Oritani Financial Corp.
Form 10-Q
May 10, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2010

OR

o **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. 001-33223
Oritani Financial Corp.
(Exact name of registrant as specified in its charter)

United States	**22-3617996**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer 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 þ NO o.

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 o NO o.

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 o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller Reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO þ

As of May 4, 2010, there were 40,552,162 shares of the Registrant s common stock, par value $0.01 per share, issued and 37,041,184 outstanding, of which 27,575,476, or 74.4%, were held by Oritani Financial Corp., MHC, the

Registrant s mutual holding company parent.

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)

	March 31, 2010 *(unaudited)*	**June 30, 2009**
Assets		
Cash on hand and in banks	$ 5,490	$ 7,729
Federal funds sold and short term investments	34,192	127,640
Cash and cash equivalents	39,682	135,369
Loans, net	1,418,034	1,278,623
Securities available for sale, at market value	311,363	144,419
Mortgage-backed securities held to maturity, market value of $78,740 and $120,381 at March 31, 2010 and June 30, 2009, respectively	76,858	118,817
Mortgage-backed securities available for sale, at market value	89,767	128,603
Bank Owned Life Insurance (at cash surrender value)	30,250	29,385
Federal Home Loan Bank of New York stock (FHLB), at cost	24,996	25,549
Accrued interest receivable	9,003	7,967
Investments in real estate joint ventures, net	5,815	5,767
Real estate held for investment	1,213	1,338
Real estate owned	434	
Office properties and equipment, net	14,888	13,777
Other assets	31,927	23,907
Total Assets	$ 2,054,230	$ 1,913,521
Liabilities		
Deposits	$ 1,257,101	$ 1,127,630
Borrowings	496,637	508,991
Advance payments by borrowers for taxes and insurance	10,318	8,301
Accrued taxes payable	6,198	
Official checks outstanding	3,507	2,699
Other liabilities	26,386	25,802
Total liabilities	1,800,147	1,673,423
Stockholders Equity		
Common stock, $0.01 par value; 80,000,000 shares authorized; 40,552,162 issued at March 31, 2010 and June 30, 2009 37,041,184 outstanding at March 31, 2010 and 37,133,684 outstanding at June 30, 2009	130	130
Additional paid-in capital	133,349	130,375

Unallocated common stock held by the employee stock ownership plan	(13,313)	(13,909)
Treasury stock, at cost; 3,510,978 shares at March 31, 2010 and 3,418,478 shares at June 30, 2009	(54,649)	(53,418)
Retained income	186,884	176,199
Accumulated other comprehensive income, net of tax	1,682	721
Total stockholders equity	254,083	240,098
Total Liabilities and Stockholders Equity	$ 2,054,230	$ 1,913,521

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
Three and Nine Months Ended March 31, 2010 and 2009
(in thousands, except per share data)

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
	unaudited			
Interest income:				
Interest on mortgage loans	$ 22,568	$ 18,553	$ 64,633	$ 53,198
Interest on securities held to maturity and dividends on FHLB stock	360	190	1,077	725
Interest on securities available for sale	2,204	713	5,942	1,346
Interest on mortgage-backed securities held to maturity	730	1,373	2,648	4,405
Interest on mortgage-backed securities available for sale	1,141	1,763	3,859	5,436
Interest on federal funds sold and short term investments	17	16	107	17
Total interest income	27,020	22,608	78,266	65,127
Interest expense:				
Deposits	5,016	6,680	17,139	17,796
Borrowings	5,122	5,118	15,616	15,058
Total interest expense	10,138	11,798	32,755	32,854
Net interest income before provision for loan losses	16,882	10,810	45,511	32,273
Provision for loan losses	2,500	2,400	7,550	7,775
Net interest income	14,382	8,410	37,961	24,498
Other income:				
Service charges	435	255	1,191	863
Real estate operations, net	250	280	960	982
Income from investments in real estate joint ventures	229	196	837	739
Bank-owned life insurance	278	294	866	837
Net gain on sale of assets			1,043	
Net gain (loss) on sales of and writedowns of securities	12	(237)	(178)	(2,037)
Other income	39	34	137	106
Total other income	1,243	822	4,856	1,490
Other expenses:				

Compensation, payroll taxes and fringe benefits	4,982	4,569	15,198	13,598
Advertising	169	150	498	414
Office occupancy and equipment expense	644	643	1,748	1,566
Data processing service fees	298	270	844	799
Federal insurance premiums	567	46	1,726	106
Other expenses	764	984	2,404	2,595
Total operating expenses	7,424	6,662	22,418	19,078
Income before income tax expense	8,201	2,570	20,399	6,910
Income tax expense	3,189	1,067	7,975	2,862
Net income	$ 5,012	$ 1,503	$ 12,424	$ 4,048
Net income available to common stockholders	$ 4,870	$ 1,472	$ 12,098	$ 3,967
Basic and fully diluted income per common share	$ 0.14	$ 0.04	$ 0.34	$ 0.11

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
Nine Months ended March 31, 2010 and 2009 (unaudited)
(In thousands)

	Common Stock	Additional paid-in capital	Treasury Stock	Un-allocated common stock held by ESOP	Retained income	Accumu-lated other compre-hensive income (loss), net of tax	Total stock-holders equity
Balance at June 30, 2008	$ 130	$ 128,656	$ (5,926)	$ (14,704)	$ 171,160	$ (341)	$ 278,975
Comprehensive income:							
Net income					4,048		4,048
Unrealized holding gain on securities available for sale arising during year, net of tax						862	862
Reclassification adjustment for losses included in net income, net of tax						902	902
Amortization related to post- retirement obligations, net of tax						271	271
Total comprehensive income							6,083
Cumulative effect of change in accounting for split-dollar life insurance, net of tax					(79)		(79)
Purchase of treasury stock			(46,386)				(46,386)
Compensation cost for stock options and restricted stock		2,653					2,653
ESOP shares allocated or committed to be released		331		596			927

Balance at March 31, 2009	$ 130	$ 131,640	$ (52,312)	$ (14,108)	$ 175,129	$ 1,694	$ 242,173
Balance at June 30, 2009	$ 130	$ 130,375	$ (53,418)	$ (13,909)	$ 176,199	$ 721	$ 240,098
Comprehensive income:							
Net income					12,424		12,424
Unrealized holding gain on securities available for sale arising during year, net of tax						805	805
Reclassification adjustment for losses included in net income, net of tax						51	51
Amortization related to post- retirement obligations, net of tax						105	105
Total comprehensive income							13,385
Cash dividend declared					(1,739)		(1,739)
Purchase of treasury stock			(1,231)				(1,231)
Compensation cost for stock options and restricted stock		2,682					2,682
ESOP shares allocated or committed to be released		231		596			827
Tax benefit from stock-based compensation		61					61
Balance at March 31, 2010	$ 130	$ 133,349	$ (54,649)	$ (13,313)	$ 186,884	$ 1,682	$ 254,083

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and Subsidiaries
Township of Washington, New Jersey
Consolidated Statements of Cash Flows
(unaudited)

	Nine months ended March 31,	
	2010	2009
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 12,424	$ 4,048
Adjustments to reconcile net income to net cash provided by operating activities:		
ESOP and stock-based compensation expense	3,509	3,580
Depreciation of premises and equipment	598	511
Amortization and accretion of premiums and discounts, net	(42)	42
Provision for losses on loans	7,550	7,775
Amortization and accretion of deferred loan fees, net	(666)	(650)
Increase in deferred taxes	(2,278)	(5,017)
Impairment charge on securities	202	1,976
(Gain) loss on sale of securities	(24)	61
Gain on sale of assets	(1,043)	
Writedown of real estate owned	378	
Increase in cash surrender value of bank owned life insurance	(865)	(837)
Increase in accrued interest receivable	(1,036)	(1,384)
(Increase) decrease in other assets	(6,205)	387
Increase in other liabilities	7,952	5,905
Net cash provided by operating activities	20,454	16,397
Cash flows from investing activities:		
Net increase in loans receivable	(112,434)	(199,552)
Purchase of mortgage loans	(34,673)	(34,593)
Purchase of securities available for sale	(310,927)	(108,842)
Purchase of mortgage-backed securities available for sale	(5,106)	(10,117)
Redemption (purchase) of Federal Home Loan Bank of New York stock	553	(3,424)
Principal payments on mortgage-backed securities held to maturity	32,375	30,200
Principal payments on mortgage-backed securities available for sale	37,601	19,429
Proceeds from calls and maturities of securities available for sale	145,750	10,000
Proceeds from sales of mortgage-backed securities held to maturity	9,361	
Proceeds from sales of securities available for sale	6,087	500
Purchase of Bank Owned Life Insurance		(1,833)
Proceeds from sale of real estate held for investment	1,182	
Additional investment in real estate held for investment		(1,978)
Distributions received from real estate held for investment		546
Additional investment in real estate joint ventures	(387)	(780)
Distributions received from real estate joint ventures	401	363
Purchase of fixed assets	(1,709)	(1,293)

