Oritani Financial Corp
Form 10-K
September 15, 2014

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549

FORM 10-K
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHNAGE ACT OF 1934
For the Fiscal Year Ended June 30, 2014
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File No. 001-34786

Oritani Financial Corp.	
(Exact name of registrant as specified in its charter)	
Delaware	30-0628335
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
370 Pascack Road, Township of Washington	07676
(Address of Principal Executive Offices)	Zip Code

(201) 664-5400
(Registrant's telephone number)
Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	The NASDAQ Stock Market, LLC

Securities Registered Pursuant to Section 12(g) of the Act:
None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES [ ] NO [X]
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES [ ] NO [X]
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 twelve months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days. YES [X] NO [ ].
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).YES [X] NO [ ].
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X].
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ] Small reporting company [ ]
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES YES [ ] NO [X]
As of September 15, 2014, there were 56,245,065 shares of the Registrant's common stock, par value $0.01 per share, issued and 44,819,654 shares outstanding.
The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the last sale price on December 31, 2013, as reported by the Nasdaq Global Market, was approximately $623.5 million.

DOCUMENTS INCORPORATED BY REFERENCE
1. Proxy Statement for the 2014 Annual Meeting of Stockholders of the Registrant (Part III).

Oritani Financial Corp.
2014 Annual Report on Form 10-K
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PART I

ITEM 1. BUSINESS

Forward Looking Statements

This Annual 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 those terms. Forward-looking statements are subject to significant risks, assumptions, and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events: general economic conditions, either nationally or in our market or service areas, that are worse than expected; significantly increased competition among depository and other financial institutions; inflation and changes in the interest rate environment that reduce our margins or fair value of financial instruments; changes in laws or government regulations affecting financial institutions, including changes in regulatory fees and capital requirements; our ability to enter new markets successfully and capitalize on growth opportunities; changes in consumer spending, borrowing, and savings habits; changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, taxing authorities and the Financial Accounting Standards Board; and changes in our organization, compensation, and benefit plans.
Oritani Financial Corp. (“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.

Oritani Financial Corp.

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

Oritani Financial Corp. owns 100% of the outstanding shares of common stock of Oritani Bank. Oritani Financial Corp. primarily engages in the business of holding the common stock of Oritani Bank as well as two limited liability companies that own a variety of real estate investments. Oritani Financial Corp.’s executive office is located at 370 Pascack Road, in the Township of Washington, New Jersey 07676, and its telephone number is (201) 664-5400.

Oritani Financial Corp. is subject to comprehensive regulation and examination by the Board of Governors of the Federal Reserve System (“FRB”). At June 30, 2014, Oritani Financial Corp. had consolidated assets of $3.14 billion, consolidated deposits of $1.58 billion and consolidated stockholders’ equity of $526.3 million. Its consolidated net income for the fiscal year ended June 30, 2014 was $41.1 million.

Oritani Financial Corp.’s website (www.oritani.com) contains a link to the Company’s filings with the Securities and Exchange Commission including copies of annual reports on Form 10-K, current reports on Form 8-K, and amendments to these filings, if any. These filings can be found under the ‘Investor Relations’ heading. Oritani-Federal filings can also be found here. Information on the website should not be considered a part of this report.

Oritani Bank

General

Oritani Bank is a New Jersey-chartered savings bank headquartered in the Township of Washington, New Jersey. Oritani Bank was originally founded in 1911, as a New Jersey building and loan association. Over the years, Oritani Bank has expanded through internal growth as well as through a series of business combinations. Oritani Bank conducts business from its corporate

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office located at 370 Pascack Road, in the Township of Washington, New Jersey 07676, two lending offices in New York and its 24 branch offices located in the New Jersey Counties of Bergen, Hudson, Essex and Passaic. The telephone number at its corporate office is (201) 664-5400. At June 30, 2014, Oritani Bank's assets totaled $3.11 billion and our deposits totaled $1.58 billion.

Our principal business consists of attracting retail and commercial bank deposits from the general public in the areas surrounding our corporate office in the Township of Washington, New Jersey, our lending offices in New York and our branch offices located in the New Jersey Counties of Bergen, Hudson, Essex and Passaic, and investing those deposits, together with funds generated from operations, in multifamily 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 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 primary sources of funds are deposits, borrowings and principal and interest payments on loans and securities.

