Oritani Financial Corp
Form 10-Q
February 09, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-34786

Oritani Financial Corp.

(Exact name of registrant as specified in its charter)

Delaware	**30-0628335**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification Number)**

370 Pascack Road, Township of Washington, New Jersey 07676
(Address of Principal Executive Offices)
(201) 664-5400

(Registrant s telephone number)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days. YES x__NO ¨.

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

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller Reporting company	¨

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

As of February 9, 2012, there were 56,245,065 shares of the Registrant s common stock, par value $0.01 per share, issued and 45,477,534 shares outstanding.

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Oritani Financial Corp.

FORM 10-Q

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Part I. Financial Information

Item 1. Financial Statements

Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Balance Sheets

(in thousands, except share data)

	September 30, December 31, 2011 (unaudited)	September 30, June 30, 2011
Assets		
Cash on hand and in banks	$ 7,074	$ 6,978
Federal funds sold and short term investments	1,720	126,265
Cash and cash equivalents	8,794	133,243
Loans, net	1,823,164	1,672,849
Securities available for sale, at market value	590,356	597,374
Securities held to maturity, market value of $35,525 and $38,522	34,309	37,609
Bank Owned Life Insurance (at cash surrender value)	45,493	44,689
Federal Home Loan Bank of New York stock (FHLB), at cost	34,998	26,844
Accrued interest receivable	9,476	9,237
Investments in real estate joint ventures, net	5,440	5,309
Real estate held for investment	1,127	1,185
Real estate owned	4,951	3,967
Office properties and equipment, net	15,538	15,012
Deferred tax assets, net	21,099	22,607
Other assets	8,398	17,308
Total Assets	$ 2,603,143	$ 2,587,233
Liabilities		
Deposits	$ 1,355,696	$ 1,381,310
Borrowings	690,515	509,315
Advance payments by borrowers for taxes and insurance	13,833	12,846
Other liabilities	36,383	38,350
Total liabilities	2,096,427	1,941,821
Stockholders Equity		
Common stock, $0.01 par value; 150,000,000 shares authorized; 56,245,065 shares issued; 45,477,534 shares outstanding at December 31, 2011 and 55,513,265 shares outstanding at June 30, 2011.	562	562
Additional paid-in capital	492,246	489,593
Unallocated common stock held by the employee stock ownership plan	(28,195)	(28,808)
Restricted Stock Awards	(19,206)	
Treasury stock, at cost; 10,767,531shares at December 31, 2011 and 731,800 shares at June 30, 2011	(139,737)	(9,300)
Retained income	195,605	190,955
Accumulated other comprehensive income, net of tax	5,441	2,410

Total stockholders equity		506,716		645,412
Total Liabilities and Stockholders Equity	$	2,603,143	$	2,587,233

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Statements of Income

(in thousands, except per share data)

	September 30, Three months ended December 31, 2011	September 30, 2010	September 30, Six months ended December 31, 2011	September 30, 2010
	unaudited			
Interest income:				
Interest on mortgage loans	$ 26,936	$ 24,695	$ 52,865	$ 48,991
Interest on securities held to maturity and dividends on FHLB stock	507	822	1,055	1,607
Interest on securities available for sale	3,080	3,793	6,320	7,304
Interest on federal funds sold and short term investments	1	27	30	191
Total interest income	30,524	29,337	60,270	58,093
Interest expense:				
Deposits	3,292	3,827	6,975	8,095
Borrowings	5,195	5,223	10,271	10,408
Total interest expense	8,487	9,050	17,246	18,503
Net interest income before provision for loan losses	22,037	20,287	43,024	39,590
Provision for loan losses	2,000	2,500	5,500	4,500
Net interest income	20,037	17,787	37,524	35,090
Other income:				
Service charges	285	400	612	687
Real estate operations, net	236	251	586	599
Income from investments in real estate joint ventures	215	205	416	239
Bank-owned life insurance	400	278	804	559
Net (loss) gain on sale of assets	(12)		557	718
Net writedown and gain on sales of securities	(262)		(262)	13
Other income	58	52	113	101
Total other income	920	1,186	2,826	2,916
Other expenses:				
Compensation, payroll taxes and fringe benefits	6,446	5,249	12,034	10,206
Advertising	118	183	270	360
Office occupancy and equipment expense	672	557	1,278	1,151
Data processing service fees	360	296	675	599

Federal insurance premiums	329	331	616	669
Real estate operations	184	115	548	346
Other expenses	954	1,030	1,831	2,158
Total operating expenses	9,063	7,761	17,252	15,489
Income before income tax expense	11,894	11,212	23,098	22,517
Income tax expense	4,268	4,116	8,137	8,271
Net income	$ 7,626	$ 7,096	$ 14,961	$ 14,246
Income per basic common share	$ 0.18	$ 0.13	$ 0.33	$ 0.27
Income per diluted common share	$ 0.18	$ 0.13	$ 0.32	$ 0.27

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Statements of Stockholders Equity

Six Months ended December 31, 2010 (unaudited)

(In thousands, except share data)

	September 30, Shares Outstanding	**September 30,** Common stock	**September 30,** Additional paid-in capital	**September 30,** Restricted Stock Awards	**September 30,** Treasury stock	**September 30,** Un-allocated common stock held by ESOP	**September 30,** Retained income	**September 30,** Accumu-lated other compre-hensive income, net of tax	**Septemb** Tota stock holde equit
e at , 2010	56,202,485	$ 562	$ 488,684	$	$	$ (30,033)	$ 182,172	$ 2,008	$ 64
ehensive :									
ome							14,246		1
zed loss on es e for sing year, net								(7,368)	(
ification ent for ncluded ncome, ax								8	
zation to irement ons, net								90	
hensive									
vidend d							(9,190)		(
nsation stock and ed stock			10						
hares d or ted to sed			156			612			
			(15)						

e of ptions																
e at ber 31,	56,202,485	$	562	$	488,835	$		$		$	(29,421)	$	187,228	$	(5,262)	$ 64

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Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Statements of Stockholders Equity

Six Months ended December 31, 2011 (unaudited)

(In thousands, except share data)

	September 30, Shares Outstanding	September 30, Common stock	September 30, Additional paid-in capital	September 30, Restricted Stock Awards	September 30, Treasury stock	September 30, Un-allocated common stock held by ESOP	September 30, Retained income	September 30, Accumu-lated other compre-hensive income, net of tax	Sep
1	55,513,265	$ 562	$ 489,593	$	$ (9,300)	$ (28,808)	$ 190,955	$ 2,410	$
ive									
							14,961		
on									
net								3,066	
ion or ed e,								(155)	
n ent net								120	
ve									
d							(10,278)		
k	(10,048,505)				(130,603)				
ck	(1,598,100)			(19,266)					
ck	1,598,100								
			2,298						

n k ck									
o			334			613			
n			81						
s	12,774				166		(33)		
ck			(60)	60					
,	45,477,534	$ 562	$ 492,246	$ (19,206)	$ (139,737)	$ (28,195)	$ 195,605	$ 5,441	$

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Statements of Cash Flows

(unaudited)

	September 30, Six months ended December 31, 2011	September 30, 2010
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 14,961	$ 14,246
Adjustments to reconcile net income to net cash provided by operating activities:		
ESOP and stock-based compensation expense	3,245	778
Depreciation of premises and equipment	447	435
Net amortization and accretion of premiums and discounts on securities	1,070	75
Provision for losses on loans	5,500	4,500
Amortization and accretion of deferred loan fees, net	(683)	(465)
(Increase) decrease in deferred taxes	(408)	1,126
Impairment charge on securities	262	
Gain on sale of securities		(13)
Loss (gain) on sale of real estate owned	8	(718)
Writedown of real estate owned	230	214
Proceeds from sale of real estate owned	478	949
Gain on sale of other assets	(565)	
Increase in cash surrender value of bank owned life insurance	(804)	(559)
Increase in accrued interest receivable	(239)	(68)
Decrease in other assets	6,701	561
Decrease in other liabilities	(2,038)	(119)
Net cash provided by operating activities	28,165	20,942
Cash flows from investing activities:		
Net increase in loans receivable	(154,786)	(132,732)
Purchase of mortgage loans	(2,000)	(9,848)
Purchase of securities available for sale	(155,576)	(595,177)
Purchase of securities held to maturity		(5,010)
Proceeds from payments, calls and maturities of securities available for sale	166,227	285,291
Proceeds from payments, calls and maturities of securities held to maturity	3,260	18,054
Proceeds from sales of securities available for sale		250
Purchase of Federal Home Loan Bank of New York stock	(8,154)	(5,675)
Additional investment in real estate held for investment		(49)
Distributions received from real estate held for investment	16	
Additional investment in real estate joint ventures	(17)	(150)
Distributions received from real estate joint ventures		262
Purchase of fixed assets	(973)	(311)
Proceeds from sale of other assets	2,748	
Net cash used in investing activities	(149,255)	(445,095)
Cash flows from financing activities:		
Net decrease in deposits	(25,614)	(33,774)

Purchase of treasury stock		(130,603)		
Purchase of restricted stock awards		(19,266)		
Dividends paid to shareholders		(10,277)		(9,190)
Exercise of stock options		133		(15)
Increase in advance payments by borrowers for taxes and insurance		987		996
Proceeds from borrowed funds		215,000		209,450
Repayment of borrowed funds		(33,800)		(83,322)
Tax benefit from stock based compensation		81		
Net cash (used in) provided by financing activities		(3,359)		84,145
Net decrease in cash and cash equivalents		(124,449)		(340,008)
Cash and cash equivalents at beginning of period		133,243		346,339
Cash and cash equivalents at end of period	$	8,794	$	6,331
Supplemental cash flow information:				
Cash paid during the period for:				
Interest	$	17,239	$	18,489
Income taxes	$	9,968	$	4,629
Noncash transfer				
Loans receivable transferred to real estate owned	$	1,654	$	6,316

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The consolidated financial statements are composed of the accounts of Oritani Financial Corp., its wholly owned subsidiaries, Oritani Bank (the Bank); Hampshire Financial, LLC, and Oritani, LLC, and the wholly owned subsidiaries of Oritani Bank; Oritani Finance Company, Ormon LLC (Ormon), and Oritani Investment Corp., as well as its wholly owned subsidiary, Oritani Asset Corporation (a real estate investment trust), collectively, the Company. Intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, all of the adjustments (consisting of normal and recurring adjustments) necessary for the fair presentation of the consolidated financial condition and the consolidated results of operations for the unaudited periods presented have been included. The results of operations and other data presented for the six month period ended December 31, 2011 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending June 30, 2012.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for the preparation of the Form 10-Q. The consolidated financial statements presented should be read in conjunction with the Company s audited consolidated financial statements and notes to consolidated financial statements included in the Company s June 30, 2011 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 12, 2011.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities presented in the Consolidated Balance Sheets at December 31, 2011 and June 30, 2011 and in the Consolidated Statements of Income for the three and six months ended December 31, 2011 and 2010. Actual results could differ significantly from those estimates.

A material estimate that is particularly susceptible to significant changes relates to the determination of the allowance for loan losses. The allowance for loan losses represents management s best estimate of losses known and inherent in the portfolio that are both probable and reasonable to estimate. While management uses the most current information available to estimate losses on loans, actual losses are dependent on future events and, as such, increases in the allowance for loan losses may be necessary.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank s allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

2. Earnings Per Share

Basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. The weighted average common shares outstanding includes the average number of shares of common stock outstanding and allocated or committed to be released Employee Stock Ownership Plan shares.