Net cash used in investing activities	(231,926)	(301,374)
Cash flows from financing activities:		
Net increase in deposits	129,471	303,108
Purchase of treasury stock	(1,231)	(46,386)
Dividends paid to shareholders	(2,177)	
Tax benefit from stock-based compensation	61	
Increase in advance payments by borrowers for taxes and insurance	2,017	887
Proceeds from borrowed funds		341,225
Repayment of borrowed funds	(12,354)	(265,154)
Net cash provided by financing activities	115,787	333,680
Net (decrease) increase in cash and cash equivalents	(95,687)	48,703
Cash and cash equivalents at beginning of period	135,369	8,890
Cash and cash equivalents at end of period	$ 39,682	$ 57,593
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 32,993	$ 32,616
Income taxes	$ 2,793	$ 4,888
Noncash transfer		
Loans receivable transferred to real estate owned	$ 812	$
Real Estate held for investment transferred to office property and equipment	$	$ 3,690

See accompanying notes to unaudited consolidated financial statements.

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Notes to Unaudited 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, Ormon LLC (Ormon), and Oritani Asset Corporation (a real estate investment trust), collectively, the Company or Oritani.

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 three and nine month periods ended March 31, 2010 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending June 30, 2010.

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, 2009 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 11, 2009.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In June 2009, the Financial Accounting Standards Board (FASB) issued an update to Accounting Standard Codification 105-10, *Generally Accepted Accounting Principles* . This standard establishes the FASB Accounting Standard Codification (Codification or ASC) as the source of authoritative U.S. GAAP recognized by the FASB for nongovernmental entities. The Codification is effective for interim and annual periods ending after September 15, 2009. The Codification is a reorganization of existing U.S. GAAP and does not change existing U.S. GAAP. The Company adopted this standard for our financial statements for periods ending after September 15, 2009. As a result, the Company s disclosures in its consolidated financial statements and all future references to authoritative accounting literature will be referenced in accordance with FASB ASC 105-10. The adoption had no impact on the Company s financial position, results of operations, and earnings per share.

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 March 31, 2010 and June 30, 2009 and in the Consolidated Statements of Income for the three and nine months ended March 31, 2010 and 2009. 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

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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. ASC 260, *Earnings Per Share* , provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. We determined that our outstanding nonvested restricted stock awards are participating securities. Accordingly, earnings per common share is computed using the two-class method. The weighted average common shares outstanding includes the average number of shares of common stock outstanding, including shares held by Oritani Financial Corp., MHC and allocated or committed to be released Employee Stock Ownership Plan shares. 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 and unvested shares of restricted stock were to vest. 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 unvested shares of restricted stock and 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.

	For the Three Months ended March 31,		For the Nine Months ended March 31,	
	2010	2009	2010	2009
	(in thousands, except earnings per share data)			
Net income	$ 5,012	$ 1,503	$ 12,424	$ 4,048
Undistributed earnings allocated to unvested restricted awards	(142)	(31)	(326)	(81)
Net income available to common shareholders	$ 4,870	$ 1,472	$ 12,098	$ 3,967
Weighted average common shares outstanding basic	35,697	36,090	35,690	37,047
Effect of dilutive non-vested shares and stock options outstanding				
Weighted average common shares outstanding diluted	35,697	36,090	35,690	37,047
Earnings per share-basic and diluted	$ 0.14	$ 0.04	$ 0.34	$ 0.11

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3. Stock Transactions

Stock Repurchase Program. On June 2, 2008, the Company announced a stock repurchase plan to acquire up to 10% of its publicly-held outstanding shares of common stock, or 1,297,668 shares. Additional stock repurchase plans were announced on: September 18, 2008, for 10% of the publicly-held outstanding shares, or 1,173,008 shares, on November 21, 2008 for 10% of the publicly-held outstanding shares, or 1,061,098 shares, and on March 18, 2009, for 10% of the publicly-held outstanding shares, or 967,828 shares. Under the stock repurchase program, shares of the Company s common stock may be purchased in the open market and through privately negotiated transactions, from time to time, depending on market conditions and prices, the Company s liquidity requirements and alternative uses of capital. At March 31, 2010, a total of 3,669,937 shares were acquired under these repurchase plans at a weighted average cost of $15.57 per share. Repurchased shares are held as treasury stock and are available for general corporate purposes. No additional shares have been purchased through March 31, 2010. The remaining shares authorized under the March 18, 2009 repurchase plan total 596,291. The Company has no current intention of repurchasing those shares on the open market.

Plan of Conversion and Reorganization. The Boards of Directors of Oritani Financial Corp., MHC and the Company adopted a Plan of Conversion and Reorganization (the Plan) on February 19, 2010. Pursuant to the Plan, the MHC will convert from the mutual holding company form of organization to the fully public form. The MHC will be merged into the Company, and the MHC will no longer exist. The Company will merge into a new Delaware corporation named Oritani Financial Corp. As part of the conversion, the MHC s ownership interest of the Company will be offered for sale in a public offering. The existing publicly held shares of the Company, which represents the remaining ownership interest in the Company, will be exchanged for new shares of common stock of Oritani Financial Corp., the new Delaware corporation. The exchange ratio will ensure that immediately after the conversion and public offering, the public shareholders of the Company will own the same aggregate percentage of Oritani Financial Corp. common stock that they owned immediately prior to that time. When the conversion and public offering are completed, all of the capital stock of Oritani Bank will be owned by Oritani Financial Corp.

The Plan provides for the establishment, upon the completion of the reorganization, of special liquidation accounts for the benefit of certain depositors of Oritani Bank in an amount equal to the greater of the MHC s ownership interest in the retained earnings of the Company as of the date of the latest balance sheet contained in the prospectus or the retained earnings of Oritani Bank at the time it reorganized into the MHC. Following the completion of the reorganization, under the rules of the Office of Thrift Supervision, Oritani Bank will not be permitted to pay dividends on its capital stock to Oritani Financial Corp., its sole shareholder, if Oritani Bank s shareholders equity would be reduced below the amount of the liquidation accounts.

Direct costs of the conversion and public offering are deferred and will reduce the proceeds from the shares sold in the public offering. If the conversion and public offering are not completed, all costs will be charged to expense in the period in which the public offering is terminated. Deferred conversion costs totaled $484,000 as of March 31, 2010.

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4. Equity Incentive Plan

At the Special Meeting of Stockholders of the Company (the Meeting) held on April 22, 2008, the stockholders of the Company approved the Oritani Financial Corp. 2007 Equity Incentive Plan. On May 7, 2008, certain officers and employees of the Company were granted in aggregate 1,311,457 stock options and 588,171 shares of restricted stock, and non-employee directors received in aggregate 476,892 stock options and 206,652 shares of restricted stock. On November 21, 2008, 70,000 stock options were granted at an exercise price equal to the market price of our common stock on the grant date, based on quoted market prices. All option grants have a vesting period of five years and an expiration period of ten years. The fair values of all options grants were estimated using the Black Scholes option-pricing model using the following assumptions: an expected life of 6.5 years, risk-free rate of 3.37%, volatility of 28.22% and a dividend yield of 3.55%. The Company adopted ASC 718, *Compensation-Stock Compensation* , upon approval of the Plan, and began to expense the fair value of all share-based compensation granted over the requisite service periods.

Stock-based compensation expense of $897,000, $896,000, $2.7 million and $2.6 million was recognized for the three and nine months ended March 31, 2010 and 2009, respectively.