Market Area

From our headquarters in the Township of Washington, New Jersey, we operate 25 full service branches, including our corporate office. We operate branches in four counties of New Jersey: Bergen, Hudson, Essex and Passaic. The majority of our branches (seventeen) and deposits are located in Bergen County. In addition, we operate five branches in Hudson County, one branch in Essex County and two branches in Passaic County. Our residential lending area generally encompasses northern New Jersey. Our market area for commercial lending, including multifamily lending, is broader, generally including the state of New Jersey, Eastern Pennsylvania, Southern New York, New York City and parts of Connecticut, Delaware and Maryland. Our consumer lending is generally limited to the bank’s designated lending area which is considerably closer to our branch offices.

In terms of population, Bergen County ranks as the largest county in New Jersey (out of 21 counties) while Hudson County ranks fourth, Essex County ranks third and Passaic County ranks ninth. The economy in our primary market area has benefited from being varied and diverse. It is largely urban and suburban with a broad economic base. As one of the wealthiest states in the nation, New Jersey, with an estimated population of 8.9 million, is considered one of the most attractive banking markets in the United States. As of July 2014, the unemployment rate for New Jersey was 6.5%, which was higher than the national rate of 6.2%, with a total of 4.2 million New Jersey residents employed as of July 2014. Bergen County is considered part of the New York metropolitan area. Its county seat is Hackensack. Bergen County ranks 43th among the highest-income counties in the United States in 2012 in terms of per-capita income.

Bergen County is bordered by Rockland County, New York to the north, the Hudson River to the east, Hudson County to the south, Passaic County to the west and also a small border with Essex County to the west.

Passaic County is bordered by Orange County, New York to the north, Rockland County, New York to the northeast, Bergen County to the east, Essex County to the south, Morris County to the southwest and Sussex County to the west.

Essex County is bordered by Passaic County to the north, Morris County to the west, Union County to the south, Hudson County to the east and also a small border with Bergen County to the east.

Hudson County’s only land border is with Bergen County to the north and west. It is bordered by the Hudson River and Upper New York Bay to the east; Kill van Kull (which connects Newark Bay with Upper New York Bay) to the south and Newark Bay and the Hackensack River or the Passaic River to the west.

Competition

We face intense competition within our market area both in making loans and attracting deposits. Our market area has a high concentration of financial institutions including large money center and regional banks, community banks and credit unions. Some of our competitors offer products and services that we currently do not offer, such as trust services and private banking. As of June 30, 2013, the latest date for which statistics are available, our market share of deposits was approximately 2.9% in Bergen County and less than 1.0% in each of Essex, Hudson, and Passaic Counties.

Our competition for loans and deposits comes principally from locally owned and out-of-state commercial banks, savings institutions, mortgage banking firms, insurance companies, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) and credit unions. We face additional competition for deposits from short-term money market funds, brokerage firms, mutual funds and insurance companies. Our primary focus is to build and develop profitable customer relationships across all lines of business while maintaining our role as a community bank.

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Lending Activities

Our principal lending activity is the origination of multifamily loans and commercial real estate loans as well as residential real estate mortgage loans and construction loans secured by property located primarily in our market area. Our multifamily loans consist primarily of mortgage loans secured by apartment buildings. Our commercial real estate loans consist primarily of mortgage loans secured by commercial offices, retail space, warehouses and mixed-use buildings. Our residential real estate mortgage loans consist of one to four family residential real property and consumer loans. Construction loans consist primarily of one to four family, and to a lesser extent, commercial development projects. We curtailed construction lending during fiscal 2009 due to market and economic conditions and now only originate such loans on an exception basis. Second mortgage and equity loans consist primarily of home equity loans and home equity lines of credit. Multifamily and commercial real estate loans represented $2.33 billion, or 91.7%, of our total loan portfolio at June 30, 2014. One to four family residential real estate mortgage loans represented $138.9 million, or 5.5%, of our total loan portfolio at June 30, 2014. As market rates for residential loans have decreased, Oritani Bank's rates for these products have been less than competitive. Consequently, residential loan balances have been decreasing throughout the last four fiscal years. We also offer second mortgages and equity loans. At June 30, 2014, such loans totaled $21.7 million, or 0.9%, of our loan portfolio. At June 30, 2014, construction and land loans totaled $35.0 million, or 1.3%, of our loan portfolio. At June 30, 2014, other loans, which primarily consist of business and to a smaller extent, account loans, totaled $16.0 million, or 0.6% of our loan portfolio.