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Diluted earnings per share is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options were exercised and converted into common stock. These potentially dilutive shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized compensation costs related to stock options. We then divide this sum by our average stock price to calculate shares assumed to be repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted EPS.

The following is a summary of the Company s earnings per share calculations and reconciliations of net income to net income available to common shareholders and basic to diluted earnings per share.

	September 30,	September 30,	September 30,	September 30,
	For the Three Months ended December 31,		For the Six Months ended December 31,	
	2011	2010	2011	2010
	(in thousands, except earnings per share data)			
Net income	$ 7,626	$ 7,096	$ 14,961	$ 14,246
Weighted average common shares outstanding basic	42,442	52,645	45,679	52,626
Effect of dilutive non-vested shares and stock options outstanding	511	157	501	
Weighted average common shares outstanding diluted	42,953	52,802	46,180	52,626
Earnings per share-basic	$ 0.18	$ 0.13	$ 0.33	$ 0.27
Earnings per share-diluted	$ 0.18	$ 0.13	$ 0.32	$ 0.27

3. Stock Transactions

Stock Offering

Oritani Financial Corp. (the Company) is the stock holding company for Oritani Bank. It is a Delaware corporation that was incorporated in March 2010 to be the successor to Oritani Financial Corp. (Oritani-federal), a federal corporation and the former stock holding company for Oritani Bank, upon completion of the second step transaction of Oritani Financial Corp., MHC, the former mutual holding company parent. The conversion was completed on June 24, 2010. The Company sold a total of 41,363,214 shares of common stock at $10.00 per share in the related offering. Concurrent with the completion of the offering, shares of Oritani-federal common stock owned by public stockholders were exchanged for 1.50 shares of the Company s common stock. In lieu of fractional shares, shareholders were paid in cash. The Company also issued 481,546 shares of common stock for the accelerated vesting of restricted stock awards triggered by the conversion. As a result of the offering, the exchange, and the shares issued due to the accelerated vesting of stock awards, as of June 30, 2010, the Company had 56,202,485 shares of common stock outstanding. Net proceeds from the offering were $401.8 million. This transaction is referred to in this document as the second step transaction.

Stock Repurchase Program

On June 27, 2011, the Board of Directors of the Company authorized a stock repurchase plan pursuant to which the Company repurchased 5,624,506 shares, representing approximately 10% of its then outstanding shares. A second stock repurchase plan, for 10% of the outstanding shares, or 5,062,056 shares, was announced on September 14, 2011 and a third repurchase plan for 5% of the outstanding shares, or 2,278,776 shares, was announced on November 14, 2011. At December 31, 2011 and February 9, 2012, a total of 10,780,305 shares were acquired under these repurchase programs at a

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weighted average cost of $12.98 per share. The timing of the repurchases depend on certain factors, including but not limited to, market conditions and prices, the Company s liquidity and capital requirements, and alternative uses of capital. Repurchased shares will be held as treasury stock and will be available for general corporate purposes. The Company conducts such repurchases in accordance with a Rule 10b5-1 trading plan. At December 31, 2011 and February 9, 2012, there are 2,180,775 shares yet to be purchased under the current plan.

4. Equity Incentive Plans

At the Special Meeting of Stockholders of the Company (the Meeting) held on July 26, 2011, the stockholders of the Company approved the Oritani Financial Corp. 2011 Equity Incentive Plan. On August 18, 2011, certain officers, employees and directors of the Company were granted in aggregate 3,900,250 stock options and 1,598,100 shares of restricted stock under the 2011 Plan. All stock awards granted under the 2007 Plan vested upon completion of the second step transaction. In addition, all of the options that were issued under the 2007 Plan, except for 50,000 options issued subsequent to May 24, 2011, also vested upon completion of the second step transaction.

Stock options are granted at an exercise price equal to the market price of our common stock on the grant date, based on quoted market prices. Stock options generally vest over a five-year service period and expire ten years from issuance. Options vest immediately upon a change in control and expire 90 days after termination of service, excluding disability or retirement. The Company recognizes compensation expense for all option grants over the awards respective requisite service periods. Management estimated the fair values of all option grants using the Black-Scholes option-pricing model. Since there is limited historical information on the volatility of the Company s stock, management considered the average volatilities of similar entities for an appropriate period in determining the assumed volatility rate used in the estimation of fair value. Management estimated the expected life of the options using the simplified method. The Treasury yield in effect at the time of the grant provides the risk-free rate for periods within the contractual life of the option. The Company classified share-based compensation for employees and outside directors within compensation, payroll taxes and fringe benefits in the consolidated statements of income to correspond with the same line item as the cash compensation paid. The fair value of the options issued during the six months ended December 31, 2011 and 2010 was estimated using the Black-Scholes options-pricing model with the following assumptions:

	September 30, Six months ended December 31, 2011	September 30, 2010
Option shares granted	3,900,250	20,000
Expected dividend yield	4.42%	4.33%
Expected volatility	37.10%	38.22%
Risk-free interest rate	1.30%	1.91%
Expected option life	6.5	6.5

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The following is a summary of the Company s stock option activity and related information for its options plan as of December 31, 2011 and changes therein during the six months then ended:

	September 30, Number of Stock Options	September 30, Weighted Average Grant Date Fair Value	September 30, Weighted Average Exercise Price	September 30, Weighted Average Remaining Contractual Life (years)
Outstanding at June 30, 2011	2,747,300	$ 2.30	$ 10.43	6.9
Granted	3,900,250	2.71	11.95	10.0
Exercised	(12,774)	2.29	10.43	6.3
Forfeited	(10,000)	2.71	11.95	9.6
Expired				
Outstanding at December 31, 2011	6,624,776	$ 2.54	$ 11.32	8.3
Exercisable at December 31, 2011	2,704,533			

The Company recorded $520,000 and $5,000 of share based compensation expense related to the options granted for the three months ended December 31, 2011 and 2010, respectively and $810,000 and $10,000 for the six months ended December 31, 2011 and 2010, respectively. Expected future expense related to the non-vested options outstanding at December 31, 2011 is $9.6 million over a weighted average period of 4.6 years. Upon exercise of vested options, management expects to draw on treasury stock as the source of the shares.

Restricted stock shares vest over a five-year service period on the anniversary date of the grant. The product of the number of shares granted and the grant date market price of the Company s common stock determines the fair value of restricted shares under the Company s restricted stock plan. The Company recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period.

The following is a summary of the status of the Company s restricted stock shares as of December 31, 2011 and changes therein during the six months then ended:

	September 30, Number of Shares Awarded	September 30, Weighted Average Grant Date Fair Value
Non-vested at June 30, 2011		$
Granted	1,598,100	11.95
Vested	(5,000)	11.95
Forfeited	(5,000)	11.95
Non-vested at December 31, 2011	1,588,100	$ 11.95

The Company recorded $952,000 and $1.5 million of share based compensation expense related to the restricted stock shares granted for the three and six months ended December 31, 2011, respectively. There was no restricted stock shares compensation expense for the six months ended December 31, 2010. Expected future expense related to the non-vested restricted shares at December 31, 2011 is $17.6 million over a weighted average period of 4.6 years.

5. Postretirement Benefits

The Company provides several post-retirement benefit plans to directors and to certain active and retired employees. The Company has a nonqualified Directors Retirement Plan (the Retirement Plan), a nonqualified Benefit Equalization Plan (BEP Plan) which provides benefits to employees who are disallowed certain benefits under the Company s qualified benefit plans and a Post Retirement Medical Plan (the Medical Plan) for directors and certain eligible employees. Net periodic benefit costs for the three and six months ended December 31, 2011 and 2010 are presented in the following tables (in thousands). The $241,000 Loss recognized pertained to the BEP Plan and was recognized in accordance with settlement accounting. A portion of this plan was settled during the quarter ended December 31, 2011. The loss was due to the actual discount rate utilized in calculation of the settlement versus the assumed discount rate that had been utilized in plan valuation.

	September 30,	September 30,	September 30,	September 30,
	BEP Plan and Retirement Plan			
	Three months ended December 31,		Six months ended December 31,	
	2011	2010	2011	2010
Service cost	$ 63	$ 56	$ 126	$ 114
Interest cost	77	73	154	147
Loss recognized	241		241	
Amortization of unrecognized:				
Prior service cost	15	15	30	30
Net loss	2	33	32	67
Total	$ 398	$ 177	$ 583	$ 358

	September 30,	September 30,	September 30,	September 30,
	Medical Plan			
	Three months ended December 31,		Six months ended December 31,	
	2011	2010	2011	2010
Service cost	$ 29	$ 22	$ 48	$ 43
Interest cost	53	50	100	101
Amortization of unrecognized:				
Prior service cost				
Net loss	14	27	29	54
Total	$ 96	$ 99	$ 177	$ 198

6. Loans

Net Loans are summarized as follows:

	September 30, December 31, 2011	September 30, June 30, 2011
	(In thousands)	
Residential	$ 157,895	$ 172,972
Multifamily	572,910	474,776
Commercial real estate	1,007,220	901,916
Second mortgage and equity loans	34,410	38,706
Construction and land loans	68,481	86,502
Other loans	18,594	30,571
Total loans	1,859,510	1,705,443
Less:		
Deferred loan fees, net	(7,527)	(6,080)
Allowance for loan losses	(28,819)	(26,514)
Net loans	$ 1,823,164	$ 1,672,849

The Company s allowance for loan losses is analyzed quarterly and many factors are considered, including growth in the portfolio, delinquencies, nonaccrual loan levels, and other environmental factors. See discussion of delinquent loans in Comparison of Financial Condition at December 31, 2011 and June 30, 2011. There have been no material changes to the allowance for loan loss methodology disclosed in the Company s Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 12, 2011.

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The activity in the allowance for loan losses for the three and six months ended December 31, 2011 and 2010 is summarized as follows:

	September 30,	September 30,	September 30,	September 30,
	Three months ended December 31, (In thousands)		Six months ended December 31, (In thousands)	
	2011	2010	2011	2010
Balance at beginning of period	$ 27,540	$ 27,007	$ 26,514	$ 25,902
Provisions for loan losses	2,000	2,500	5,500	4,500
Recoveries of loans previously charged off		80		80
Loans charged off	(721)	(5,406)	(3,195)	(6,301)
Balance at end of period	$ 28,819	$ 24,181	$ 28,819	$ 24,181

The following table provides the three and six month activity in the allowance for loan losses allocated by loan category. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	For the three months ended December 31, 2011							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Beginning balance	$ 1,707	$ 2,364	$ 16,533	$ 469	$ 4,668	$ 694	$ 1,105	$ 27,540
Charge-offs	(465)				(158)	(98)		(721)
Recoveries								
Provisions	432	346	988	32	(341)	(268)	811	2,000
Ending balance	$ 1,674	$ 2,710	$ 17,521	$ 501	$ 4,169	$ 328	$ 1,916	$ 28,819

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	For the six months ended December 31, 2011							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Beginning balance	$ 1,274	$ 2,703	$ 15,597	$ 369	$ 3,455	$ 1,625	$ 1,491	$ 26,514
Charge-offs	(465)	(194)	(41)		(897)	(1,598)		(3,195)
Recoveries								
Provisions	865	201	1,965	132	1,611	301	425	5,500

Ending balance	$	1,674	$	2,710	$	17,521	$	501	$	4,169	$	328	$	1,916	$	28,819

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The following table details the amount of loans receivables that are evaluated individually, and collectively, for impairment, and the related portion of allowance for loan loss that is allocated to each loan portfolio segment at December 31, 2011 and June 30, 2011.