The following is a summary of the status of the Company s non-vested options as of March 31, 2010 and changes therein during the nine months then ended:

	Number of Stock Options	Average Grant Date Fair Value	Average Exercise Price	Remaining Contractual Life (years)
Outstanding at June 30, 2009	1,848,349	$ 3.44	$ 15.65	9.0
Granted				
Exercised				
Forfeited	6,624	3.44	15.65	8.8
Expired				
Outstanding at March 31, 2010	1,841,725	$ 3.44	$ 15.65	8.1
Exercisable at March 31, 2010	368,345			

Expected future compensation expense related to the non-vested options outstanding as of March 31, 2010 is $3.5 million over a weighted average period of 3.1 years.

Upon exercise of vested options, management expects to draw on treasury stock as the source of the shares.

The following is a summary of the status of the Company s restricted shares as of March 31, 2010 and changes therein during the nine months then ended:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2009	635,859	$ 15.65
Granted		
Vested		
Forfeited		
Non-vested at March 31, 2010	635,859	$ 15.65

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Expected future compensation expense relating to the non-vested restricted shares as of March 31, 2009 is $7.5 million over a weighted average period of 3.1 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 nine months ended March 31, 2009 and 2008 are presented in the following table (in thousands):

	BEP Plan and Retirement Plan			
	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Service cost	$ 18	$ 34	$ 163	$ 169
Interest cost	84	91	231	208
Amortization of unrecognized:				
Prior service cost	15	15	45	45
Net loss	25	28	57	51
Total	$ 142	$ 168	$ 496	$ 473

	Medical Plan			
	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
Service cost	$ 23	$ 8	$ 51	$ 38
Interest cost	44	30	133	118
Amortization of unrecognized:				
Prior service cost				
Net loss	7	13	37	40
Total	$ 74	$ 51	$ 221	$ 196

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6. Net Loans and Allowance for Loan Loss

Net Loans are summarized as follows:

	March 31, 2010	June 30, 2009
	(In thousands)	
Residential	$ 247,273	$ 265,962
Multi-family	334,433	277,589
Commercial real estate	689,546	562,138
Second mortgage and equity loans	49,153	54,769
Construction loans	105,382	130,831
Other loans	21,497	10,993
Total loans	1,447,284	1,302,282
Deferred loan fees, net	(4,657)	(2,979)
Loans, net of deferred loan fees	1,442,627	1,299,303
Allowance for loan losses	(24,593)	(20,680)
Net loans	$ 1,418,034	$ 1,278,623

The activity in the allowance for loan losses is summarized as follows:

	Three months ended March 31, (In thousands)		Nine months ended March 31, (In thousands)	
	2010	2009	2010	2009
Balance at beginning of period	$ 22,164	$ 18,907	$ 20,680	$ 13,532
Provisions charged to operations	2,500	2,400	7,550	7,775
Recoveries of loans previously charged off			3	
Loans charged off	(71)		(3,640)	
Balance at end of period	$ 24,593	$ 21,307	$ 24,593	$ 21,307

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 March 31, 2010 and June 30, 2009.

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7. Mortgage-backed Securities Held to Maturity

The following is a comparative summary of mortgage-backed securities held to maturity at March 31, 2010 and June 30, 2009:

	March 31, 2010			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Mortgage-backed securities:				
FHLMC	$ 14,082	393		14,475
FNMA	23,181	567		23,748
GNMA	2,354	11		2,365
CMO	37,241	911		38,152
	$ 76,858	1,882		78,740

	June 30, 2009			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Mortgage-backed securities:				
FHLMC	$ 18,783	287	7	19,063
FNMA	31,329	616	2	31,943
GNMA	5,161	16	20	5,157
CMO	63,544	913	239	64,218
	$ 118,817	1,832	268	120,381

Proceeds from the sale of securities held to maturity for the nine months ended March 31, 2010 were $9.4 million, resulting in gross gains and gross losses of $41,000 and $148,000, respectively. These securities had an amortized cost of $9.5 million. The held to maturity securities sold were mortgage backed securities with 15% or less of their original purchased balances remaining. The Company did not sell any mortgage-backed securities held to maturity during the nine months ended March 31, 2009. Mortgage-backed securities with fair values of $77.9 million and $120.4 million at March 31, 2010 and June 30, 2009, respectively, were pledged to FHLB of New York (FHLBNY) as collateral for advances. The Company did not record other than temporary impairment charges on securities held to maturity during the nine months ended March 31, 2010, or 2009.

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. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

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At March 31, 2010, there were no gross unrealized losses on mortgage-backed securities held to maturity. Gross unrealized losses on mortgage-backed 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 June 30, 2009, were as follows:

	June 30, 2009					
	Less than 12 months		Greater than 12 months		Total	
	(In thousands)					
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Mortgage-backed securities:						
FHLMC	$ 805	2	1,012	5	1,817	7
FNMA	845	2			845	2
GNMA			2,009	20	2,009	20
CMO	8,214	43	2,284	196	10,498	239
	$ 9,864	47	5,305	221	15,169	268

The unrealized losses on investments in mortgage-backed securities at June 30, 2009 were caused by interest rate changes. The contractual cash flows of these securities are guaranteed by Fannie Mae, Ginnie Mae and Freddie Mac. The majority of the contractual cash flows of the CMO s are guaranteed by these agencies as well. Because the decline in fair value was attributable to changes in interest rates and not credit quality, and because the Company had no intent to sell and believed it was not more likely than not that it would be required to sell these investments until a market price recovery or maturity, these investments were not considered other than temporarily impaired. The Company had one AAA rated private label CMO investment with an amortized cost of $946,000 and a fair value of $809,000. This security was sold on December 11, 2009 resulting in a realized loss of $137,000.

8. Securities and Mortgage-Backed Securities Available for Sale

The following is a comparative summary of securities and mortgage-backed securities available for sale at March 31, 2010 and June 30, 2009:

	March 31, 2010			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(In thousands)			
Securities available for sale				
U.S. Government and federal agency obligations	$ 300,693	1,767	240	302,220
Corporate bonds	2,000	79		2,079
Mutual funds	4,910	210		5,120
Equity securities	1,763	181		1,944
	$ 309,366	2,237	240	311,363
Mortgage-backed securities:				
FHLMC	$ 20,399	977	27	21,349

FNMA	24,390	1,024	256	25,158
CMO	41,993	1,267		43,260
	$ 86,782	3,268	283	89,767

	June 30, 2009			
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Estimated fair value**
	(In thousands)			
Securities available for sale				
U.S. Government and federal agency obligations	$ 134,754	532	449	134,837
Corporate bonds	2,000	156		2,156
Mutual funds	5,636	40		5,676
Equity securities	1,965	15	230	1,750
	$ 144,355	743	679	144,419
Mortgage-backed securities:				
FHLMC	$ 26,979	945	49	27,875
FNMA	27,023	889	1	27,911
GNMA	2,537	21	1	2,557
CMO	68,571	1,689		70,260
	$ 125,110	3,544	51	128,603

The amortized cost and estimated fair value of securities available for sale other than mutual funds, equity securities and mortgage-backed securities at March 31, 2010, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized cost	**Estimated fair value**
	(In thousands)	
Due in one year through five years	$ 287,716	289,263
Due after five years through ten years	14,977	15,036
Mutual funds and equity securities	6,673	7,064
	$ 309,366	311,363
Mortgage-backed securities	$ 86,232	89,214

Proceeds from the sale of mortgage-backed securities available for sale for the nine months ended March 31, 2010 were $6.1 million, resulting in gross gains and gross losses of $112,000 and $5,000, respectively. These securities had an amortized cost of $6.0 million. The Mutual Fund caption relates to holdings of shares in an Asset Management Fund with underlying investments in adjustable rate mortgages and was deemed other-than-temporarily impaired during fiscal 2009. The Company recorded a non-cash impairment charge to earnings of $1.6 million for the nine months ended March 31, 2009 on the mutual fund, there were no impairment charges on this security for the nine months ended March 31, 2010. Proceeds from the sale of the mutual fund were $750,000 and $500,000 for the nine

months ended March 31, 2010 and 2009, respectively, resulting in a gain of $24,000 for the nine months ended March 31, 2010 and a loss of $61,000 for the nine months ended March 31, 2009. The Equity securities caption relates to holdings of shares in financial institutions common stock. During fiscal 2010 and 2009 several of these holdings were deemed other-than-temporarily impaired. The Company recorded a non-cash

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impairment charge to earnings of $202,000 and $399,000 for the nine months ended March 31, 2010 and 2009, respectively, on the equity securities. Available for sale securities with fair values of $347.1 million and $127.5 million at March 31, 2010 and June 30, 2009, respectively, were pledged to the FHLB of New York (FHLBNY) as collateral for advances.