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Loan Portfolio Composition. The following table sets forth the composition of our loan portfolio, by type of loan at the dates indicated.

	At June 30,									
	2014		2013		2012		2011		2010	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)									
Residential	$138,909	5.5 %	$128,451	5.5 %	$139,072	6.8 %	$172,972	10.1 %	$244,126	15.9 %
Multi-family	880,638	34.6	908,242	39.2	679,783	33.5	474,776	27.8	360,380	23.5
Commercial real estate	1,453,164	57.1	1,192,815	51.5	1,116,335	54.9	901,916	52.9	760,076	49.5
Second mortgage and equity loans	21,692	0.9	24,637	1.1	30,052	1.5	38,706	2.3	48,110	3.1
Construction and land loans	34,951	1.3	44,537	1.9	48,887	2.4	86,502	5.1	102,137	6.6
Other loans	15,992	0.6	18,472	0.8	17,622	0.9	30,571	1.8	21,753	1.4
Total loans	2,545,346	100.0%	2,317,154	100.0%	2,031,751	100.0%	1,705,443	100.0%	1,536,582	100.0%
Other items:										
Net deferred loan origination fees	10,051		9,991		7,747		6,080		4,800	
Allowance for loan losses	31,401		31,381		31,187		26,514		25,902	
Total loans, net	$2,503,894		$2,275,782		$1,992,817		$1,672,849		$1,505,880	

Loan Portfolio Maturities and Yields. The following table summarizes the scheduled repayments of our loan portfolio at June 30, 2014. Maturities are based on the final contractual payment date and do not reflect the effect of prepayments and scheduled principal amortization.

	Residential		Multi-family		Commercial		Second Mortgage		Construction and Land		Other Loans		Total
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amoun
	(Dollars in thousands)												
Due During the Years Ending June 30,													
2015	$1,645	4.27%	$11,091	6.02%	$26,829	6.10%	$155	5.06%	$20,421	5.50%	$13,212	4.68%	$73,35

2016 to 2017	3,067	4.05	1,105	5.55	24,430	4.86	279	5.03	4,368	5.77	357	5.02	33,606
2018 to 2019	4,883	4.82	31,221	4.65	167,505	5.27	1,748	4.90	—	—	146	6.04	205,50
2020 to 2024	12,033	4.58	628,560	4.01	850,832	4.29	5,049	4.68	—	—	468	5.75	1,496,9
2025 to 2029	12,714	4.32	85,253	4.06	297,044	4.45	6,654	4.83	—	—	1,809	4.13	403,47
2030 and beyond	104,567	4.31	123,408	4.91	86,524	5.35	7,807	5.20	10,162	6.36	—	—	332,46
Total	$138,909	4.35 %	$880,638	4.19%	$1,453,164	4.54%	$21,692	4.94%	$34,951	5.78%	$15,992	4.67%	$2,545

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The following table sets forth, at June 30, 2014, the dollar amount of all fixed- and adjustable-rate loans that are contractually due after June 30, 2015.

	Due After June 30, 2015		
	Fixed	Adjustable	Total
	(In thousands)		
Residential	$104,388	$32,876	$137,264
Multi-family	159,507	710,040	869,547
Commercial real estate	356,518	1,069,817	1,426,335
Second mortgage and equity loans	16,967	4,570	21,537
Construction and land loans	10,162	4,368	14,530
Other loans	2,426	354	2,780
Total loans	$649,968	$1,822,025	$2,471,993

Loans:

Residential Loans. We originate one to four family residential mortgage loans substantially all of which are secured by properties located in our primary market area. At June 30, 2014, $138.9 million, or 5.5% of our loan portfolio, consisted of one to four family residential mortgage loans. We generally retain for our portfolio substantially all of the loans that we originate. One to four family mortgage loan originations are generally obtained from existing or past customers, through advertising, and through referrals from local builders, real estate brokers, and attorneys and are underwritten pursuant to Oritani Bank's policies and standards. In 2008, the Company began a program where a fee is paid to a broker for a loan referral that results in an origination or a purchase of a recently closed loan. Generally, one to four family residential mortgage loans are originated in amounts up to 80% of the lesser of the appraised value or purchase price of the property, with private mortgage insurance required on loans with a loan-to-value ratio in excess of 80%. We generally will not make loans with a loan-to-value ratio in excess of 90%. Fixed rate mortgage loans are originated for terms of up to 30 years. Generally, fixed rate residential mortgage loans are underwritten according to Freddie Mac guidelines, policies and procedures, with a maximum origination amount of $2.0 million. Oritani Bank's residential underwriting satisfies the "qualified mortgages" regulations issued by the Consumer Financial Protection Bureau. Oritani Bank will not originate non-qualified mortgage loans. We do not originate or purchase, and our loan portfolio does not include, any sub-prime loans.

We also offer adjustable rate mortgage loans for one to four family properties, with an interest rate based on the weekly average yield on U.S. Treasuries adjusted to a constant maturity of one-year, which adjust either annually or every three years from the outset of the loan or which adjusts annually after a five-, seven- or ten-year initial fixed rate period. Originations of adjustable rate one to four family residential loans totaled $5.3 million and $2.1 million for the fiscal years ended June 30, 2014 and 2013. Our adjustable rate mortgage loans generally provide for maximum rate adjustments of 2% per adjustment, with a lifetime maximum adjustment up to 6%, regardless of the initial rate. Our adjustable rate mortgage loans amortize over terms of up to 30 years.

Adjustable rate mortgage loans decrease the Bank's risk associated with changes in market interest rates by periodically repricing, but involve other risks because, as interest rates increase, the underlying payments by the borrower increase, thus increasing the potential for default by the borrower. At the same time, the marketability of the underlying collateral may be adversely affected by higher interest rates. Upward adjustment of the contractual interest rate is also limited by the maximum periodic and lifetime interest rate adjustments permitted by our loan documents and, therefore, the effectiveness of adjustable rate mortgage loans may be limited during periods of rapidly rising interest rates. At June 30, 2014, $32.9 million, or 23.7% of our one to four family residential real estate loans, had adjustable rates of interest.

In an effort to provide financing for first-time homebuyers, we offer our own first-time homebuyer loan program. This program offers one to four family residential mortgage loans to qualified individuals. These loans are underwritten and offered with terms and adjustable and fixed rates of interest similar to our other one to four family mortgage loan products. With this program, borrowers receive a discounted mortgage interest rate and do not pay certain loan origination fees. Such loans must be secured by an owner-occupied residence. These loans are originated using similar underwriting guidelines as our other one to four family mortgage loans. Such loans are originated in amounts of up to 90% of the lower of the property’s appraised value or the sale price. Private mortgage insurance is not required for such loans. The maximum amount of such loan is $275,000. We also participate in the Federal Home Loan Bank’s (“FHLB”) Mortgage Partnership Finance (“MPF”) program. The MPF program offers potentially lower rates to qualified individuals on one to four family residential mortgage loans and provides the Bank with additional opportunity for income. Loans originated through the MPF program can be sold to FHLB with minimal recourse to the Bank.

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We also offer our directors, officers and employees who satisfy certain criteria and our general underwriting standards fixed or adjustable rate loan products with reduced interest rates, excluding loans originated through the MPF program. These loans adhere to all other terms and conditions contained in the loan policy.

All residential mortgage loans that we originate include “due-on-sale” clauses, which give us the right to declare a loan immediately due and payable in the event that, among other things, the borrower sells or otherwise disposes of the real property subject to the mortgage and the loan is not repaid. Regulations limit the amount that a savings bank may lend relative to the appraised value of the real estate securing the loan, as determined by an appraisal of the property at the time the loan is originated. All borrowers are required to obtain title insurance for the benefit of Oritani Bank. We also require homeowner’s insurance and fire and casualty insurance and, where circumstances warrant, flood insurance on properties securing real estate loans.