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	At December 31, 2011							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
llowance for credit losses:								
dividually evaluated for npairment	$	$	$ 74	$	$ 1,480	$	$	$ 1,554
ollectively evaluated for npairment	1,674	2,710	17,447	501	2,689	328	1,916	27,265
otal	$ 1,674	$ 2,710	$ 17,521	$ 501	$ 4,169	$ 328	$ 1,916	$ 28,819
oans receivables:								
dividually evaluated for npairment	$	$	$ 626	$	$ 6,629	$		$ 7,255
ollectively evaluated for npairment	157,895	572,910	1,006,594	34,410	61,852	18,594		1,852,255
otal	$ 157,895	$ 572,910	$ 1,007,220	$ 34,410	$ 68,481	$ 18,594		$ 1,859,510

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	At June 30, 2011							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
llowance for credit losses:								
dividually evaluated for npairment	$	$	$ 193	$	$ 102	$ 675	$	$ 970
ollectively evaluated for npairment	1,274	2,703	15,404	369	3,353	950	1,491	25,544
otal	$ 1,274	$ 2,703	$ 15,597	$ 369	$ 3,455	$ 1,625	$ 1,491	$ 26,514
oans receivables:								
dividually evaluated for npairment	$	$	$ 1,948	$	$ 9,231	$ 1,500		$ 12,679
ollectively evaluated for npairment	172,972	474,776	899,968	38,706	77,271	29,071		1,692,764
otal	$ 172,972	$ 474,776	$ 901,916	$ 38,706	$ 86,502	$ 30,571		$ 1,705,443

The Company continuously monitors the credit quality of its loan receivables. In addition to internal staff, the Company utilizes the services of a third party loan review firm to rate the credit quality of its loan receivables. Credit quality is monitored by reviewing certain credit quality indicators. Assets classified as Satisfactory are deemed to possess average to superior credit quality, requiring no more than normal attention. Assets classified as Pass/Watch have generally acceptable asset quality yet possess higher risk characteristics/circumstances than satisfactory assets. Such characteristics include strained liquidity, slow pay, stale financial statements or other circumstances requiring greater attention from

bank staff. We classify an asset as Special Mention if the asset has a potential weakness that warrants management s close attention. Such weaknesses, if left uncorrected may result in the deterioration of the repayment prospects of the asset. An asset is considered Substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Assets classified as Doubtful have all of the weaknesses inherent in those classified substandard, with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions, and

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values, highly questionable and improbable. Included in the Substandard caption at December 31, 2011 are all loans that were past due 90 days (or more) and all impaired loans. The following table provides information about the loan credit quality at December 31, 2011 and June 30, 2011:

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	Credit Quality Indicator at December 31, 2011					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$ 147,528	$ 5,534	$ 1,629	$ 3,204	$	$ 157,895
Multifamily	547,276	12,762	8,071	4,801		572,910
Commercial real estate	889,432	79,593	19,105	19,090		1,007,220
Second mortgage and equity loans	30,952	1,496	1,616	346		34,410
Construction and land loans	30,808	20,669	4,027	12,977		68,481
Other loans	18,294	166	134			18,594
Total	$ 1,664,290	$ 120,220	$ 34,582	$ 40,418	$	$ 1,859,510

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	Credit Quality Indicator at June 30, 2011					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$ 166,959	$ 3,921	$ 1,087	$ 1,005	$	$ 172,972
Multifamily	458,232	11,574	991	3,979		474,776
Commercial real estate	809,174	58,414	25,738	8,590		901,916
Second mortgage and equity loans	38,257	63	123	263		38,706
Construction and land loans	44,070	23,060	4,177	15,195		86,502
Other loans	22,194	6,624	55	1,698		30,571
Total	$ 1,538,886	$ 103,656	$ 32,171	$ 30,730	$	$ 1,705,443

The following table provides information about loans past due at December 31, 2011 and June 30, 2011:

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	At December 31, 2011						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Nonaccrual
	(In thousands)						
Residential	$ 5,534	$ 345	$ 4,487	$ 10,366	$ 147,529	$ 157,895	$ 4,487
Multifamily	1,317	4,651	374	6,342	566,568	572,910	374
Commercial real estate	4,360	1,436	6,306	12,102	995,118	1,007,220	6,306
Second mortgage and equity loans	1,478	1,507	448	3,433	30,977	34,410	448
Construction and land			6,629	6,629	61,852	68,481	6,629

loans							
Other loans	134			134	18,460	18,594	
Total	$ 12,823	$ 7,939	$ 18,244	$ 39,006	$ 1,820,504	$ 1,859,510	$ 18,244

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	September 30,	September 30,	September 30,	September 30, At June 30, 2011	September 30,	September 30,	September 30,
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due (In thousands)	Current	Total Loans	Nonaccrual
Residential	$ 3,921	$ 1,087	$ 1,005	$ 6,013	$ 166,959	$ 172,972	$ 1,005
Multifamily		3,810	550	4,360	470,416	474,776	550
Commercial real estate	3,041	307	3,456	6,804	895,112	901,916	3,456
Second mortgage and equity loans	63	123	263	449	38,257	38,706	263
Construction and land loans			8,332	8,332	78,170	86,502	8,332
Other loans			1,697	1,697	28,874	30,571	1,697
Total	$ 7,025	$ 5,327	$ 15,303	$ 27,655	$ 1,677,788	$ 1,705,443	$ 15,303

The Company defines an impaired loan as a loan for which it is probable, based on current information, that the Company will not collect all amounts due under the contractual terms of the loan agreement. At December 31, 2011 impaired loans were primarily collateral-dependent and totaled $7.3 million with a specific allowance for credit losses of $1.6 million. At June 30, 2011 impaired loans were primarily collateral dependent and totaled $12.7 million, of which $7.9 million of impaired loans had a related allowance for credit losses of $970,000 and $4.8 million of impaired loans had no related allowance for credit losses.

The following table provides information about the Company s impaired loans at December 31, 2011 and June 30, 2011:

	September 30,	September 30,	September 30,	September 30,	September 30,
	Impaired Financing Receivables				
	At December 31, 2011			Six months ended December 31, 2011	
	Recorded Investment	Unpaid Principal Balance	Allowance (In thousands)	Average Recorded Investment	Interest Income Recognized
With an allowance recorded:					
Commercial real estate	$ 552	$ 626	$ 74	$ 584	$
Construction and land loans	5,149	6,629	1,480	6,122	
	$ 5,701	$ 7,255	$ 1,554	$ 6,706	$

	September 30,	September 30,	September 30,	September 30,	September 30,
	Impaired Financing Receivables				
	At June 30, 2011			Twelve months ended June 30, 2011	
	Recorded Investment	Unpaid Principal Balance	Allowance (In thousands)	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded;					
Commercial real estate	$ 1,350	$ 1,350	$	$ 1,438	$ 22
Construction and land loans	3,421	3,421		4,079	3
	4,771	4,771		5,517	25

With an allowance recorded:					
Commercial real estate	$ 405	$ 598	$ 193	$ 527	$ 34
Construction and land loans	5,708	5,810	102	5,854	197
Other loans	825	1,500	675	1,344	66
	6,938	7,908	970	7,725	297
Total:					
Commercial real estate	$ 1,755	$ 1,948	$ 193	$ 1,965	$ 56
Construction and land loans	9,129	9,231	102	9,933	200
Other loans	825	1,500	675	1,344	66
	$ 11,709	$ 12,679	$ 970	$ 13,242	$ 322

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Troubled debt restructured loans (TDRs) are those loans whose terms have been modified because of deterioration in the financial condition of the borrower. The Company has selectively modified certain borrower s loans to enable the borrower to emerge from delinquency and keep their loans current. The eligibility of a borrower for a TDR modification depends upon the facts and circumstances of each transaction, which may change from period to period, and involve judgment by management regarding the likelihood that the modification will result in the maximum recovery by the Company. Modifications could include extension of the terms of the loan, reduced interest rates, and forgiveness of accrued interest and/or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate (a rate equal to or greater than the rate the Company was willing to accept at the time of the restructuring for a new loan with comparable risk), until the year subsequent to the year in which the restructuring takes place, provided the borrower has performed under the modified terms for a six month period. Management classifies all TDRs as impaired loans. Included in impaired loans at December 31, 2011 are $5.5 million of loans which are deemed troubled debt restructurings. At June 30, 2011, TDR s totaled $ 9.5 million.

The following table presents additional information regarding the Company s TDRs as of December 31, 2011 and June 30, 2011:

	September 30,	September 30,	September 30,
	Troubled Debt Restructurings at December 31, 2011		
	Performing	Nonperforming (in thousands)	Total
Commercial real estate	$	$ 626	$ 626
Construction and land loans		4,878	4,878
Other loans			
Total	$	$ 5,504	$ 5,504
Allowance	$	$ 1,254	$ 1,254

	September 30,	September 30,	September 30,
	Troubled Debt Restructurings at June 30, 2011		
	Performing	Nonperforming (in thousands)	Total
Commercial real estate	$ 598	$ 626	$ 1,224
Construction and land loans	898	5,843	6,741
Other loans		1,500	1,500
Total	$ 1,496	$ 7,969	$ 9,465
Allowance	$ 295	$ 675	$ 970

There have not been any loans that were modified in a troubled debt restructuring during the six months ended December 31, 2011. There have not been any loans that were restructured during the last twelve months that have subsequently defaulted during the current quarter ended December 31, 2011.

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7. Investment Securities

Securities Held to Maturity

The following is a comparative summary of securities held to maturity at December 31, 2011 and June 30, 2011:

	September 30,	September 30, December 31, 2011	September 30,	September 30,
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		(In thousands)		
Mortgage-backed securities:				
FHLMC	$ 6,208	$ 314	$	$ 6,522
FNMA	21,442	667	15	22,094
GNMA	3,310	148		3,458
CMO	3,349	102		3,451
	$ 34,309	$ 1,231	$ 15	$ 35,525

	September 30,	September 30, June 30, 2011	September 30,	September 30,
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		(In thousands)		
Mortgage-backed securities:				
FHLMC	$ 7,546	$ 402	$	$ 7,948
FNMA	22,413	530	200	22,743
GNMA	3,425	65		3,490
CMO	4,225	116		4,341
	$ 37,609	$ 1,113	$ 200	$ 38,522

The contractual maturities of mortgage-backed securities held-to-maturity generally exceed 20 years; however, the effective lives are expected to be shorter due to anticipated prepayments and, in the case of CMOs, cash flow priorities. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

The Company did not sell any securities held to maturity during the six months ended December 31, 2011 and 2010. Securities with fair values of $28.5 million and $30.3 million at December 31, 2011 and June 30, 2011, respectively, were pledged as collateral for advances. The Company did not record other than temporary impairment charges on securities held to maturity during the six months ended December 31, 2011 or 2010.

Gross unrealized losses on securities held-to-maturity and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011 and June 30, 2011 were as follows:

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	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	December 31, 2011					
	Less than 12 months		Greater than 12 months		Total	
	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses
Mortgage-backed securities:						
FNMA	$ 5,003	$ 15	$	$	$ 5,003	$ 15
	$ 5,003	$ 15	$	$	$ 5,003	$ 15

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	June 30, 2011					
	Less than 12 months		Greater than 12 months		Total	
	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses
Mortgage-backed securities:						
FNMA	$ 6,776	$ 200	$	$	$ 6,776	$ 200
	$ 6,776	$ 200	$	$	$ 6,776	$ 200

At December 31, 2011, management has evaluated the securities in the above table and has concluded that none of the securities with losses has impairments that are other-than-temporary.

