \$1.59 billion, or 88.8%, were secured by apartment buildings and \$208.9 million, or 11.6%, were secured by underlying cooperatives. Multi-family loans are generally viewed as exposing Dime of Williamsburgh to a greater risk of loss than one- to four-family residential loans and typically involve higher loan principal amounts. At March 31, 2004, Dime of Williamsburgh had 254 multi-family and commercial real-estate loans with principal balances greater than \$2.0 million, representing an aggregate principal balance of \$922.4 million. Although each multi-family loan is generally non-recourse, is underwritten based on the cash flow generated by the property and has a loan to value ratio of less than 75%, in a downturn in the economy, a borrower experiencing financial difficulties on one income producing property may default on all outstanding loans even if the properties securing the other loans are generating positive cash flow. These large loans, while underwritten to the same standards as all other multi-family and commercial real estate loans, tend to expose Dime of Williamsburgh to a higher degree of risk due to the potential impact of losses from any one loan or concentration of loans to one borrower relative to the size of Dime of Williamsburgh's capital position. As of March 31, 2004, none of these large loans or concentrations of loans to one borrower were in arrears nor in the process of foreclosure.

As part of Dime Community's strategic plan, it has increased its emphasis on commercial real estate loans over the past five years. A substantial portion of these commercial real estate loans are secured by mixed use properties. At March 31, 2004, \$339.0 million, or 14.8%, of Dime of Williamsburgh's gross loans consisted of commercial real estate loans as compared to \$88.8 million, or 6.41% in 1999. Loans secured by commercial real estate properties are generally larger and involve a greater degree of risk than residential mortgage (one- to four-family) and multi-family loans. Because payments on loans secured by commercial real estate properties are often dependent on successful operation or management of the properties, repayment of such loans are generally subject to a greater extent to the then prevailing conditions in the real estate market or the economy. Unlike mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property whose value tends to be more readily ascertainable, commercial real estate loans are of higher risk and typically are made on the basis of the

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borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of

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commercial real estate loans may be substantially dependent on the success of the business itself. Furthermore, any collateral securing such loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

Multi-family and commercial real estate loans also involve a greater risk than one- to four- family residential mortgage loans because they usually have unpredictable cash flows and are more difficult to evaluate and monitor. Repayment of multi-family and commercial real estate loans is dependent, in large part, on sufficient cash flow from the property to cover operating expenses and debt service. Economic and real estate conditions and government regulations, such as rent control and rent stabilization laws, which are outside the control of the borrower or Dime of Williamsburgh, could impair the value of the security for the loan or the future cash flow of such properties. As a result, rental income might not rise sufficiently over time to meet increases in the loan rate at repricing or increases in overhead expenses (I.E., utilities, taxes, etc.). As a result, impaired loans are difficult to identify before they become problematic. In addition, if the cash flow from a property is reduced (for example, if leases are not obtained or renewed), the borrower's ability to repay the loan and the value of the security for the loan may be impaired. During the period July 1, 1998 through March 31, 2004, Dime of Williamsburgh's charge-offs related to its multi-family and commercial real estate loan portfolios totaled \$217,000. As of March 31, 2004, Dime of Williamsburgh had no non-performing multi-family residential loans. We cannot assure you that, in the event of an economic downturn, we will not experience a significant increase in non-performing multi-family and commercial real estate loans or in charge-offs related to our multi-family and commercial real estate loan portfolio.

Although Dime of Williamsburgh seeks to minimize the above risks through its underwriting and credit administration policies, there can be no assurance that such risks would not materialize, in which event Dime Community's results of operations, financial condition, cash flows, business and prospects could be materially adversely affected.

DEPENDENCE ON ECONOMIC AND REAL ESTATE CONDITIONS AND GEOGRAPHIC CONCENTRATION IN MARKET AREA.

The Bank gathers deposits primarily from the communities and neighborhoods in close proximity to its branches. The Bank's primary lending area is the New York City metropolitan area, although its overall lending area is much larger, and extends approximately 150 miles in each direction from its corporate headquarters in Brooklyn. The majority of the Bank's mortgage loans are secured by properties located in its primary lending area, and approximately 75% of these loans are secured by real estate properties located in the New York City boroughs of Brooklyn, Queens and Manhattan.

As a result of this geographic concentration, Dime of Williamsburgh's results of operations depend largely upon economic conditions in this area. A deterioration in economic conditions in the New York metropolitan area could have a material adverse impact on the quality of Dime of Williamsburgh's loan portfolio and the demand for its products and services, and, accordingly, on our results of operations, cash flows, business, financial condition and prospects.

Dime of Williamsburgh's loan portfolio is predominantly secured by real

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estate. Dime of Williamsburgh's properties and substantially all of the real and personal property securing loans in Dime of Williamsburgh's portfolio are located in the New York metropolitan area. Conditions in the real estate markets, in which the collateral for Dime of Williamsburgh's mortgage loans are located, strongly influence the level of Dime of Williamsburgh's non-performing loans and the value of its collateral. Real estate values are affected by, among other things, changes in general or local economic conditions, supply and demand, changes in governmental rules or policies, the availability of loans to potential purchasers and acts of nature. Declines in real estate markets have in the past and may in the future negatively impact our results of operations, cash flows, business, financial condition and prospects. As of March 31, 2004, Dime of Williamsburgh had \$1.4 million in non-performing assets.

Dime of Williamsburgh's allowance for loan losses is maintained at a level considered adequate by management to absorb inherent losses in its loan portfolio. The amount of inherent loan losses which could be ultimately realized is susceptible to changes in economic, operating and other conditions, including changes in interest rates, that could be beyond Dime of Williamsburgh's control. Such losses could exceed current estimates. Although management believes that Dime of Williamsburgh's allowance for loan losses is adequate, there can be no assurance that the allowance will prove sufficient to cover actual loan losses should such losses be realized. At March 31, 2004, the allowance for loan losses as a percentage of total loans was 0.66%.

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A decline in e