Multifamily and Commercial Real Estate Loans. We originate non-residential commercial real estate mortgage loans and loans on multifamily dwellings. At June 30, 2014, $2.33 billion, or 91.7% of our loan portfolio, consisted of multifamily and commercial real estate loans. Our commercial real estate mortgage loans are primarily permanent loans secured by improved property such as retail stores, mixed-use properties, self-storage facilities, mobile home parks, commercial warehouses and office buildings. The retail store caption includes stand alone groceries and drug stores, and we generally seek this type of anchor tenant at multi-store facilities. Our multifamily mortgage loans are primarily permanent loans secured by apartment buildings. The typical loan has a fixed rate of interest for the first five years, after which the loan reprices to a market index plus a spread, with a floor of the original rate. The fixed rate period is occasionally extended to as much as ten years. These loans typically amortize over 30 years though we will often require shorter amortization. We also offer such loans on a self-amortizing basis with fixed rate terms up to 20 years. References to commercial real estate loans below refer to multifamily and commercial real estate.

The terms and conditions of each loan are tailored to the needs of the borrower and based on the financial strength of the project and any guarantors. In reaching a decision on whether to make a commercial real estate loan, we consider the net operating income of the property, the borrower’s expertise and credit history, risks inherent in the property’s tenants, the global cash flows of the borrower, the value of the underlying property and other factors. Loan to value ratios are a very important consideration. While our lending policies allow commercial real estate loan originations in an amount up to 80% of the appraised value or the purchase price of the property, whichever is less, our maximum loan to value ratio is generally 75%. Other factors we consider, with respect to commercial real estate rental properties, include the term of the lease(s) and the quality of the tenant(s). We generally require that the properties securing these real estate loans have debt service coverage ratios (the ratio of earnings before debt service to debt service) of at least 1.2 times. Environmental reports are generally required for commercial real estate loans. Commercial real estate loans made to corporations, partnerships and other business entities may require personal guarantees by the principals as warranted. Property inspections are conducted no less than every three years, or more frequently as warranted. Bank lending policies allow lending up to the 80% loan to value level and 1.2 times debt service coverage ratio. However, in 2008, we informally reduced our maximum loan to value ratios and increased our maximum debt service coverage ratio, as well as taking a more conservative approach on other underwriting issues. We continue to underwrite to these informal changes. We believe these actions have resulted in originations that are more conservative in nature than Bank policy allows.

For commercial loans with balances greater than $1.0 million, a borrower’s financial information is monitored on an ongoing basis by requiring periodic financial statement updates and payment history reviews. We require commercial borrowers to provide annually updated financial statements and federal tax returns. These requirements also apply to the individual principals of our commercial borrowers. We also require borrowers with rental investment property to provide an annual report of income and expenses for the property, including a tenant list and copies of leases, as applicable. The largest commercial real estate loan in our portfolio at June 30, 2014 was a $32.4 million loan secured by multi-tenant, mixed use buildings, located in Bronx, New York. This loan is performing in accordance with its terms. Our largest commercial real estate relationship consisted of 7 properties primarily secured by multi-tenant, mixed use buildings located mainly in our primary market area with a real estate investment manager. The aggregate outstanding loan balance for this relationship, comprised of several legal entities, is $70.6 million at June 30, 2014, and these loans are all performing in accordance with their terms.

Loans secured by commercial real estate, including multifamily properties, generally involve larger principal amounts and a greater degree of risk than one to four family residential mortgage loans. Because payments on loans secured by commercial real estate are often dependent on successful operation or management of the properties, repayment of such loans may be affected by adverse conditions in the real estate market or the economy. See "Item 1A, Risk Factors – Current Market and Economic Conditions May Significantly Affect Our Operations and Financial Condition."

Second Mortgage and Equity Loans. We also offer second mortgage and equity loans and home equity lines of credit, each of which are secured by one to four family residences, substantially all of which are located in our primary market area. At June 30, 2014, second mortgage and equity loans totaled $21.7 million, or 0.9% of total loans. Additionally, at June 30, 2014, the unadvanced amounts of home equity lines of credit totaled $7.9 million. The underwriting standards utilized for home equity loans and equity lines of credit include a determination of the applicant's credit history, an assessment of the applicant's ability to meet existing

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obligations and payments on the proposed loan and the value of the collateral securing the loan. The combined (first and second mortgage liens) loan-to-value ratio for home equity loans and equity lines of credit is generally limited to 70%. Home equity loans are offered with fixed and adjustable rates of interest and with terms of up to 30 years. Our home equity lines of credit have adjustable rates of interest which are indexed to the prime rate, as reported in The Wall Street Journal.

Equity loans entail greater risk than do residential mortgage loans, particularly if they are secured by an asset that has a superior security interest. In addition, equity loan collections depend on the borrower's continuing financial stability, and thus are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy.