Securities Available for Sale

The following is a comparative summary of securities available for sale at December 31, 2011 and June 30, 2011:

	September 30,	September 30,	September 30,	September 30,
	December 31, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(In thousands)			
U.S. Government and federal agency obligations				
Due in one to five years	$ 24,281	$ 310	$	$ 24,591
Corporate bonds				
Equity securities	1,210	121	16	1,315
Mortgage-backed securities:				
FHLMC	20,219	520	12	20,727
FNMA	67,923	3,171		71,094
CMO	465,932	7,099	402	472,629
	$ 579,565	$ 11,221	$ 430	$ 590,356

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	September 30,	September 30, June 30, 2011	September 30,	September 30,
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
		(In thousands)		
U.S. Government and federal agency obligations				
Due in one to five years	$ 74,866	$	$ 477	$ 74,389
Due in five to ten years	13,489	6		13,495
Corporate bonds	2,000	21		2,021
Equity securities	1,472	177	112	1,537
Mortgage-backed securities:				
FHLMC	9,448	670		10,118
FNMA	75,789	1,377	140	77,026
CMO	414,443	4,654	309	418,788
	$ 591,507	$ 6,905	$ 1,038	$ 597,374

The contractual maturities of mortgage-backed securities available for sale generally exceed 20 years; however, the effective lives are expected to be shorter due to anticipated prepayments and, in the case of CMOs, cash flow priorities. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

The Company did not sell any securities available for sale during the six months ended December 31, 2011. During the 2010 period, the Company owned shares in an Asset Management Mutual Fund with underlying investments in adjustable rate mortgages. Proceeds from the sale of the mutual fund were $250,000 for the six months ended December 31, 2010. The Company recognized gains from the sale of mutual funds of $13,000 during the six months ended December 31, 2010. The Equity securities caption relates to holdings of shares in financial institutions common stock. The Company recorded a non-cash impairment charge to earnings of $262,000 for the six months ended December 31, 2011 on equity securities. There were no impairment charges on securities available for sale for the six months ended December 31, 2010. Available for sale securities with fair values of $428.0 million and $496.2 million at December 31, 2011 and June 30, 2011, respectively, were pledged as collateral for advances.

Gross unrealized losses on securities available for sale and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011 and June 30, 2011 were as follows:

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
			December 31, 2011			
	Less than 12 months		Greater than 12 months		Total	
	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses	Estimated market value	Gross unrealized losses
			(In thousands)			
Equity securities	$ 111	16			111	16
Mortgage-backed securities:						
FHLMC	$ 13,365	12			13,365	12
CMO	23,146	402			23,146	402
	$ 36,622	430			36,622	430

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	September 30,	September 30,	September 30, June 30, 2011	September 30,	September 30,	September 30,
	Less than 12 months		Greater than 12 months		Total	
	Estimated market value	Gross unrealized losses	Estimated market value (In thousands)	Gross unrealized losses	Estimated market value	Gross unrealized losses
U.S. Government and federal agency obligations	$ 74,389	477			74,389	477
Equity securities	614	112			614	112
Mortgage-backed securities:						
FNMA	29,076	140			29,076	140
CMO	45,855	309			45,855	309
	$ 149,934	1,038			149,934	1,038

At December 31, 2011, management has evaluated the securities in the above table and has concluded that none of the securities with losses has impairments that are other-than-temporary. The Equity securities caption relates to holdings of shares in financial industry common stock. Management evaluated its portfolio of equity securities and, based on its evaluation of the financial condition and near-term prospects of an issuer, management believed that it could recover its investment in the security.

8. Fair Value Disclosures

Fair Value Measurements

The Company adopted ASC 820, *Fair Value Measurements and Disclosures* , on July 1, 2008. Under ASC 820, fair value measurements are not adjusted for transaction costs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Price or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

A financial instrument s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The Company s cash instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

The majority of the Company s securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. The estimated fair values for securities available for sale are obtained from an independent nationally recognized third-party pricing service. Our independent pricing service provides us with prices which are primarily categorized as Level 2 inputs, as quoted prices in active markets for

identical assets are generally not available for the majority of securities in our portfolio. Various modeling techniques are used to determine pricing for our securities portfolio, including option pricing and discounted cash flows. Inputs to these models include market spreads, dealer quotes, prepayment speeds, credit information and the instrument s terms and conditions, among other things. Management compares the pricing to a second independent pricing source for reasonableness. Equity securities are reported at Level 1 inputs based on quoted market prices for identical securities in active markets.

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Also, the Company may be required, from time to time, to measure the fair value of certain other financial assets on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. The adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write downs of individual assets.

Impaired Loans: Impaired loans are valued utilizing independent appraisals that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments to comparable assets based on the appraisers market knowledge and experience.

The appraisals are adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date and are considered level 3 inputs.

Real Estate Owned: Assets acquired through foreclosure or deed in lieu of foreclosure is recorded at estimated fair value less estimated selling costs when acquired, thus establishing a new cost basis. Fair value is generally based on independent appraisals. These appraisals include adjustments to comparable assets based on the appraisers market knowledge and experience, and are considered level 3 inputs. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for loan losses. If the estimated fair value of the asset declines, a write-down is recorded through expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in the economic conditions.

The following table sets forth the Company s financial assets that were accounted for at fair values as of December 31, 2011 and June 30, 2011 by level within the fair value hierarchy. As required by ASC 820, financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurements (in thousands):

	September 30,	September 30,	September 30,	September 30,
		Fair Value Measurements at Reporting Date using:		
	Fair Value as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(In thousands)		
Measured on a recurring basis:				
Assets:				
U.S. Government and federal agency obligations	$ 24,591	$	$ 24,591	$
Equity Securities	1,315	1,315		
Mortgage-backed securities available for sale				
FHLMC	20,727		20,727	
FNMA	71,094		71,094	
CMO	472,629		472,629	
Total measured on a recurring basis	$ 590,356	$ 1,315	$ 589,041	$
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Commercial real estate	$ 552	$	$	$ 552
Construction and land loans	5,149			5,149
Total impaired loans	5,701			5,701
Real estate owned				
Residential	2,032			2,032

	Total	Level 1	Level 2	Level 3
Multifamily	185			185
Commercial real estate	1,293			1,293
Construction and land loans	1,441			1,441
Total real estate owned	4,951			4,951
Total measured on a non-recurring basis	$ 10,652	$	$	$ 10,652

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	September 30,	September 30,	September 30,	September 30,
		Fair Value Measurements at Reporting Date using:		
	Fair Value as of June 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(In thousands)		
Measured on a recurring basis:				
Assets:				
U.S. Government and federal agency obligations	$ 87,884	$	$ 87,884	$
Corporate bonds	2,021		2,021	
Equity Securities	1,537	1,537		
Mortgage-backed securities available for sale				
FHLMC	10,118		10,118	
FNMA	77,026		77,026	
CMO	418,788		418,788	
Total measured on a recurring basis	$ 597,374	$ 1,537	$ 595,837	$
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Commercial real estate	$ 1,129	$	$	$ 1,129
Construction and land loans	8,197			8,197
Other loans	825			825
Total impaired loans	10,151			10,151
Real estate owned				
Residential	1,926			1,926
Commercial real estate	1,441			1,441
Construction and land loans	600			600
Total real estate owned	3,967			3,967
Total measured on a non-recurring basis	$ 14,118	$	$	$ 14,118

Fair Value of Financial Instruments

ASC 825, *Financial Instruments* , requires that the Company disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions are set forth below for the Company s financial instruments.

Cash and Cash Equivalents

For cash on hand and due from banks and federal funds sold and short-term investments, the carrying amount approximates fair value.

Securities

The majority of the Company s securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. The estimated fair values for securities available for sale are obtained from an independent nationally recognized third-party pricing service. Various modeling techniques are used to determine pricing for our securities portfolio, including option pricing and discounted cash flows. Equity securities are based on quoted market prices for identical securities in active markets.

FHLB of New York Stock

The fair value for FHLB stock is its carrying value, since this is the amount for which it could be redeemed. There is no active market for this stock and the Bank is required to maintain a minimum balance based upon the unpaid principal of home mortgage loans.

Loans

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as residential, multifamily, commercial real estate, construction, land and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by

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performing and nonperforming categories. This method of estimating fair value does not incorporate the exit-price concept of fair value prescribed by ASC 820, *Fair Value Measurements and Disclosures.* Fair value of performing loans is estimated by discounting cash flows using estimated market discount rates at which similar loans would be made to borrowers and reflect similar credit ratings and interest rate risk for the same remaining maturities.

Fair value for significant nonperforming loans and impaired loans are valued utilizing independent appraisals of collateral securing such loans that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments to comparable assets based on the appraisers market knowledge and experience. The appraisals are adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date and the timing of anticipated cash flows.

Deposit Liabilities

The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, savings, and NOW and money market accounts, is equal to the amount payable on demand as of December 31, 2011 and June 30, 2011. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

Borrowings

The fair value of borrowings is calculated based on the discounted cash flow of contractual amounts due, using market rates currently available for borrowings of similar amount and remaining maturity.

Commitments to Extend Credit and to Purchase or Sell Securities

The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of commitments to purchase or sell securities is estimated based on bid quotations received from securities dealers.

The estimated fair values of the Company s financial instruments are presented in the following table. Since the fair value of off-balance-sheet commitments approximates book value, these disclosures are not included.

	September 30,	September 30,	September 30,	September 30,
	December 31, 2011		June 30, 2011	
	Carrying value	Fair value	Carrying value	Fair value
	(In thousands)			
Financial assets:				
Cash and cash equivalents	$ 8,794	8,794	133,243	133,243
Securities held to maturity	34,309	35,525	37,609	38,522
Securities available for sale	590,356	590,356	597,374	597,374
Federal Home Loan Bank of New York stock	34,998	34,998	26,844	26,844
Loans,net	1,823,164	1,902,426	1,672,849	1,709,785
Financial liabilities deposits	1,355,696	1,360,626	1,381,310	1,384,572
Financial liabilities borrowings	690,515	741,012	509,315	529,803

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company s entire holdings of a particular financial

instrument. Because no market exists for a significant portion of the Company s financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial assets or liabilities include the mortgage banking operation, deferred tax assets, and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

9. Deposits

Deposits include checking (non-interest and interest-bearing demand deposits), money market, savings and time deposits. The Bank accepts brokered deposits on a limited basis, when it is deemed cost effective. Deposit accounts at the Bank are insured by the FDIC up to a maximum of $250,000. Deposit balances are summarized as follows:

	September 30, December 31, 2011	September 30, June 30, 2011
	(In thousands)	
Checking accounts	$ 203,828	$ 162,147
Money market accounts	364,630	390,684
Savings accounts	153,767	152,906
Time deposits	633,471	675,573
Total deposits	$ 1,355,696	$ 1,381,310

At December 31, 2011, time deposits included brokered deposits of $22.9 million which had weighted average interest rates of 2.46% and weighted average maturity of 4.3 years. At June 30, 2011, time deposits included brokered deposits of $22.9 million which had weighted average interest rates of 2.46% and weighted average maturity of 4.8 years.