Gross unrealized losses on securities and mortgage-backed 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 March 31, 2010 and June 30, 2009 were as follows:

	March 31, 2010					
	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)					
Securities available for sale:						
U.S. Government and federal agency obligations	$ 54,496	240			54,496	240
	$ 54,496	240			54,496	240
Mortgage-backed securities:						
FHLMC	$		2,467	27	2,467	27
FNMA	4,831	256			4,831	256
	$ 4,831	256	2,467	27	7,298	283

	June 30, 2009					
	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)					
Securities available for sale:						
U.S. Government and federal agency obligations	$ 79,202	449			79,202	449
Equity securities	654	230			654	230
	$ 79,856	679			79,856	679
Mortgage-backed securities:						
FHLMC	$ 4,501	49			4,501	49
FNMA	1,801	1			1,801	1

GNMA	501	1		501	1
	$ 6,803	51		6,803	51

At March 31, 2010, 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 securities that have been in an unrealized loss position for 12 months or longer include mortgage backed securities whose market values are sensitive to interest rates.

9. 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:

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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 types of instruments whose values are based on quoted market prices in active markets include most U.S. government and agency securities, mortgage-backed securities, many other sovereign government obligations, and active listed securities. Such instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy. As required by ASC 820, the Company does not adjust the quoted price for such instruments.
The following table sets forth the Company s financial assets that were accounted for at fair values on a recurring basis as of March 31, 2010 and June 30, 2009 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):

Assets:	Fair Value as of March 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Securities available for sale	$ 311,363	$ 47,131	$ 264,232	$
Mortgage-backed securities available for sale	89,767		89,767	
	$ 401,130	$ 47,131	$ 353,999	$

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Assets:	Fair Value as of June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Securities available for sale	$ 144,419	$ 27,102	$ 117,318	$
Mortgage-backed securities available for sale	128,604	1,141	127,463	
	$ 273,023	$ 28,243	$ 244,781	$

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: The Company had impaired loans with outstanding principal balances of $22.5 million and $20.0 million at March 31, 2010 and June 30, 2009, respectively, that were recorded at their estimated fair value (less cost to sell) of $20.5 million and $16.7 million at March 31, 2010 and June 30, 2009, respectively. Specific reserves for impaired loans totaled $2.1 million at March 31, 2010 and $3.3 million at June 30, 2009. The Company recorded net impairment charges of $1.6 million and $4.0 million for the nine months ended March 31, 2010 and 2009, respectively. Impaired loans are valued utilizing current appraisals adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date and are considered level 3 inputs.

Other Real Estate Owned: The Company had assets acquired through or deed-in-lieu of foreclosure of $434,000 at March 31, 2010. There were no other real estate owned at June 30, 2009 and 2008. Other real estate owned 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. Subsequent valuation adjustments to other real estate owned totaled $378,000 for the nine months ended March 31, 2010, reflective of continued deterioration in estimated fair values. Operating costs after acquisition are expensed.

10. 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.

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Securities
The fair value of securities is estimated based on bid quotations received from securities dealers, if available. If a quoted market price is not available, fair value is estimated using quoted market prices of similar instruments, adjusted for differences between the quoted instruments and the instruments being valued.

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 mortgage, construction, land and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by 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 is based on recent external appraisals of collateral securing such loans, adjusted for 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 March 31, 2010 and June 30, 2009. 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 due in six months or less is equal to the amount payable. The fair value of all other 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.

	March 31, 2010		June 30, 2009	
	Carrying value	Fair value	Carrying value	Fair value
	(In thousands)			
Financial assets:				
Cash and cash equivalents	$ 39,682	39,682	135,369	135,369
Securities available for sale	311,363	311,363	144,419	144,419
Mortgage-backed securities held to maturity	76,858	78,740	118,817	120,381
Mortgage-backed securities available for sale	89,767	89,767	128,603	128,603
Federal Home Loan Bank of New York stock	24,996	24,996	25,549	25,549
Loans	1,418,034	1,437,665	1,278,623	1,292,394
Financial liabilities deposits	1,257,101	1,258,052	1,127,630	1,130,285
Financial liabilities borrowings	496,637	530,641	508,991	547,202

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.

11. Deposits

Deposits are summarized as follows:

	March 31, 2010	June 30, 2009
	(In thousands)	
Demand deposit accounts	$ 122,639	$ 88,759
Money market accounts	300,738	199,965
Savings accounts	147,620	147,669
Time deposits	686,104	691,237
Total deposits	$ 1,257,101	$ 1,127,630

12. 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 cumulative effect of applying the provisions of ASC 740 shall be reported as an adjustment to the opening balance of retained earnings for that fiscal year. The Company adopted ASC 740 on July 1, 2007. The adoption of ASC 740 resulted in a $900,000 transition adjustment which increased retained income at July 1, 2007. 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 and Pennsylvania state jurisdictions. The Company is no longer subject to federal and state income tax examinations by tax authorities for years prior to 2004. Currently, the Company is not under examination by any taxing authority.

13. 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 $5.5 million and $5.6 million at March 31, 2010 and June 30, 2009, respectively.

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 $(229,000) and $(91,000) at March 31, 2010 and June 30, 2009, respectively.

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14. Recent Accounting Pronouncements

In February 2010, the FASB issued Accounting Standards Update (ASU) 2010-09, Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements. ASU 2010-09 addresses both the interaction of the requirements of Topic 855 with the SEC s reporting requirements and the intended breadth of the reissuance disclosures provisions related to subsequent events. An entity that is an SEC filer is not required to disclose the date through which subsequent events have been evaluated. The guidance is effective immediately. The adoption of the new guidance did not have a material impact on the Company s consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. The update amends Subtopic 820-10 to clarify existing disclosures, require new disclosures, and includes conforming amendments to guidance on employers disclosures about postretirement benefit plan assets. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The adoption of the new guidance did not have a material impact on the Company s consolidated financial statements.

In June 2009, the FASB issued ASC 810 (formerly Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R)), relating to the variable interest entities (VIE). The objective of the guidance is to improve financial reporting by enterprises involved with VIE s and to provide more relevant and reliable information to users of financial statements. ASC 810 addresses the effects of eliminating the qualifying special-purpose entity concept, changes the approach to determining the primary beneficiary of a VIE and requires companies to assess more frequently whether a VIE must be consolidated. These provisions also require enhanced interim and year-end disclosures about the significant judgments and assumptions considered in determining whether a VIE must be consolidated, the nature of restrictions on a consolidated VIE s assets, the risks associated with a company s involvement with a VIE and how that involvement affects the company s financial position, financial performance and cash flows. This guidance is effective for fiscal years beginning after November 15, 2009 and for interim periods within those fiscal years with early application prohibited. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements

In June 2009, the FASB issued guidance which amends the derecognition guidance in topic 860, Transfer and Servicing, to enhance reporting about transfers of financial assets, including securitizations, and where companies having continuing exposure to the risks related to transferred financial assets. The guidance eliminates the concept of qualifying special-purpose entity , changes the requirements for derecognizing financial assets and requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. This guidance is effective for financial asset transfers occurring in fiscal years beginning after November 15, 2009. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In 2008, the FASB issued Staff Position No. FAS 132(R)-1, Employers Disclosures about Postretirement Benefit Plan Assets (ASC Topic 715-20-65). This guidance will expand disclosure by requiring the following new disclosures: 1) how investment allocation decisions are made by management; 2) major categories of plan assets; and 3) significant concentrations of risk. Additionally, ASC 715-20-65 will require an employer to disclose information about the valuation of plan assets similar to that required in ASC topic 820 Fair Value Measurements and Disclosures. This guidance is effective

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for fiscal years beginning after December 15, 2009. The Company does not expect the adoption to have a material effect on its consolidated financial statements.