Construction Loans. We originate construction loans for the development of one to four family residential properties located in our primary market area. Residential construction loans are generally offered to experienced local developers operating in our primary market area and to individuals for the construction of their personal residences. At June 30, 2014, residential construction loans amounted to $23.6 million, or 0.9% of total loans.

Our residential construction loans generally provide for the payment of interest only during the construction phase, but in no event exceeding 24 months. Residential construction loans can be made with a maximum loan-to-value ratio of 75% of the appraised value of the land and 100% of the costs associated with the construction.

We also make construction loans for commercial development projects. The projects include multifamily, apartment, retail and office buildings. We generally require that a commitment for permanent financing be in place prior to closing the construction loan. The maximum loan-to-value ratio limit applicable to these loans is generally 80%. At June 30, 2014, commercial construction loans totaled $11.3 million, or 0.4% of total loans.

Before making a commitment to fund a construction loan, we require an appraisal on the property by an independent licensed appraiser. We require title insurance and, if applicable, an environmental survey prior to making a commitment to fund a construction loan. We generally also review and inspect each property before disbursement of funds during the terms of the construction loan. Loan proceeds are disbursed after inspection based on the percentage of completion method.

Construction and development financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, we may be required to advance funds beyond the amount originally committed in order to protect the value of the property. Additionally, if the estimate of value proves to be inaccurate, we may be confronted with a project, when completed, having a value which is insufficient to assure full repayment.

We chose to reduce our exposure to construction lending during fiscal 2009 due to market and economic conditions. Such loans are now only originated on an exception basis. Construction originations for the years ended June 30, 2014 and 2013 were $3.1 million and $10.0 million, respectively.

Other Loans. Other loans totaled $16.0 million, or 0.6%, of our total loan portfolio at June 30, 2014. Other loans primarily consist of business loans secured by cash and other business assets, account loans, and commercial line of credit loans.

Loan Originations, Purchases, Sales, Participations and Servicing of Loans. Lending activities are conducted primarily by our loan personnel operating at our corporate office as well as commercial real estate origination offices in Rockland County, New York and New York City. All loans originated by us are underwritten pursuant to our policies and procedures. We originate both adjustable rate and fixed rate loans. Our ability to originate fixed or adjustable rate loans is dependent upon the relative customer demand for such loans, which is affected by the current and expected future levels of market interest rates.

During the fiscal year ended June 30, 2014, loan originations totaled $603.1 million, all of which were retained by us. There were no loan purchases in 2014. There were no loans originated and sold under the FHLB MPF program during fiscal 2014. Loans originated and sold under the FHLB MPF program during fiscal 2013 totaled $4.0 million.

We will also participate in loans, sometimes as the "lead lender." Whether we are the lead lender or not, we underwrite our participation portion of the loan according to our own underwriting criteria and procedures. At June 30, 2014, we had $11.8 million in loan participation interests.

At June 30, 2014, we were servicing loans sold in the amount of $4.5 million. Loan servicing includes collecting and remitting loan payments, accounting for principal and interest, contacting delinquent mortgagors, supervising foreclosures and property dispositions in the event of unremedied defaults, making certain insurance and tax payments on behalf of the borrowers and generally administering the loans.

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Non-performing and Problem Assets

We commence collection efforts when a loan becomes ten days past due with system generated reminder notices. Subsequent late charges and delinquent notices are issued and the account is monitored on a regular basis thereafter. Collections meetings with executive management are regularly held and every delinquent loan is discussed. When a loan is more than 30 days past due, the credit file is reviewed and, if deemed necessary, information is updated or confirmed and collateral re-evaluated. Personal, direct contact with the borrower is attempted early in the collection process. We make every effort to contact the borrower and develop a plan of repayment to cure the delinquency. A summary report of all loans 30 days or more past due is reported to the Board of Directors on a monthly basis. If no repayment plan is in process and the loan is delinquent at least two payments, the file is referred to counsel for the commencement of foreclosure or other collection efforts.

Loans are placed on non-accrual status when they are more than 90 days delinquent. When loans are placed on a non-accrual status, unpaid accrued interest is fully reversed. Once the outstanding principal balance is brought current, income is recognized to the extent the loan is deemed fully collectible. If the deficiencies causing the delinquency are resolved, such loans may be returned to accrual status once all arrearages are resolved and a period of satisfactory payment performance, usually six months. See additional discussion regarding our non-performing assets at June 30, 2014 in "Management Discussion and Analysis."