10. Income Taxes

In June 2006, the FASB issued ASC 740, *Income Taxes* , which establishes a recognition threshold and measurement for income tax positions recognized in an enterprise s financial statements. ASC 740 also prescribes a two-step evaluation process for tax positions. The first step is recognition and the second is measurement. For recognition, an enterprise judgmentally determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold it is measured and recognized in the financial statements as the largest amount of tax benefit that is greater than 50% likely of being realized. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense.

Tax positions that meet the more-likely-than-not recognition threshold at the effective date of ASC 740 may be recognized or, continue to be recognized, upon adoption of this standard. The Company, through its various wholly owned subsidiaries, deploys several tax strategies. Based on the facts surrounding these strategies and applicable laws, the Company believes these strategies are more likely than not of being sustained under examination. The Company believes it will receive 100% of the benefit of the tax positions and has recognized the effects of the tax positions in the financial statements.

The Company files income tax returns in the United States federal jurisdiction and in New Jersey, Pennsylvania and New York state jurisdictions. The Company is no longer subject to federal and state income tax examinations by tax authorities for years prior to 2007. Currently, the Company is not under examination by any taxing authority.

11. Real Estate Joint Ventures, net and Real Estate Held for Investment

The Company accounts for investments in joint ventures under the equity method. The balance reflects the cost basis of investments, plus the Company s share of income earned on the joint venture operations, less cash distributions, including excess cash distributions, and the Company s share of losses on joint venture operations. Cash received in excess of the Company s recorded investment in a joint venture is recorded as unearned revenue in other liabilities. The net book value of real estate joint ventures was $4.8 million at both December 31, 2011 and June 30, 2011.

Real estate held for investment includes the Company s undivided interest in real estate properties accounted for under the equity method and properties held for investment purposes. Cash received in excess of the Company s recorded investment for an undivided interest in real estate property is recorded as unearned revenue in other liabilities. The operations of the properties held for investment purposes are reflected in the financial results of the Company and included in the Other Income caption in the Income Statement. Properties held for investment purposes are carried at cost less accumulated depreciation. The net book value of real estate held for investment was $(134,000) and $(118,000) at December 31, 2011 and June 30, 2011, respectively.

12. Recent Accounting Pronouncements

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. This standard indefinitely defers certain provisions of ASU 2011-05 (described below). The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance will not result in a change in the presentation of comprehensive income in the Company s consolidated financial statements

In September 2011, the FASB issued ASU No. 2011-09, Compensation (Subtopic 715-80): Disclosures about an Employer s Participation in a Multiemployer Plan. This update requires additional disclosures about employer s participation in multiemployer pension plans including information about the plan s funded status if it is readily available. The ASU is effective for annual periods for fiscal years ending after December 15, 2011. Early application is permitted. An entity is required to apply the ASU retrospectively for all periods presented. We do not expect the adoption of this Accounting Standard Update to have a material effect on the Company s consolidated financial statements.

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In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. Under the new guidance, the components of net income and the components of other comprehensive income can be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance eliminates the option to present components of other comprehensive income as part of the statement of changes in shareholders equity but does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this update should be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. Adoption of this guidance is expected to result in presentation changes to the Company s statements of income and the addition of a statement of comprehensive income. The adoption will have no effect on the Company s balance sheets.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS . This guidance is the result of work by the FASB and the International Accountings Standards Board (IASB) to develop common requirements for measuring fair value and fair value disclosures in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments in this update should be applied prospectively and are effective for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. We do not expect the adoption of this Accounting Standard Update to have a material effect on the Company s consolidated financial statements.

In April 2011, the FASB issued ASU No. 2011-02, Receivables (Topic 310): A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring , to amend previous guidance with respect to troubled debt restructurings. This updated guidance is designed to assist creditors with determining whether or not a restructuring constitutes a troubled debt restructuring. In particular, additional guidance has been added to help creditors determine whether a concession has been granted and whether a debtor is experiencing financial difficulties. Both of these conditions are required to be met for a restructuring to constitute a troubled debt restructuring. The amendments in the update are effective for the first interim period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. We adopted the applicable requirements on July 1, 2011 and have provided the related disclosures as required with no significant impact on the Company s financial statements

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

Forward Looking Statements

This Quarterly Report contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may be identified by reference to a future period or periods, or by use of forward looking terminology, such as may, will, believe, expect, estimate, anticipate, continue, or simila variations on those terms, or the negative of those terms. Forward looking statements are subject to numerous risks and uncertainties, including, but not limited to, those related to the economic environment, particularly in the market areas in which Oritani Financial Corp. (the Company) operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity.

The Company wishes to caution readers not to place undue reliance on any such forward looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company s financial performance and could cause the Company s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions, which may be made to any forward looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Overview

Oritani Financial Corp. (the Company) is a Delaware corporation that was incorporated in March 2010 to be the successor to Oritani Financial Corp. (Oritani-Federal), a federal corporation. Oritani-Federal is the former stock holding company for Oritani Bank (the Bank). In conjunction with the second step transaction of Oritani Financial Corp., MHC, the former mutual holding company parent, Oritani-Federal ceased to exist and the Company became its successor. The second step transaction was completed on June 24, 2010. The Company sold a total of 41,363,214 shares of common stock at $10.00 per share in the related stock offering. Concurrent with the completion of the offering, shares of Oritani-Federal common stock owned by public stockholders were exchanged for 1.50 shares of the Company s common stock. In lieu of fractional shares, shareholders were paid in cash. The Company also issued 481,546 shares of common stock for the accelerated vesting of restricted stock awards triggered by the conversion. As a result of the offering, the exchange, and shares issued due to the accelerated vesting, as of June 30, 2010, the Company had 56,202,485 shares outstanding. Net proceeds from the offering were $401.8 million. As of December 31, 2011, the Company had 45,477,534 shares outstanding. The decrease is primarily due to repurchase activity.

The Company is the stock holding company of Oritani Bank. The Company owns 100% of the outstanding shares of common stock of the Bank. The Company has engaged primarily in the business of holding the common stock of the Bank and two limited liability companies that own a variety of real estate investments. In addition, the Company has engaged in limited lending to the real estate investment properties in which (either directly or through one of its subsidiaries) it maintains an ownership interest. The Bank s principal business consists of attracting retail and commercial bank deposits from the general public and investing those deposits, together with funds generated from operations, in multi-family and commercial real estate loans, one- to four-family residential mortgage loans as well as in second mortgage

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and equity loans, construction loans, business loans, other consumer loans, and investment securities. The Bank originates loans primarily for investment and holds such loans in its portfolio. Occasionally, the Bank will also enter into loan participations. The Bank s primary sources of funds are deposits, borrowings and principal and interest payments on loans and securities. The Bank s revenues are derived principally from interest on loans and securities as well as our investments in real estate and real estate joint ventures. The Bank also generates revenue from fees and service charges and other income. The Bank s results of operations depend significantly on its net interest income; which is the difference between the interest earned on interest-earning assets and the interest paid on interest-bearing liabilities. The Bank s net interest income is primarily affected by the market interest rate environment, the shape of the U.S. Treasury yield curve, the timing of the placement of interest-earning assets and interest-bearing liabilities, and the prepayment rate on its mortgage-related assets. Provisions for loan losses and asset impairment charges can also have a significant impact on results of operations. Other factors that may affect the Bank s results of operations are general and local economic and competitive conditions, government policies and actions of regulatory authorities.

The Bank s business strategy is to operate as a well-capitalized and profitable financial institution dedicated to providing exceptional personal service to its individual and business customers. The Bank s primary focus has been, and will continue to be, growth in multi-family and commercial real estate lending.

Comparison of Financial Condition at December 31, 2011 and June 30, 2011

Total Assets. Total assets increased $15.9 million, or 0.6%, to $2.60 billion at December 31, 2011, from $2.59 billion at June 30, 2011. The primary investing activities were in loans and mortgage-backed securities (MBS) available for sale (AFS). These activities were funded by decreases in federal funds sold and an increase in overnight borrowings. Asset growth has been muted by one of the Company s recent strategic decisions. Cash flows from the investment portfolio have been applied to overnight borrowings, and not redeployed into the investment portfolio. This decision was made to lessen the interest rate risk that is being created through the increased overnight borrowings, as well as the low returns currently available on investments.

Cash and Cash Equivalents. Cash and cash equivalents (which include fed funds and short term investments) decreased $124.5 million to $8.8 million at December 31, 2011, from $133.2 million at June 30, 2011. The funds were deployed in general operations, including funding of the Company s stock repurchase activity.

Net Loans. Loans, net increased $150.3 million, or 9.0%, to $1.82 billion at December 31, 2011, from $1.67 billion at June 30, 2011. The Company continues its emphasis on loan originations, particularly multifamily and commercial real estate loans. Loan originations totaled $262.1 million and purchases totaled $2.0 million for the six months ended December 31, 2011.

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Delinquency and non performing asset information is provided below:

	September 30, 12/31/2011	September 30, 9/30/2011	September 30, 6/30/2011 (in thousands)	September 30, 3/31/2011	September 30, 12/31/2010
Delinquency Totals					
30 59 days past due	$ 12,823	$ 15,802	$ 7,025	$ 6,523	$ 14,460
60 89 days past due	7,939	5,694	5,327	3,688	2,437
Nonaccrual	18,244	16,954	15,303	12,563	25,055
Total	$ 39,006	$ 38,450	$ 27,655	$ 22,774	$ 41,952
Non Performing Asset Totals					
Nonaccrual loans, per above	$ 18,244	$ 16,954	$ 15,303	$ 12,563	$ 25,055
Real Estate Owned	4,951	4,419	3,967	5,953	6,102
Loans Held For Sale				9,484	9,484
Total	$ 23,195	$ 21,373	$ 19,270	$ 28,000	$ 40,641
Nonaccrual loans to total loans	0.98%	0.96%	0.90%	0.75%	1.50%
Delinquent loans to total loans	2.10%	2.18%	1.62%	1.35%	2.51%
Non performing assets to total assets	0.89%	0.82%	0.74%	1.09%	1.58%

Over the fiscal year ended June 30, 2011, the Company realized significant decreases in total delinquent loans, nonaccrual loans and nonperforming assets. In fiscal 2012, there have been increases in the loan delinquency categories. The increases are primarily due to increases in residential delinquencies. Over the fiscal year ended June 30, 2011, the Company realized significant decreases in total delinquent loans, nonaccrual loans and nonperforming assets. In fiscal 2012, there have been increases in the loan delinquency categories. The increases are primarily due to increases in total residential delinquencies (consisting of residential loans as well as second mortgages and equity loans). There have also been increases in commercial real estate loans but these increases were partially offset by decreases in construction loan and other loan delinquencies. The commercial real estate delinquency increases that occurred primarily consisted of loans with balances less than $1.0 million.

The most significant change between September 30 and December 31, 2011 was a $2.2 million increase in the 60-89 days past due category. The largest loan in this category at December 31, 2011 is a $3.6 million loan on a multifamily property in Hudson County New Jersey. This loan was also a component of the September 30 total. The primary reasons for the increase in the 60-89 days past due category are a $1.5 million residential loan and a $1.1 million loan on a mixed use property. Both of these properties are in Bergen County, New Jersey. The residential loan was in the 30-59 days past due category at September 30, 2011 and is currently rated special mention. The mixed use loan was also in the 30-59 days past due category at September 30, 2011. This loan is currently rated substandard. Payments on this loan have been inconsistent and legal action has commenced.