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 similar terms or variations on those terms, or the negative of th 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. is the federally chartered mid-tier stock holding company of Oritani Bank. Oritani Financial Corp. owns 100% of the outstanding shares of common stock of Oritani Bank. Since being formed in 1998, Oritani Financial Corp. has engaged primarily in the business of holding the common stock of Oritani Bank and two limited liability companies that own a variety of real estate investments. In addition, Oritani Financial Corp. has engaged in limited lending to the real estate investment properties in which (either directly or through one of its subsidiaries) Oritani Financial Corp. has an ownership interest. Oritani 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 and equity loans, construction loans, business loans, other consumer loans, and investment securities. We originate loans primarily for investment and hold such loans in our portfolio. Occasionally, we will also enter into loan participations. Our primary sources of funds are deposits, borrowings and principal and interest payments on loans and securities. Our revenues are derived principally from interest on loans and securities as well as our investments in real estate and real estate joint ventures. We also generate revenues from fees and service charges and other income. Our results of operations depend primarily on our net interest income which is the difference between the interest we earn on interest-earning assets and the interest paid on our interest-bearing liabilities. Our net interest income is primarily affected by the market interest rate environment, the shape of the U.S.

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Treasury yield curve, the timing of the placement of interest-earning assets and interest-bearing liabilities, and the prepayment rate on our mortgage-related assets. Provisions for loan losses and asset impairment charges can also have a significant impact on our results of operations. Other factors that may affect our results of operations are general and local economic and competitive conditions, government policies and actions of regulatory authorities.

Our business strategy is to operate as a well-capitalized and profitable financial institution dedicated to providing exceptional personal service to our individual and business customers. Our primary focus has been, and will continue to be, growth in multi-family and commercial real estate lending. We do not originate or purchase sub-prime loans, and our loan portfolio does not include any such loans.

The Boards of Directors of Oritani Financial Corp., MHC and the Company adopted a Plan of Conversion and Reorganization (the Plan) on February 19, 2010. Pursuant to the Plan, the MHC will convert from the mutual holding company form of organization to the fully public form. The MHC will be merged into the Company, and the MHC will no longer exist. The Company will merge into a new Delaware corporation named Oritani Financial Corp. As part of the conversion, the MHC s ownership interest of the Company will be offered for sale in a public offering. The existing publicly held shares of the Company, which represents the remaining ownership interest in the Company, will be exchanged for new shares of common stock of Oritani Financial Corp., the new Delaware corporation. The exchange ratio will ensure that immediately after the conversion and public offering, the public shareholders of the Company will own the same aggregate percentage of Oritani Financial Corp. common stock that they owned immediately prior to that time. When the conversion and public offering are completed, all of the capital stock of Oritani Bank will be owned by Oritani Financial Corp.

Comparison of Financial Condition at March 31, 2010 and June 30, 2009

Balance Sheet Summary

Total Assets. Total assets increased $140.7 million, or 7.4%, to $2.05 billion at March 31, 2010, from $1.91 billion at June 30, 2009. The increase was due primarily to the growth of loans and securities AFS.

Cash and Cash Equivalents. Cash and cash equivalents (which includes fed funds and short term investments) decreased $95.7 million to $39.7 million at March 31, 2010, from $135.4 million at June 30, 2009 as excess liquidity was deployed.

Net Loans. Loans, net increased $139.4 million, or 10.9%, to $1.42 billion at March 31, 2010, from $1.28 billion at June 30, 2009. The Company continued its emphasis on loan originations, particularly multifamily and commercial real estate loans. Loan originations totaled $275.8 million and purchases totaled $34.7 million for the nine months ended March 31, 2010.

Delinquency information is provided below:

Delinquency Totals

	3/31/2010	12/31/2009	9/30/2009	6/30/2009	3/31/2009
			(in thousands)		
30 - 59 days past due	$ 6,670	$ 9,613	$14,318	$ 4,574	$ 4,897
60 - 89 days past due	4,293	1,974	1,049	17,825	1,042
nonaccrual	41,170	51,907	52,557	52,465	52,260
Total	$52,133	$63,494	$67,924	$74,864	$58,199

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Total delinquent loans have decreased by $22.7 million during the nine months ended March 31, 2010 and by $11.4 million over the three months ended March 31, 2010. Substantial reductions in nonaccrual assets were achieved over this past quarter, as compared to the totals from the prior four quarters. Nonaccrual loans decreased $10.7 million, or 20.7%, over the three months ended March 31, 2010. While reductions have been achieved, nonaccrual and total delinquent loan totals remain at elevated levels.

A discussion of the significant components of the nonaccrual loan total at March 31, 2010 follows. These loans have been discussed in prior public releases.

Two of these loans are to one borrower and totaled $16.5 million at March 31, 2010. The loans are secured by a condominium construction project and raw land with all building approvals, both of which are in Northern New Jersey. The borrower declared bankruptcy and Oritani has provided debtor in possession financing for the completion of the condominium construction project. While the project is substantially complete, significant delays have been encountered in finalizing the project and obtaining certificates of occupancy (CO) for the residential units. Numerous residential units remain under contract and new sales are continuing. Prior charge offs of the construction loan totaled $4.0 million and prior charge offs of the land loan totaled $661,000. Both loans are classified as impaired as of March 31, 2010. In addition, specific reserves totaling $1.7 million have been recorded against these loans.

A $14.1 million loan secured by a multi-tenant commercial property in Hudson County, New Jersey. The borrower has experienced cash flow difficulties. Oritani is in litigation with this borrower, foreclosure proceedings are progressing, summary judgment against the borrower has been obtained and all tenant rent payments are being made directly to Oritani. The rents received were sufficient to make each of the monthly payments during the quarter.

A $3.1 million loan secured by a commercial property located in Bergen County, New Jersey. The borrower and guarantor on this loan have declared bankruptcy. A contract for the sale of the property has been accepted by the bankruptcy trustee. This contract was originally expected to close in March, 2010. The closing has been postponed and is now expected to occur during the quarter ended June 30, 2010. In accordance with the results of the impairment analysis for this loan, no reserve was required as the loan is considered to be well collateralized.

A $2.9 million loan secured by a warehouse property in Nassau County, New York. The Company acquired this property via foreclosure in April, 2010. Upon acquisition, the specific reserve of $355,000 associated with this loan was charged off and the asset was transferred to Real Estate Owned. The Company has had discussions with several parties regarding disposition and expects to have a contract for sale of the property shortly.

A $2.4 million residential construction loan for two luxury homes and an improved lot located in Essex County, New Jersey. The borrower encountered cash flow difficulties due to an extended construction and marketing period. Oritani is in litigation with this borrower, foreclosure proceedings are progressing and summary judgment against the borrower has been obtained.

Included in the $4.3 million of loans that are 60-89 days delinquent at March 31, 2010 is a $2.4 million loan. The Company has an executed letter of intention to sell this loan for an amount slightly in excess of our book value.

Securities Available For Sale. Securities AFS increased $166.9 million to $311.4 million at March 31, 2010, from $144.4 million at June 30, 2009. As described under Total Interest Income, the Company felt this investment option currently presents the best risk/reward profile.

Deposits. Deposits increased $129.5 million, or 11.5%, to $1.26 billion at March 31, 2010, from $1.13 million at June 30, 2009. Strong deposit growth, particularly in core accounts, remains a strategic objective of the Company. The Bank opened its 22nd branch location in Bergenfield (Bergen County), New Jersey, in February.

Stockholders Equity. Stockholders equity increased $14.0 million, or 5.8%, to $254.1 million at March 31, 2010, from $240.1 million at June 30, 2009. On March 18, 2009, the Company announced the commencement of a fourth (967,828 shares) 10% repurchase program. As of March 31, 2010, the Company had repurchased a total of 3,669,937 shares at a total cost of $57.1 million and an average cost of $15.57 per share.

Average Balance Sheet for the Three and Nine Months Ended March 31, 2010 and 2009

The following tables present certain information regarding Oritani Financial Corp. s financial condition and net interest income for the three and nine months ended March 31, 2010 and 2009. The table presents 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.