Non-Performing Assets and Restructured Loans. The table below sets forth the amounts and categories of our non-performing assets at the dates indicated. At June 30, 2014 and 2013, we had non-performing troubled debt restructurings ("TDR") of $8.0 million and $1.8 million, respectively, which are included in the appropriate categories in the non-accrual table below. There were no troubled debt restructurings on accrual status at June 30, 2014. We had $2.0 million and $5.1 million of troubled debt restructurings on accrual status at June 30, 2013 and 2012, respectively, which do not appear in the table below. We had no troubled debt restructurings at June 30, 2010.

	At June 30,				
	2014 (1)	2013 (2)	2012 (3)	2011 (4)	2010
	(Dollars in thousands)				
Non-accrual loans:					
Residential	$5,350	$4,044	$4,573	$1,005	$55
Multifamily	3,508	7,139	616	549	—
Commercial real estate	8,663	9,478	6,124	3,456	17,835
Second mortgage and equity loans	—	—	274	263	62
Construction and land loans	444	3,188	6,637	8,332	20,173
Other loans	7	61	118	1,698	—
Total non-accrual loans	$17,972	$23,910	$18,342	$15,303	$38,125
Loans greater than 90 days delinquent and still accruing	$—	$—	$—	$—	$—
Total non-performing loans	$17,972	$23,910	$18,342	$15,303	$38,125
Real estate owned	3,850	1,742	2,740	3,967	3,031
Total non-performing assets	$21,822	$25,652	$21,082	$19,270	$41,156
Ratios:					
Non-performing loans to total loans	0.71 %	1.03 %	0.90 %	0.90 %	2.48 %
Non-performing assets to total assets	0.69 %	0.91 %	0.78 %	0.74 %	1.66 %

(1) Included in nonaccrual loans are two residential loans totaling $3.0 million, one multifamily loan totaling $501,000, eight commercial real estate loans totaling $4.1 million and one other loan totaling $7,000 that were less than 30 days delinquent and one residential loan totaling $17,000 and one commercial real estate loan totaling $1.0 million that were less than 90 days delinquent.

(2) Included in nonaccrual loans are two residential loans totaling $217,000 and three commercial real estate loans totaling $1.5 million that were less than 30 days delinquent and one residential loan totaling $739,000 and two other loans totaling $61,000 that were less than 90 days delinquent.

(3) Included in nonaccrual loans are one residential loan totaling $34,000 and one construction loan totaling $1.7 million that were less than 30 days delinquent and one equity loan totaling $7,000 that was less than 90 days delinquent.

(4) Two construction loans totaling $4.9 million and one other loan totaling $1.5 million were less than 30 days delinquent at June 30, 2011 and were classified as non-accrual.

As noted in the above table, there were nonaccrual loans of $18.0 million at June 30, 2014 and $23.9 million at June 30, 2013. Additional interest income of $562,000 and $1.9 million would have been recorded during the years ended June 30, 2014 and 2013, respectively, if the loans had performed in accordance with their original terms. Interest income on these loans of $907,000 and $107,000 was included in net income for the years ended June 30, 2014 and 2013, respectively. See “Item 7.

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Management's Discussion and Analysis of Financial Condition and Results of Operations- Comparison of Operating Results for the Years Ended June 30, 2014 and June 30, 2013, Provision for Loan Losses."

Delinquent Loans. The following table sets forth our loan delinquencies by type, amount and loan relationship at the dates indicated.