At December 31, 2011, there are two nonaccrual loans as well as one nonaccrual loan relationship with balances greater than $1.0 million. These loans are discussed below:

A construction loan relationship in which Oritani is a participant. The relationship entails two borrowing entities and four separate properties. Oritani s portion of this loan relationship totals $4.9 million. All four of the properties are for residential tract development and are located in Rockland and Orange counties, New York. The loan is classified as impaired and as a troubled debt restructuring as of December 31, 2011. The lead lender on this loan is attempting to negotiate a settlement with the borrowers that would expedite resolution. In accordance with the results of the impairment analysis for this loan, a charge off of $1.5 million was previously recognized against this loan and a $1.2 million impairment reserve remains against this loan as of December 31, 2011.

A $2.8 million mixed use building in Bergen County, NJ. The borrower encountered cash flow difficulties and is currently negotiating with Oritani for repayment of the past due amounts in a manner satisfactory to Oritani. The loan is classified as substandard. The loan has not been classified as impaired as the current cash flows are sufficient to satisfy the debt obligation and it is expected that repayment in full will ultimately come from the borrower.

A $1.8 million construction loan for a luxury home in Morris County, New Jersey. Construction at the property ceased and foreclosure proceedings have commenced. Although foreclosure action is proceeding, there are ongoing negotiations in an attempt to reach a settlement on this matter. The loan is classified as impaired as of December 31, 2011. In accordance with the results of the impairment analysis for this loan, charge offs totaling $947,000 were previously recognized against this loan and a $300,000 impairment reserve remains against this loan as of December 31, 2011.

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There are nine other multifamily/commercial real estate loans, totaling $3.9 million, classified as nonaccrual at December 31, 2011. The largest of these loans has a balance of $679,000.

There are fifteen other residential loans, totaling $4.9 million, classified as nonaccrual at December 31, 2011. The largest of these loans has a balance of $958,000.

See additional information regarding the allowance for loan losses in footnote 6 of the financial statements.

Mortgage-backed Securities Available For Sale. MBS AFS increased $58.5 million to $564.5 million at December 31, 2011, from $505.9 million at June 30, 2011. On a linked quarter basis, however, balances in this category have decreased $41.8 million as the Company is not currently redeploying proceeds from the investment portfolio into new purchases.

Real Estate Owned. Real estate owned (REO) increased $984,000 to $5.0 million at December 31, 2011, from $4.0 million at June 30, 2011. During the six months ended December 31, 2011, the Bank took title to three properties and disposed of one property. The $5.0 million balance consists of 9 properties. Four of these properties, with a book value of $3.0 million, are currently under contract for sale. One of the closings occurred in January.

Deposits. Deposits decreased $25.6 million, or 1.9%, to $1.36 billion at December 31, 2011, from $1.38 billion at June 30, 2011. Growth in core accounts was offset by decreases in time deposits. Strong deposit growth in core accounts remains a strategic objective of the Company and promotions designed to attract core accounts were recently implemented. New branch locations in Upper Montclair and Clifton, NJ, have opened during the fiscal year.

Stockholders Equity. Stockholders equity decreased $138.7 million to $506.7 million at December 31, 2011, from $645.4 million at June 30, 2011. The decline is primarily attributable to stock repurchases. The Company s repurchase activity is summarized below:

	September 30,	September 30, Period	September 30,	September 30,	September 30, Cumulative	September 30,
Period	Number of Shares	Average Price Paid Per Share	Total Cost	Number of Shares	Average Price Paid Per Share	Total Cost
Through Sept. 30, 2011	8,903,883	$ 12.98	$ 115,552,749	8,903,883	$ 12.98	$ 115,552,749
Oct. 1 Dec. 31, 2011	1,876,422	12.98	24,349,831	10,780,305	12.98	139,902,579
Jan. 1 Feb. 9, 2012				10,780,305	12.98	139,902,579

On November 14, 2011, the Company announced a repurchase plan for up to 2,278,776 shares of its common stock. As of February 9, 2012, there were 2,180,775 shares authorized under the Company s current stock repurchase plan that had not yet been purchased.

On August 18, 2011, a total of 1,598,100 shares were granted by the Board of Directors under the Company s 2011 Equity Incentive Plan (the Equity Plan). In addition to the repurchase activity above, the Company repurchased 1,598,100 shares in conjunction with the Equity Plan. These shares were purchased in open market transactions during the quarter ended September 30, 2011. The total cost of these shares was $19.3 million and the average cost per share was $12.06.

Based on our December 31, 2011 closing price of $12.77 per share and book value per share of $11.14, the Company stock was trading at 114.6% of book value.

Average Balance Sheet for the Three and Six Months Ended December 31, 2011 and 2010

The following tables present certain information regarding Oritani Financial Corp. s financial condition and net interest income for the three and six months ended December 31, 2011 and 2010. The tables present the annualized average yield on interest-earning assets and the annualized average cost of interest-bearing liabilities. We derived the yields and costs by dividing annualized income or expense by the average balance of interest-earning assets and interest-bearing liabilities, respectively, for the periods shown. We derived average balances from daily balances over the periods indicated. Interest income includes fees that we consider adjustments to yields.

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Average Balance Sheet and Yield/Rate Information
For the Three Months Ended (unaudited)

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
		December 31, 2011			December 31, 2010	
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
	(Dollars in thousands)					
Interest-earning assets:						
Loans [1]	$ 1,778,394	$ 26,936	6.06%	$ 1,590,622	$ 24,695	6.21%
Securities held to maturity [2]	34,039	281	3.30%	26,639	410	6.16%
Securities available for sale	52,006	304	2.34%	333,233	1,906	2.29%
Mortgage backed securities held to maturity	35,488	226	2.55%	48,362	412	3.41%
Mortgage backed securities available for sale	595,317	2,776	1.87%	356,186	1,887	2.12%
Federal funds sold and short term investments	1,675	1	0.24%	37,658	27	0.29%
Total interest-earning assets	2,496,919	30,524	4.89%	2,392,700	29,337	4.90%
Non-interest-earning assets	107,492			104,458		
Total assets	$ 2,604,411			$ 2,497,158		
Interest-bearing liabilities:						
Savings deposits	154,466	160	0.41%	148,427	228	0.61%
Money market	377,170	677	0.72%	272,585	679	1.00%
Checking accounts	202,910	214	0.42%	161,790	215	0.53%
Time deposits	644,642	2,241	1.39%	688,411	2,705	1.57%
Total deposits	1,379,188	3,292	0.95%	1,271,213	3,827	1.20%
Borrowings	666,710	5,195	3.12%	530,173	5,223	3.94%
Total interest-bearing liabilities	2,045,898	8,487	1.66%	1,801,386	9,050	2.01%
Non-interest-bearing liabilities	49,214			50,316		
Total liabilities	2,095,112			1,851,702		
Stockholders equity	509,299			645,456		

Total liabilities and stockholders equity	$ 2,604,411		$ 2,497,158	
Net interest income	$ 22,037		$ 20,287	
Net interest rate spread [3]		3.23%		2.89%
Net interest-earning assets [4]	$ 451,021		$ 591,314	
Net interest margin [5]		3.53%		3.39%
Average of interest-earning assets to interest-bearing liabilities		122.05%		132.83%

(1) Includes nonaccrual loans.

(2) Includes Federal Home Loan Bank Stock.

(3) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(4) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.

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	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
			For the Six Months Ended (unaudited)			
		December 31, 2011			December 31, 2010	
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
			(Dollars in thousands)			
Interest-earning assets:						
Loans [1]	$ 1,744,180	$ 52,865	6.06%	$ 1,570,361	$ 48,991	6.24%
Securities held to maturity [2]	30,933	580	3.75%	25,848	702	5.43%
Securities available for sale	70,173	686	1.96%	342,520	4,129	2.41%
Mortgage backed securities held to maturity	36,269	475	2.62%	54,040	905	3.35%
Mortgage backed securities available for sale	573,512	5,634	1.96%	263,451	3,175	2.41%
Federal funds sold and short term investments	20,650	30	0.29%	129,259	191	0.30%
Total interest-earning assets	2,475,717	60,270	4.87%	2,385,479	58,093	4.87%
Non-interest-earning assets	107,976			101,874		
Total assets	$ 2,583,693			$ 2,487,353		
Interest-bearing liabilities:						
Savings deposits	153,931	371	0.48%	148,133	486	0.66%
Money market	383,107	1,517	0.79%	284,860	1,430	1.00%
Checking accounts	189,339	426	0.45%	150,696	453	0.60%
Time deposits	656,580	4,661	1.42%	698,248	5,726	1.64%
Total deposits	1,382,957	6,975	1.01%	1,281,937	8,095	1.26%
Borrowings	598,923	10,271	3.43%	512,603	10,408	4.06%
Total interest-bearing liabilities	1,981,880	17,246	1.74%	1,794,540	18,503	2.06%
Non-interest-bearing liabilities	49,845			48,019		
Total liabilities	2,031,725			1,842,559		
Stockholders equity	551,968			644,794		
	$ 2,583,693			$ 2,487,353		

Total liabilities and stockholders equity				
Net interest income	$ 43,024		$ 39,590	
Net interest rate spread [3]		3.13%		2.81%
Net interest-earning assets [4]	$ 493,837		$ 590,939	
Net interest margin [5]		3.48%		3.32%
Average of interest-earning assets to interest-bearing liabilities		124.92%		132.93%

(1) Includes nonaccrual loans.

(2) Includes Federal Home Loan Bank Stock.

(3) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(4) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.

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Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010

Net Income. Net income increased $530,000, or 7.5%, to $7.6 million for the quarter ended December 31, 2011, from $7.1 million for the corresponding 2010 quarter. The primary cause of the increase was increased net interest income and decreased provision for loan losses, partially offset by increased expenses.

Interest Income. Total interest income increased $1.2 million, or 4.0%, to $30.5 million for the three months ended December 31, 2011, from $29.3 million for the three months ended December 31, 2010. The largest increase occurred in interest on loans, which increased $2.2 million or 9.1%, to $26.9 million for the three months ended December 31, 2011, from $24.7 million for the three months ended December 31, 2010. During that same period, the average balance of loans increased $187.8 million while the yield on the portfolio decreased 15 basis points. The decreased yield was primarily due to the impact of current market rates on new originations, refinancings, prepayments and repricings. There was an overall decrease in interest income regarding the investment related categories (Securities HTM; Securities AFS; MBS HTM; MBS AFS and short term investments). On an overall basis, there were decreases in yield and average balances. The decreased yield was primarily due to the prepayment of higher yielding securities and the returns associated with new purchases. Management actively purchased such assets at times over the period as excess funds were available for deployment. The investment purchases were primarily in the category of MBS AFS as management believed such securities provided the best available risk/reward profile based on the projected cash needs and interest rate risk position of the Company. However, purchases have slowed considerably and there was only one investment purchase of any type during the quarter ended December 31, 2011. MBS AFS was the only investment category that realized an increase in interest income over the periods. Interest on MBS AFS increased $889,000, or 47.1%, to $2.8 million for the three months ended December 31, 2011, from $1.9 million for the three months ended December 31, 2010. The average balance of MBS AFS increased $239.1 million for the three months ended December 31, 2011 versus the corresponding 2010 period while the yield on the portfolio decreased 25 basis points.