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

	March 31, 2010			March 31, 2009		
	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)	$ 1,386,530	$ 22,568	6.51%	$ 1,220,390	$ 18,553	6.08%
Securities held to maturity (2)	25,554	360	5.64%	24,909	190	3.05%
Securities available for sale	316,342	2,204	2.79%	73,025	713	3.91%
Mortgage backed securities held to maturity	79,882	730	3.66%	138,493	1,373	3.97%
Mortgage backed securities available for sale	99,080	1,141	4.61%	147,157	1,763	4.79%
Federal funds sold and short term investments	18,157	17	0.37%	5,107	16	1.25%
Total interest-earning assets	1,925,545	27,020	5.61%	1,609,081	22,608	5.62%
Non-interest-earning assets	96,047			120,435		
Total assets	$ 2,021,592			$ 1,729,516		
Interest-bearing liabilities:						
Savings deposits	146,296	303	0.83%	143,321	469	1.31%
Money market	283,557	986	1.39%	108,444	659	2.43%
NOW accounts	109,881	198	0.72%	73,047	161	0.88%
Time deposits	683,358	3,529	2.07%	620,470	5,391	3.48%
Total deposits	1,223,092	5,016	1.64%	945,282	6,680	2.83%
Borrowings	506,182	5,122	4.05%	508,368	5,118	4.03%
Total interest-bearing liabilities	1,729,274	10,138	2.35%	1,453,650	11,798	3.25%
	42,191			32,709		

Non-interest-bearing liabilities				
Total liabilities	1,771,465		1,486,359	
Stockholders equity	250,127		243,157	
Total liabilities and stockholders equity	$ 2,021,592		$ 1,729,516	
Net interest income	$ 16,882		$ 10,810	
Net interest rate spread (3)		3.26%		2.37%
Net interest-earning assets (4)	$ 196,271		$ 155,431	
Net interest margin (5)		3.51%		2.69%
Average of interest-earning assets to interest-bearing liabilities		111.35%		110.69%

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

	March 31, 2010			March 31, 2009		
	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]	$ 1,353,417	$ 64,633	6.37%	$ 1,155,755	$ 53,198	6.14%
Securities held to maturity [2]	25,526	1,077	5.63%	24,733	725	3.91%
Securities available for sale	279,029	5,942	2.84%	43,699	1,346	4.11%
Mortgage backed securities held to maturity	95,752	2,648	3.69%	148,556	4,405	3.95%
Mortgage backed securities available for sale	111,193	3,859	4.63%	148,429	5,436	4.88%
Federal funds sold and short term investments	38,366	107	0.37%	1,875	7	0.50%
Total interest-earning assets	1,903,283	78,266	5.48%	1,523,047	65,117	5.70%
Non-interest-earning assets	89,607			91,501		
Total assets	$ 1,992,890			$ 1,614,548		
Interest-bearing liabilities:						
Savings deposits	146,307	978	0.89%	144,247	1,536	1.42%
Money market	252,788	2,994	1.58%	83,402	1,735	2.77%
NOW accounts	104,490	602	0.77%	74,405	486	0.87%
Time deposits	695,816	12,565	2.41%	520,303	14,039	3.60%
Total deposits	1,199,401	17,139	1.91%	822,357	17,796	2.89%
Borrowings	507,491	15,616	4.10%	504,384	15,058	3.98%
Total interest-bearing liabilities	1,706,892	32,755	2.56%	1,326,741	32,854	3.30%
Non-interest-bearing liabilities	40,148			32,271		
Total liabilities	1,747,040			1,359,012		
Stockholders equity	245,850			255,536		
Total liabilities and stockholder s equity	$ 1,992,890			$ 1,614,548		

Net interest income		$ 45,511		$ 32,263
Net interest rate spread [3]		2.92%		2.40%
Net interest-earning assets [4]	$ 196,391		$ 196,306	
Net interest margin [5]		3.19%		2.82%
Average of interest-earning assets to interest-bearing liabilities		111.51%		114.80%

(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.

Comparison of Operating Results for the Quarter Ended March 31, 2010 and 2009

Net Income. Net income increased $3.5 million to $5.0 million, or $0.14 per share, for the quarter ended March 31, 2010, from $1.5 million, or $0.04 per share, for the corresponding 2009 quarter. The primary driver of the increased income in the 2010 period was increased net interest income before provision for loan losses. Net interest income increased by $6.1 million, or 56.2%, to $16.9 million for the quarter ended March 31, 2010, from $10.8 million for the quarter ended March 31, 2009. The increase is primarily due to a higher net interest spread and a larger asset base. Net income was also augmented by recoveries associated with problem loan disposals. Over the quarter ended March 31, 2010, the Company collected $1.0 million of delinquent interest and prepayment penalties, $146,000 of late charges and $150,000 of reimbursed legal expenses in connection with problem loan disposals. The after tax impact of such items totaled $807,000. Our annualized return on average assets was 0.99% for the quarter ended March 31, 2010 and 0.35% for the corresponding 2009 quarter. Our annualized return on average equity was 8.02% for the quarter ended March 31, 2010 and 2.47% for the corresponding 2009 quarter.

Total Interest Income. Total interest income increased by $4.4 million, or 19.5%, to $27.0 million for the three months ended March 31, 2010, from $22.6 million for the three months ended March 31, 2009. The largest increase occurred in interest on loans, which increased $4.0 million, or 21.6%, to $22.6 million for the three months ended March 31, 2010, from $18.6 million for the three months ended March 31, 2009. Over that same period, the average balance of loans increased by $166.1 million while the yield on the portfolio increased 43 basis points on an actual basis, and 13 basis points on a normalized basis. Included in interest on loans for the three months ended March 31, 2010 is $1.0 million of prior period and penalty interest recovered in conjunction with problem loan disposals. These amounts were not included in income for the normalized calculation of loan yield. Continuing a trend that began in the quarter ended June 30, 2009, excess liquidity is generally being deployed in securities classified as available for sale (AFS) as management believes such investments provide the best risk/reward profile considering the current and projected cash needs of the Company. Such investments are typically callable notes of government sponsored agencies with limited optionality and call features that increased the likelihood that the note would be called. Management classified the investments as AFS so that they could be sold should unexpected liquidity needs develop. Interest on securities AFS increased by $1.5 million to $2.2 million for the three months ended March 31, 2010, from $713,000 for the three months ended March 31, 2009. The average balance of securities AFS increased $243.3 million over that same period. The yield on the portfolio decreased considerably due to current market rates as well as the conservative structure of the new investments. Cash flows from the mortgage-backed securities (MBS) portfolios were primarily redeployed into securities AFS because, as described above, management felt securities AFS provided the best risk/reward profile given current economic circumstances and investment options. Interest on MBS held to maturity (HTM) decreased by $643,000, or 46.8%, to $730,000 for the three months ended March 31, 2010, from $1.4 million for the three months ended March 31, 2009. Interest on MBS AFS decreased by $622,000, or 35.3%, to $1.1 million for the three months ended March 31, 2010, from $1.8 million for the three months ended March 31, 2009. The combined average balances of the two MBS portfolios decreased $106.7 million over the periods.

Total Interest Expense. Total interest expense decreased by $1.7 million, or 14.1%, to $10.1 million for the three months ended March 31, 2010, from $11.8 million for the three months ended March 31, 2009. Interest expense on deposits decreased by $1.7 million, or 24.9%, to $5.0 million for the three months ended March 31, 2010, from $6.7 million for the three months ended March 31, 2009. The average balance of interest bearing deposits increased by $277.8 million and the average cost of these funds decreased 119 basis points over this period. 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. While the Company expects this trend to continue, the rate of decrease is expected to decelerate significantly, as the majority of the deposit portfolio has repriced in a low rate environment. Interest expense on borrowings was essentially stable, the average balance decreased $2.2 million and the cost increased 2 basis points.