Interest Expense. Total interest expense decreased $563,000, or 6.2%, to $8.5 million for the three months ended December 31, 2011, from $9.1 million for the three months ended December 31, 2010. The majority of the decrease occurred in interest expense on deposits, which decreased $535,000, or 14.0%, to $3.3 million for the three months ended December 31, 2011, from $3.8 million for the three months ended December 31, 2010. The average balance of interest bearing deposits increased $108.0 million over the period while the average cost of these funds decreased 25 basis points. Market interest rates allowed the Bank to reprice many maturing time deposits, as well as other interest bearing deposits, at lower rates, decreasing the cost of funds. Interest expense on borrowings was fairly stable between the two periods. However, the average balance of borrowings increased significantly ($136.5 million) over the period while the cost decreased significantly (82 basis points). The Company has increased its overnight borrowings with the Federal Home Loan Bank of New York (FHLB-NY). These borrowings had a very low cost associated with them.

Net Interest Income Before Provision for Loan Losses. Net interest income increased by $1.8 million, or 8.6%, to $22.0 million for the three months ended December 31, 2011, from $20.3 million for the three months ended December 31, 2010. The Company s net interest income, spread and margin over the period are detailed in the chart below.

Quarter Ended	September 30, Net Interest Income Before Provision (in thousands)	September 30, Spread	September 30, Margin
December 31, 2011	$ 22,037	3.23%	3.53%
September 30, 2011	20,987	3.02%	3.42%
June 30, 2011	20,843	2.95%	3.40%
March 31, 2011	20,586	2.92%	3.39%
December 31, 2010	20,287	2.89%	3.39%

The Company s spread and margin increased steadily over the 2011 fiscal year and that expansion has continued into the current fiscal year. The Company expects that the spread and margin will come under pressure in the current interest rate environment due to several factors, including: rates on new loan originations and investment purchases; modifications of loans within the existing loan portfolio; prepayments of higher yielding loans and investments; limited ability to lower deposit and borrowing

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costs; promotional interest costs to attract new deposit customers, expected increases in borrowing costs and decreased net interest income due to funds used for repurchase activity. The Company s largest interest rate risk exposure is to a flat or inverted yield curve, and the yield curve has moved in this direction recently. The pressure pertaining to the promotional costs to attract new deposits will be particularly high for the remainder of the fiscal year as the Company has embarked on a campaign to increase money market deposits with an above market promotional rate.

Despite the above, spread, margin and net interest income all have increased during fiscal 2012. Many of the pressures detailed above have already impacted the Company. However, the Company has been able to offset these pressures. Two of the strategies that have increased spread, margin and net interest income pertain to deposits. The Company has been able to successfully lower the cost of money market deposits without a significant impact on balances and also decreased its reliance on time deposits, which carry a higher cost. The shifting of investment funds out of federal funds sold and into higher yielding investments also improved results. The most significant impact on spread, margin and net interest income has been in borrowings. The cost of borrowing has significantly decreased due to greater use of overnight borrowings, which presently have a very low cost. While this strategy has increased net interest income, spread and margin, it has also increased interest rate risk. The Company expects to address this increased interest rate risk by extending the maturity, over time, of the overnight borrowings. This extension will increase borrowing costs. The Company has not fixed a time period to enact this strategy as it presently sees the risk of higher long term rates as minimal. The Company s stock repurchase activity in this fiscal year effectively decreased net interest income. However, the impact was minimal as the cost of these funds (either federal funds sold or overnight borrowings) was very low.

The Company s net interest income and net interest rate spread were both negatively impacted in both periods due to the reversal of accrued interest income on loans delinquent more than 90 days. The total of such income reversed was $322,000 for the three months ended December 31, 2011, and $674,000 for the three months ended December 31, 2010.

Provision for Loan Losses. The Company recorded provisions for loan losses of $2.0 million for the three months ended December 31, 2011 as compared to $2.5 million for the three months ended December 31, 2010. A rollforward of the allowance for loan losses for the three months ended December 31, 2011 and 2010 is presented below:

	September 30, Quarter ended December 31, 2011	September 30, 2010
	(In thousands)	
Balance at beginning of period	$ 27,540	$ 27,007
Provisions charged to operations	2,000	2,500
Recoveries of loans previously charged off		80
Loans charged off	721	5,406
Balance at end of period	$ 28,819	$ 24,181
Allowance for loan losses to total loans	1.55%	1.46%
Net charge-offs (annualized) to average loans outstanding	0.16%	1.34%

The primary contributors to the current level of provision for loan losses are the delinquency and nonaccrual totals, changes in loan risk ratings, loan growth, charge-offs and economic factors.

Other Income. Other income decreased $266,000 to $920,000 for the three months ended December 31, 2011, from $1.2 million for the three months ended December 31, 2010. The decrease is primarily due to a $262,000 impairment charge for equity securities that was recognized in the 2011 period. Net income on the real estate investment captions of net real estate operations and income from investments in real estate joint ventures was fairly stable over the two periods. A decrease was expected as income was significantly reduced at one commercial property due to the impact of flooding in conjunction with Hurricane Irene. However, an insurance claim pertaining to a prior flood was received and recognized as income, offsetting this expected decrease. It is possible that some of the current costs associated with the flooding at that property will be reimbursed in a future period.

Operating Expenses. Operating expenses increased $1.3 million to $9.1 million for the three months ended December 31, 2011, from $7.8 million for the three months ended December 31, 2010. The increase was primarily due to compensation, payroll taxes and fringe benefits, which increased $1.2 million to $6.4 million for the three months ended December 31, 2011, from $5.2 million for the three months ended December 31, 2010. The increase was primarily due to the amortization of costs associated with stock awards and options that were granted under the Company s 2011 Equity Incentive Plan (the Equity Plan) on August 18, 2011. The expense associated with the Equity Plan recognized in the quarter totaled $1.5 million. Data processing service fees increased $64,000 to $360,000 for the three months ended December 31, 2011, from $296,000 for the three months ended December 31, 2010. During the quarter ended December 31, 2011, the Bank converted core processing systems. The increase primarily pertains to costs incurred in conjunction with the conversion. The new system will enable the Bank to offer additional products and provide greater detail of internal reporting. The new system produces different reports than the old system and certain processes were amended to ensure that data was accurate, accounts were properly reconciled and internal controls remained intact. Ongoing data processing costs are expected to increase slightly but not materially.

Income Tax Expense. Income tax expense for the three months ended December 31, 2011 was $4.3 million on pre-tax income of $11.9 million, resulting in an effective tax rate of 35.9%. Income tax expense for the three months ended December 31, 2010 was $4.1 million on pre-tax income of $11.2 million, resulting in an effective tax rate of 36.7%.

Comparison of Operating Results for the Six Months Ended December 31, 2011 and 2010

Net Income. Net income increased $715,000, or 5.0%, to $15.0 million for the six months ended December 31, 2011, from $14.2 million for the corresponding 2010 period. The primary cause of the increased income in the 2011 period was increased net interest income partially offset by increased expenses.

Interest Income. Total interest income increased $2.2 million, or 3.7%, to $60.3 million for the six months ended December 31, 2011, from $58.1 million for the six months ended December 31, 2010. The largest increase occurred in interest on loans, which increased $3.9 million or 7.9%, to $52.9 million for the six months ended December 31, 2011, from $49.0 million for the six months ended December 31, 2010. Over that same period, the average balance of loans increased $173.8 million and the yield on the portfolio decreased 18 basis points. Interest on MBS AFS increased $2.5 million, or 77.4%, to $5.6 million for the six months ended December 31, 2011, from $3.2 million for the six months ended December 31, 2010. The average balance of MBS AFS increased $310.0 million over these periods while the yield on the portfolio decreased 45 basis points. The explanations provided in Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010, Interest Income regarding changes for the three month period comparison are also applicable to the six month period comparison.

Interest Expense. Total interest expense decreased $1.3 million, or 6.8%, to $17.2 million for the six months ended December 31, 2011, from $18.5 million for the six months ended December 31, 2010. Interest expense on deposits decreased $1.1 million, or 13.8%, to $7.0 million for the six months ended December 31, 2011, from $8.1 million for the six months ended December 31, 2010. The average balance of interest bearing deposits increased $101.0 million over this period while the average cost of these funds decreased 25 basis points. Interest expense on borrowings decreased $137,000, or 1.3%, to $10.3 million for the six months ended December 31, 2011, from $10.4 million for the six months ended December 31, 2010. The average balance of borrowings increased $86.3 million over the period while

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the cost decreased 63 basis points. The explanations provided in Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010, Interest Expense regarding changes for the three month period comparison are also applicable to the six month period comparison.

Net Interest Income Before Provision for Loan Losses. Net interest income increased $3.4 million, or 8.7%, to $43.0 million for the six months ended December 31, 2011, from $39.6 million for the six months ended December 31, 2010. The Company s net interest rate spread and margin increased to 3.13% and 3.48% for the six months ended December 31, 2011, from 2.81% and 3.32% for the six months ended December 31, 2010, respectively. The factors described in Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010, Net Interest Income Before Provision for Loan Losses also impacted the six month periods. The Company s net interest income was reduced $650,000 and $1.4 million for the six months ended December 31, 2011 and 2010, respectively, due to the impact of nonaccrual loans.

Provision for Loan Losses. The Company recorded provisions for loan losses of $5.5 million for the six months ended December 31, 2011 as compared to $4.5 million for the six months ended December 31, 2010. A rollforward of the allowance for loan losses for the six months ended December 31, 2011 and 2010 is presented below:

	September 30,	September 30,
	Six Months Ended December 31,	
	2011	2010
	(In thousands)	
Balance at beginning of period	$ 26,514	$ 25,902
Provisions charged to operations	5,500	4,500
Recoveries of loans previously charged off		80
Loans charged off	3,195	6,301
Balance at end of period	$ 28,819	$ 24,181
Allowance for loan losses to total loans	1.55%	1.46%
Net charge-offs (annualized) to average loans outstanding	0.37%	0.79%

See discussion of the allowance for loan losses in Comparison of Financial Condition at December 31, 2011 and June 30, 2011 and footnote 6 of the financial statements.

Other Income. Other income decreased $90,000 to $2.8 million for the six months ended December 31, 2011 from $2.9 million for the six months ended December 31, 2010. The decrease was primarily due to a $262,000 impairment charge for equity securities that was recognized in the 2011 period, and reduced gain on sale of assets. The Company had nonrecurring gains in both the 2011 and 2010 periods. The 2011 gain was a $557,000 net gain that primarily pertained to the sale of a loan classified as held for sale. The 2010 gain was a $718,000 net gain realized on the sale of real estate owned property. These decreases were partially offset by increases in income from bank owned life insurance and net income from investments in real estate joint ventures. Income from bank-owned life insurance increased by $245,000 to $804,000 for the six months ended December 31, 2011, from $559,000 for the six months ended December 31, 2010, primarily due to increased investment in bank-owned life insurance. Net income from investments in real estate joint ventures increased by $177,000 to $416,000 for the six months ended December 31, 2011, from $239,000 for the six months ended December 31, 2010, primarily due to the receipt of the insurance proceeds described in Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010, Other Income.

Operating Expenses. Operating expenses increased $1.8 million to $17.3 million for the six months ended December 31, 2011, from $15.5 million for the six months ended December 31, 2010. The increase was primarily due to compensation, payroll taxes and fringe benefits, which increased $1.8 million to $12.0 million for the six months ended December 31, 2011, from $10.2 million for the six months ended December 31, 2010. The increase was primarily due to costs associated with the Equity Plan. The expense associated with the Equity Plan recognized in the six month period totaled $2.3 million.

Income Tax Expense. Income tax expense for the six months ended December 31, 2011, was $8.1 million, due to pre-tax income of $23.1 million, resulting in an effective tax rate of 35.2%. For the six months ended December 31, 2010, income tax expense was $8.3 million, due to pre-tax income of $22.5 million, resulting in an effective tax rate of 36.7%.

Liquidity and Capital Resources

The Company s primary sources of funds are deposits, principal and interest payments on loans and mortgage-backed securities, Federal Home Loan Bank (FHLB) borrowings and investment maturities. While scheduled amortization of loans is a predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company has other sources of liquidity if a need for additional funds arises, including advances from the FHLB and Federal Reserve Bank of New York.

At December 31, 2011, the Company had $181.2 million in overnight borrowings from the FHLB. At June 30, 2011, the Company had no overnight borrowings from the FHLB. The Company utilizes overnight borrowings from time to time to fund short-term liquidity needs. The Company had total borrowings of $690.5 million at December 31, 2011 and $509.3 million at June 30, 2011. The Company s total borrowings at December 31, 2011 include $509.3 million in longer term borrowings with the FHLB. In the normal course of business, the Company routinely enters into various commitments, primarily relating to the origination of loans. At December 31, 2011, outstanding commitments to originate loans totaled $51.8 million and outstanding commitments to extend credit totaled $45.8 million. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

Time deposits scheduled to mature in one year or less totaled $482.1 million at December 31, 2011. Based upon historical experience, management estimates that a significant portion of such deposits will remain with the Company.

On September 29, 2009, the Federal Deposit Insurance Corporation issued a rule pursuant to which all insured depository institutions would be required to prepay their estimated assessments for the fourth quarter of 2009, and for all of 2010, 2011 and 2012. On December 30, 2009, the Company paid $8.2 million in estimated assessments, of which $4.8 million is prepaid at December 31, 2011.

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As of December 31, 2011 and June 30, 2011, the Company and Bank exceeded all regulatory capital requirements as follows:

	September 30,	September 30,	September 30,	September 30,
	At December 31, 2011			
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Company:				
Total capital (to risk-weighted assets)	$ 526,422	26.2%	$ 160,642	8.0%
Tier I capital (to risk-weighted assets)	501,275	25.0	80,321	4.0
Tier I capital (to average assets)	501,275	19.3	104,176	4.0

	September 30,	September 30,	September 30,	September 30,
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Bank:				
Total capital (to risk-weighted assets)	$ 430,593	21.9%	$ 157,214	8.0%
Tier I capital (to risk-weighted assets)	405,976	20.7	78,607	4.0
Tier I capital (to average assets)	405,976	15.9	102,063	4.0

	September 30,	September 30,	September 30,	September 30,
	At June 30, 2011			
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Company:				
Total capital (to risk-weighted assets)	$ 666,533	35.5%	$ 150,361	8.0%
Tier I capital (to risk-weighted assets)	643,002	34.2	75,181	4.0
Tier I capital (to average assets)	643,002	25.1	102,496	4.0

	September 30,	September 30,	September 30,	September 30,
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Bank:				
Total capital (to risk-weighted assets)	$ 438,588	23.8%	$ 147,385	8.0%
Tier I capital (to risk-weighted assets)	415,516	22.6	73,693	4.0
Tier I capital (to average assets)	415,516	16.4	101,263	4.0

Critical Accounting Policies

Note 1 to the Company s Audited Consolidated Financial Statements for the year ended June 30, 2011, included in the Company s Annual Report on Form 10-K, as supplemented by this report, contains a summary of significant accounting policies. Various elements of these accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. Certain assets are carried in the consolidated Balance Sheets at estimated fair value or the lower of cost or estimated fair value. Policies with respect to the methodologies used to determine the allowance for loan losses and judgments regarding the valuation of securities as well as the valuation allowance against deferred tax assets are the most critical accounting policies because they are important to the presentation of the Company s financial condition and results of operations, involve a higher degree of complexity, and require management to make difficult and subjective judgments which often require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could result in material differences in the results of operations or financial condition. These critical accounting policies and their application are reviewed periodically and, at least annually, with the Audit Committee of the Board of Directors. For a further discussion of the critical accounting policies of the Company, see Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Annual Report on Form 10-K, for the year ended June 30, 2011.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of mortgage loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and reduce the exposure of our net interest income to changes in market interest rates. Accordingly, our Board of Directors has the authority and responsibility for managing interest rate risk. Oritani Bank has established an Asset/Liability Management Committee, comprised of various members of its senior management, which is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for recommending to the Board the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the Board of Directors. The Asset/Liability Management Committee reports its activities to the Board on a monthly basis. An interest rate risk analysis is presented to the Board on a quarterly basis.

We have sought to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. As part of our ongoing asset-liability management, we use the following strategies to manage our interest rate risk:

(i) originating multi-family and commercial real estate loans that generally tend to have shorter interest duration and generally reset at five years;

(ii) investing in mortgage-backed securities and collateralized mortgage obligations with shorter durations and/or cash flow priortization; and

(iii) obtaining general financing through longer-term Federal Home Loan Bank advances.

Shortening the average maturity of our interest-earning assets by increasing our investments in shorter-term loans and securities, as well as loans and securities with variable rates of interest, helps to better match the maturities and interest rates of our assets and liabilities, thereby reducing the exposure of our net interest income to changes in market interest rates. Management actively monitors the interest rate risk position of the Company. As discussed in greater detail in Comparison of Financial Condition at December 31, 2011 and June 30, 2011 and Comparison of Operating Results for the Three Months Ended December 31, 2011 and 2010, the Company is not currently following strategies (ii) and (iii), above, and management is aware that the Company s interest rate risk increased over the quarter. Management feels the increased level of interest rate risk is manageable and is prepared to execute strategies to reduce the risk. However, execution of such strategies would reduce net interest income. Given the current interest rate outlook, management feels it is currently in the Company s best interests to forego the strategies that would reduce the interest rate risk, accept the increased risk and realize the increased net interest income. The Federal Reserve Bank recently stated its intention to maintain low interest rates through (at least) late 2014. A stable interest rate environment will minimize any negative impact of the increased interest rate risk.

Net Portfolio Value. We compute the amounts by which the net present value of cash flow from assets, liabilities and off balance sheet items (the institution s net portfolio value or NPV) would change in the event of a range of assumed changes in market interest rates. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the Change in Interest Rates column below.

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The table below sets forth, as of December 31, 2011, the estimated changes in our net portfolio value that would result from the designated instantaneous changes in the United States Treasury yield curve. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates and loan prepayment and deposit decay rates, and should not be relied upon as indicative of actual results.

	September 30,	September 30,	September 30,	September 30,	September 30,
				NPV as a Percentage of Present Value of Assets (3)	
Change in Interest Rates (basis points) (1)	Estimated NPV (2)	Estimated Increase (Decrease) in NPV Amount (Dollars in thousands)	Percent	NPV Ratio (4)	Increase (Decrease) basis points
+200	$ 460,858	$ (89,433)	(16.3)%	18.1%	(226)
+100	506,932	(43,359)	(7.9)	19.4	(104)
0	550,291		0.0	20.4	
-100	579,085	28,794	5.2	21.0	60

(1) Assumes an instantaneous uniform change in interest rates at all maturities.

(2) NPV is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.

(3) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.

(4) NPV Ratio represents NPV divided by the present value of assets.

The table above indicates that at December 31, 2011, in the event of a 100 basis point decrease in interest rates, we would experience a 5.2% increase in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 16.3% decrease in net portfolio value. These changes in net portfolio value are within the limitations established in our asset and liability management policies.

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurement. Modeling changes in net portfolio value require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the net portfolio value table presented assumes that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the net portfolio value table provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

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Part II Other Information

Item 1. Legal Proceedings

The Company and its subsidiaries are subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company s financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes from those risk factors previously disclosed in the Company s Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 12, 2011. In addition to the risks disclosed in the annual report and the other risks described in this quarterly report, there may also be additional risks and uncertainties that are not currently known to us or that we currently deem to be immaterial that could materially and adversely affect our business, financial condition or operating results. As a result, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Further, to the extent that any of the information contained in this Quarterly Report on Form 10-Q constitutes forward-looking statements, the risks disclosed are cautionary statements identifying important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of us.

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

(a) **Unregistered Sale of Equity Securities**. There were no sales of unregistered securities during the period covered by this report.

(b) **Use of Proceeds**. Not applicable.

(c) **Repurchase of Our Equity Securities**.
The following table shows the Company s repurchases of its common stock for each calendar month in the quarter ended December 31, 2011 and the stock repurchase plans approved by our Board of Directors.

Period	September 30, Total Number of Shares Repurchased	September 30, Average Price Paid Per Share	September 30, Total Number of Shares Purchased as part of Publicly Announced Plans	September 30, Maximum Number of Shares That May Yet Be Purchased Under the Plans (1)
October	1,544,600	$ 13.05	1,544,600	233,821
November	331,822	12.65	331,822	2,180,775
December				2,180,775
	1,876,422	$ 12.98	1,876,422	

(1) On November 14, 2011, the Company announced its third Share Repurchase Program, which authorized the purchase of an additional 5% of its outstanding shares of common stock, or 2,278,776 shares. This stock repurchase program commenced upon the completion of the second repurchase program on November 14,

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2011. The timing of the repurchases depend on certain factors, including but not limited to, market conditions and prices, the Company s liquidity and capital requirements, and alternative uses of capital. Repurchased shares will be held as treasury stock and will be available for general corporate purposes. The Company conducts such repurchases in accordance with a Rule 10b5-1 trading plan. This program has no expiration date and has 2,180,775 shares yet to be purchased as of December 31, 2011.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Reserved

Item 5. Other Information

Not applicable

Item 6. Exhibits

The following exhibits are either filed as part of this report or are incorporated herein by reference:

3.1 Certificate of Incorporation of Oritani Financial Corp. *

3.2 Bylaws of Oritani Financial Corp. *

4 Form of Common Stock Certificate of Oritani Financial Corp. *

10.1 Employment Agreement between Oritani Financial Corp. and Kevin J. Lynch**, *****

10.2 Form of Employment Agreement between Oritani Financial Corp. and executive officers**, *****

10.3 Oritani Bank Director Retirement Plan**, *****

10.4 Oritani Bank Benefit Equalization Plan**, *****

10.5 Oritani Bank Executive Supplemental Retirement Income Agreement**, *****

10.6 Form of Employee Stock Ownership Plan**, *****

10.7 Director Deferred Fee Plan**, *****

10.8 Oritani Financial Corp. 2007 Equity Incentive Plan**, *****

10.9	Oritani Financial Corp. 2011 Equity Incentive Plan***, *****
14	Code of Ethics****
21	Subsidiaries of Registrant**
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements tagged as blocks of text ******

* Incorporated by reference to the Registration Statement on Form S-1 of Oritani Financial Corp. (file no. 333-165226), originally filed with the Securities and Exchange Commission on March 5, 2011.

** Incorporated by reference to the Registration Statement on Form S-1 of Oritani Financial Corp. (file no. 333-137309), originally filed with the Securities and Exchange Commission on September 14, 2006.

*** Incorporated by reference to the Company s Proxy Statement for the 2011 Special Meeting of Stockholders filed with the Securities and Exchange Commission on June 27, 2011 (file No. 001-34786).

**** Available on our website www.oritani.com

***** Management contract, compensatory plan or arrangement.

****** As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

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SIGNATURES

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

ORITANI FINANCIAL CORP.

Date: February 9, 2012	/s/ Kevin J. Lynch Kevin J. Lynch President and Chief Executive Officer
Date: February 9, 2012	/s/ John M. Fields, Jr. John M. Fields, Jr. Executive Vice President and Chief Financial Officer