Net Interest Income Before Provision for Loan Losses. Net interest income increased by $6.1 million, or 56.2%, to $16.9 million for the three months ended March 31, 2010, from $10.8 million for the three months ended March 31, 2009. The Company s net interest rate spread and margin increased to 3.26% and 3.51% for the three months ended March 31, 2010, from 2.37% and 2.69% for the three months ended March 31, 2009, respectively. On a normalized basis (excluding the impact of the recoveries associated with the problem asset disposals), the Company s net interest rate spread and margin for the three months ended March 31, 2010 were 3.05% and 3.29%, respectively. The Company s net interest rate spread and net interest margin were hindered in both periods due to the impact of nonaccrual loans. The Company s net interest income was $1.2 million lower for both the three months ended March 31, 2010 and 2009 due to the impact of nonaccrual loans. A portion of the 2009 interest reduction was collected in 2010 in connection with problem loan disposals.

Provision for Loan Losses. The Company recorded provisions for loan losses of $2.5 million for the three months ended March 31, 2010 as compared to $2.4 million for the three months ended March 31, 2009. A rollforward of the allowance for loan losses for the three months ended March 31, 2010 and 2009 is presented below:

	Three months ended March 31,	
	2010	2009
	(In thousands)	
Balance at beginning of period	$ 22,164	$ 18,907
Provisions charged to operations	2,500	2,400
Loans charged off	(71)	
Balance at end of period	$ 24,593	$ 21,307
Allowance for loan losses to total loans	1.70%	1.69%

The delinquency and nonaccrual totals, along with charge-offs and macro economic factors, remain the primary contributors to the current level of provision for loan losses. Loan growth was also a component of the provision for loan losses.

Other Income. Other income increased by $421,000 to $1.2 million for the three months ended March 31, 2010, from $822,000 for the three months ended March 31, 2009. Results for the quarter ended March 31, 2010, were augmented due to the collection of $146,000 in late charges in connection with problem loan disposals. Results for the quarter ended March 31, 2009 were reduced due to a $225,000 impairment charge and a $12,000 loss on partial sale of a mutual fund holding in the Company s AFS portfolio.

Operating Expenses. Operating expenses increased by $762,000, or 11.4%, to $7.4 million for the three months ended March 31, 2010, from $6.7 million for the three months ended March 31, 2009. The Company s efficiency ratio (total operating expenses divided by the sum of net interest income before provision for loan losses plus total other income), on an actual basis, for the 2010 quarter was 41.0%. On a normalized basis, the ratio was 44.7%. Compensation, payroll taxes and fringe benefits increased $413,000, or 9.0%, to $5.0 million for the three months ended March 31, 2010, from $4.6 million for the

three months ended March 31, 2009. The increase is primarily due to increases in payroll taxes and health insurance. Federal deposit insurance premiums increased significantly over the period due to an increase in FDIC deposit insurance rates, an increase in insurable deposits and the depletion of a credit against FDIC deposit insurance charges. FDIC deposit insurance premiums increased to $567,000 for the three months ended March 31, 2010, from $46,000 for the three months ended March 31, 2009. Other expense decreased $220,000 to $764,000 for the three months ended March 31, 2010, from $984,000 for the corresponding 2009 period. The decrease was primarily due to $150,000 of reimbursed legal expenses received in conjunction with problem loan dispositions.

Income Tax Expense. Income tax expense for the three months ended March 31, 2010 was $3.2 million, due to pre-tax income of $8.2 million, resulting in an effective tax rate of 38.9%. Income tax expense for the three months ended March 31, 2009 was $1.1 million, due to pre-tax income of $2.6 million, resulting in an effective tax rate of 41.5%.

Comparison of Operating Results for the Nine Months Ended March 31, 2010 and 2009

Net Income. Net income increased $8.4 million to $12.4 million, or $0.34 per share, for the nine months ended March 31, 2010, from net income of $4.0 million, or $0.11 per share, for the corresponding 2009 period. The nine month period ended March 31, 2010 was positively impacted by a higher net interest spread, a larger asset base and recoveries associated with problem loan disposals. Over the nine month period ended March 31, 2010, the Company collected $2.3 million of delinquent interest and prepayment penalties, $297,000 of late charges and $501,000 of reimbursed legal expenses in connection with problem loan disposals. The after tax impact of these recoveries totaled $1.9 million. The increased income is also partially attributable to securities writedowns in the 2009 period (which reduced 2009 net income) and a gain on sale of assets in the 2010 period. Our annualized return on average assets was 0.83% and our annualized return on average equity was 6.74% for the nine month period ended March 31, 2010, versus 0.33% and 2.11% for the nine month period ended March 31, 2009, respectively.

Total Interest Income. Total interest income increased by $13.1 million, or 20.2%, to $78.3 million for the nine months ended March 31, 2010, from $65.1 million for the nine months ended March 31, 2009. The largest increase occurred in interest on loans, which increased $11.4 million, or 21.5%, to $64.6 million for the nine months ended March 31, 2010, from $53.2 million for the nine months ended March 31, 2009. Over that same period, the average balance of loans increased by $197.7 million while the yield on the portfolio increased 23 basis points on an actual basis and was flat on a normalized basis. Included in interest on loans for the nine months ended March 31, 2010 is $2.3 million of prior period and penalty interest recovered in conjunction with problem loan disposals. These amounts were not included in income for the normalized calculation of loan yield. Due primarily to the reasons described in Comparison of Operating Results for the Quarter Ended March 31, 2010 and 2009 Total Interest Income, there were significant changes to income on securities AFS, MBS HTM and MBS AFS. Interest on securities AFS increased by $4.6 million to $5.9 million for the nine months ended March 31, 2010, from $1.3 million for the nine months ended March 31, 2009. The average balance of securities AFS increased $235.3 million over that same period. Interest on MBS HTM decreased by $1.8 million to $2.6 million for the nine months ended March 31, 2010, from $4.4 million for the nine months ended March 31, 2009. Interest on MBS AFS decreased by $1.6 million to $3.9 million for the nine months ended March 31, 2010, from $5.4 million for the nine months ended March 31, 2009. The combined average balances of the two MBS portfolios decreased $90.0 million over the period.

Total Interest Expense. Total interest expense decreased by $99,000 to $32.8 million for the nine months ended March 31, 2010, from $32.9 million for the nine months ended March 31, 2009. Interest expense on deposits decreased by $657,000, or 3.7%, to $17.1 million for the nine months ended March 31, 2010,

from $17.8 million for the nine months ended March 31, 2009. The average balance of interest bearing deposits increased by $377.0 million and the average cost of these funds decreased 98 basis points over this period. 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 increased by $558,000, or 3.7%, to $15.6 million for the nine months ended March 31, 2010, from $15.1 million for the nine months ended March 31, 2009. The average balance of borrowings increased $3.1 million and the cost increased 12 basis points over this period.

Net Interest Income Before Provision for Loan Losses. Net interest income increased by $13.2 million, or 41.0%, to $45.5 million for the nine months ended March 31, 2010, from $32.3 million for the nine months ended March 31, 2009. The Company s net interest rate spread and margin increased to 2.92% and 3.19% for the nine months ended March 31, 2010, from 2.40% and 2.82% for the nine months ended March 31, 2009, respectively. On a normalized basis, the Company s net interest rate spread and margin for the nine months ended March 31, 2010 were 2.76% and 3.03%, respectively. The Company s net interest income was reduced by $2.4 million and $2.5 million for the nine months ended March 31, 2010 and 2009, respectively, due to the impact of nonaccrual loans. A portion of the 2009 interest reduction was collected in 2010 in connection with problem loan disposals.

Provision for Loan Losses. The Company recorded provisions for loan losses of $7.6 million for the nine months ended March 31, 2010 as compared to $7.8 million for the nine months ended March 31, 2009. A rollforward of the allowance for loan losses for the nine months ended March 31, 2010 and 2009 is presented below:

	Nine months ended March 31,	
	2010	2009
	(In thousands)	
Balance at beginning of period	$ 20,680	$ 13,532
Provisions charged to operations	7,550	7,775
Recoveries of loans previously charged off	3	
Loans charged off	(3,640)	
Balance at end of period	$ 24,593	$ 21,307
Allowance for loan losses to total loans	1.70%	1.69%

The delinquency and nonaccrual totals, along with charge-offs and macro economic factors, remain the primary contributors to the current level of provision for loan losses. Loan growth was also a component of the provision for loan losses.

Other Income. Other income increased by $3.4 million to $4.9 million for the nine months ended March 31, 2010, from $1.5 million for the nine months ended March 31, 2009. Results for the nine months ended March 31, 2009 were reduced due to a $1.8 million impairment charge taken regarding equity securities in the Company s AFS portfolio as well as a $225,000 impairment charge and a $12,000 loss on partial sale of a mutual fund holding in the Company s AFS portfolio. Included in the results for the 2010 period is a $1.0 million gain on the sale of a commercial office property that had been held and operated as a real estate investment. In addition, the 2010 period includes $297,000 of late charges received in connection with problem loan disposals.

Operating Expenses. Operating expenses increased by $3.3 million, or 17.5%, to $22.4 million for the nine months ended March 31, 2010, from $19.1 million for the nine months ended March 31, 2009. The Company s efficiency ratio for the 2010 period, on an actual and normalized basis, was 44.5% and

48.0%, respectively. Compensation, payroll taxes and fringe benefits increased $1.6 million, or 11.8%, to $15.2 million for the nine months ended March 31, 2010, from $13.6 million for the nine months ended March 31, 2009. The increase is primarily due to increases in payroll taxes and health insurance, as well as increases in compensation. Federal deposit insurance premiums increased significantly over the period due to an increase in FDIC deposit insurance rates, an increase in insurable deposits and the depletion of a credit against FDIC deposit insurance charges. FDIC deposit insurance premiums increased to $1.7 million for the nine months ended March 31, 2010, from $106,000 for the nine months ended March 31, 2009. Other expense decreased $191,000 to $2.4 million for the nine months ended March 31, 2010, from $2.6 million for the corresponding 2009 period. The decrease was primarily due to $501,000 of reimbursed legal expenses received in conjunction with problem loan dispositions.

Income Tax Expense. Income tax expense for the nine months ended March 31, 2010, was $8.0 million, due to pre-tax income of $20.4 million, resulting in an effective tax rate of 39.1%. For the nine months ended March 31, 2009, income tax expense was $2.9 million, due to pre-tax income of $6.9 million, resulting in an effective tax rate of 41.4%.

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 an overnight line of credit and advances from the FHLB.

At March 31, 2010, the Company had no overnight borrowings from the FHLB. The Company utilizes the overnight line from time to time to fund short-term liquidity needs. The Company had total borrowings of $496.6 million at March 31, 2010 and $509.0 million at June 30, 2009. The Company s total borrowings at March 31, 2010, consisted of the $496.3 million in longer term borrowings with the FHLB and minor amounts due to Oritani Financial Corp., MHC. In the normal course of business, the Company routinely enters into various commitments, primarily relating to the origination of loans. At March 31, 2010, outstanding commitments to originate loans totaled $89.6 million and outstanding commitments to extend credit totaled $62.6 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 $546.0 million at March 31, 2010. 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 $7.0 million is prepaid.

As of March 31, 2010, the Company exceeded all regulatory capital requirements as follows:

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	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Total capital (to risk-weighted assets)	$271,361	18.0%	$120,895	8.0%
Tier I capital (to risk-weighted assets)	252,401	16.7	60,447	4.0
Tier I capital (to average assets)	252,401	12.5	80,864	4.0

On October 14, 2008, the Treasury announced a voluntary Capital Purchase Program to encourage U.S. financial institutions to build capital and increase financing. Oritani is not participating in this program. Oritani currently supports very strong capital ratios and capital levels have not been, and are not anticipated to be, a hindrance on our ability to lend. In addition, participation in the program could limit our flexibility regarding capital management strategies such as dividends and repurchases. The Treasury and the FDIC have also announced an insurance guarantee program, whereby all funds in non-interest bearing transaction deposit account, regardless of their balance, would be covered by FDIC insurance through June 30, 2010. Oritani is a participant in this program.

Critical Accounting Policies

Note 1 to the Company s Audited Consolidated Financial Statements for the year ended June 30, 2009, 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 intangible assets and 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, 2009.

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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 currently 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) originating certain construction and commercial real estate loans that have short maturities and/or monthly interest resets.

(iii) investing in shorter duration mortgage-backed securities and securities with call provisions that are considered likely to be invoked; and

(iv) 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. By following these strategies, we believe that we are well-positioned to react to increases in market interest rates.

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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.

The table below sets forth, as of March 31, 2010, 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.

Change in Interest Rates	Estimated	Estimated Increase (Decrease) in NPV		NPV as a Percentage of Present Value of Assets (3)	
(basis points) (1)	NPV (2)	Amount	Percent	NPV Ratio (4)	Increase (Decrease) (basis points)
		(Dollars in thousands)			
+200	$213,525	$ (65,676)	(23.5)%	11.1%	(240)
0	279,201			13.5	
-100	298,986	19,785	7.1	14.0	50

(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 March 31, 2010, in the event of a 100 basis point decrease in interest rates, we would experience an 7.1% increase in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 23.5% 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.

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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 to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms.

There were no significant changes made in the Company s internal controls over financial reporting or in other factors that could significantly affect the Company s internal controls over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

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

The risks set forth below, in addition to the other risks described in this quarterly report, represent 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 11, 2009, and may adversely affect our business, financial condition and operating results. In addition to the risks set forth below 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 risk factors set forth below also 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.

Our Deposit Growth Has Been a Primary Funding Source. If Deposit Growth Slows, It May Be More Expensive For Us to Fund Loan Originations.

We have recently experienced a period of unprecedented deposit growth, with a 61.3% increase in deposit balances from June 30, 2008 to June 30, 2009, and annualized growth for the nine month period ended March 31, 2010 of 15.3%. Management believes a portion of this growth was due to external factors, as funds were withdrawn from the stock market and deposited into investment options considered safe by the investors, such as Oritani Bank. Such depositors may choose to redeploy these funds in the stock market at a future date, regardless of our efforts. If this occurs, it would hamper our ability to grow

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deposits and could even result in a net outflow of deposits. In addition, the increase in deposit insurance limits also may have contributed to our deposit growth and we could experience a net outflow of deposits of such deposit insurance limits were reduced. We will continue to focus on deposit growth, which we use to fund loan originations and purchase investment securities. However, if we are unable to continue to sufficiently increase our deposit balances, we may be required to utilize alternative sources of funding, including Federal Home Loan Bank (FHLB) advances, or increase our deposit rates, each of which will increase our cost of funds.

A Legislative Proposal Has Passed the House of Representatives That Would Require Oritani-Delaware to Become a Bank Holding Company.

Legislation has passed the House of Representatives that would implement sweeping changes to the current bank regulatory structure. The proposal would, among other things, merge the Office of Thrift Supervision into the Office of the Comptroller of the Currency. Federal law allows a state savings bank that qualifies as a Qualified Thrift Lender, such as Oritani Bank, to elect to be treated as a savings association for purposes of the savings and loan holding company provisions of the Home Owners Loan Act of 1933, as amended. Such election results in the state savings bank s holding company being regulated as a savings and loan holding company by the Office of Thrift Supervision rather than as a bank holding company regulated by the Board of Governors of the Federal Reserve System. Under the House bill, Oritani would become a bank holding company subject to regulation and supervision under the Bank Holding Company Act of 1956, as amended, and the supervision and regulation of the Board of Governors of the Federal Reserve System, including holding company regulatory capital requirements to which Oritani is not currently subject. Legislation has also been proposed in the U.S. Senate, which would eliminate the Office of Thrift Supervision and result in Oritani being regulated by the FDIC. Such regulatory changes could impact our ability to continue our real estate investments and joint ventures.

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**. There were no repurchases of our equity s securities during the period covered by this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Reserved

Item 5. Other Information

Not applicable

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Item 6. Exhibits

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

3.1	Charter 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**, ***
14	Code of Ethics**
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

* Filed as exhibits to the Company s Registration Statement on Form S-1, and any amendments thereto, with the Securities and Exchange Commission (Registration No. 333-137309).

** Available on our website

www.oritani.com

*** Management contract, compensatory plan or arrangement.

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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: May 10, 2010	/s/ Kevin J. Lynch Kevin J. Lynch President and Chief Executive Officer
Date: May 10, 2010	/s/ John M. Fields, Jr. John M. Fields, Jr. Executive Vice President and Chief Financial Officer