	Loans Delinquent For					
	60-89 Days		90 Days and over		Total	
	Number	Amount	Number	Amount	Number	Amount
	(Dollars in thousands)					
At June 30, 2014						
Residential	1	$214	6	$2,374	7	$2,588
Multifamily	—	—	3	3,007	3	3,007
Commercial real estate	—	—	5	3,580	5	3,580
Second mortgage and equity loans	—	—	—	—	—	—
Construction and land loans	—	—	4	444	4	444
Other loans	—	—	—	—	—	—
Total	1	$214	18	$9,405	19	$9,619
At June 30, 2013						
Residential	4	$1,384	6	$3,088	10	$4,472
Multifamily	1	203	3	7,139	4	7,342
Commercial real estate	3	1,649	7	7,963	10	9,612
Second mortgage and equity loans	2	146	—	—	2	146
Construction and land loans	—	—	1	3,188	1	3,188
Other loans	2	61	—	—	2	61
Total	12	$3,443	17	$21,378	29	$24,821
At June 30, 2012						
Residential	2	$1,722	10	$4,539	12	$6,261
Multifamily	1	1,125	3	616	4	1,741
Commercial real estate	3	2,520	9	6,124	12	8,644
Second mortgage and equity loans	1	7	2	267	3	274
Construction and land loans	1	3,188	1	4,895	2	8,083
Other loans	—	—	2	118	2	118
Total	8	$8,562	27	$16,559	35	$25,121
At June 30, 2011						
Residential	4	$1,087	4	$1,005	8	$2,092
Multifamily	2	3,810	3	550	5	4,360
Commercial real estate	1	307	6	3,456	7	3,763
Second mortgage and equity loans	2	123	3	263	5	386
Construction and land loans	—	—	4	8,332	4	8,332
Other loans	—	—	3	1,697	3	1,697
Total	9	$5,327	23	$15,303	32	$20,630
At June 30, 2010						
Residential	4	$762	1	$55	5	$817
Multifamily	—	—	—	—	—	—
Commercial real estate	4	2,105	3	17,835	7	19,940
Second mortgage and equity loans	1	19	1	62	2	81
Construction and land loans	1	1,743	5	20,173	6	21,916
Other loans	—	—	—	—	—	—
Total	10	$4,629	10	$38,125	20	$42,754

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In addition to the delinquent loans listed above, we had loans that were delinquent 90 days or more past due as to principal. Typically, such loans had passed their maturity date but continued making monthly payments, keeping their interest current, while negotiating external financing or an extension from the Company. There were no loans delinquent 90 days or more past their maturity date at June 30, 2014. At June 30, 2013, loans delinquent 90 days or more past their maturity date totaled $10.0 million. Four loans, with principal balances of $8.4 million continued making monthly payments and were subsequently extended by us, which negated their past due maturity status. Two loans, with principal balances of $448,000 subsequently paid in full. The remaining loan, with a principal balance of $1.2 million, became past due regarding the monthly payments and is classified as nonaccrual at June 30, 2014. At June 30, 2012 , loans that had passed their maturity date and continued making monthly payments totaled $6.5 million.

Real Estate Owned. Real estate acquired by us as a result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned until sold. When property is acquired it is recorded at the lower of cost or fair market value at the date of foreclosure, establishing a new cost basis. Holding costs and declines in fair value result in charges to expense after acquisition. The Company had real estate owned of $3.9 million at June 30, 2014 and $1.7 million at June 30, 2013. During the twelve months ended June 30, 2014, Oritani Bank obtained title to two properties securing $4.6 million of non-performing loans. The properties were written down to $3.4 million upon acquisition and were subsequently written down further to $3.2 million by June 30, 2014. The Company sold two properties with book value of $1.0 million during the twelve months ended June 30, 2014. Proceeds from the sale of real estate owned were $1.2 million, resulting in gross gains of $221,000.

Classified Assets. Federal Deposit Insurance Corporation (“FDIC”) regulations provide that loans and other assets of lesser quality should be classified as “substandard,” “doubtful” or “loss” assets. An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that we will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

We are required to establish general allowances for loan losses for loans classified substandard or doubtful, as well as for other problem loans, including those classified as special mention or watch. General allowances represent loss allowances which have been established to recognize the inherent losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When we classify problem assets as “loss,” we are required either to establish a specific allowance for losses equal to 100% of the amount of the asset so classified or to charge off such amount. Since 2005, the Company has engaged a third party loan review firm to help ensure that loans are properly classified. They report to the Audit Committee quarterly and their scope is determined by the Audit Committee annually. On an annual basis, the loan review firm reviews a significant portion of the existing portfolio over the course of the year, typically an aggregate of at least 60% of the commercial real estate, multifamily and construction loan portfolios, including a sampling of both new and seasoned loans, a review of all Regulation “O” loans and review of all delinquent loans. Our determination as to the classification of our assets and the amount of our valuation allowances is subject to review by the FDIC and the New Jersey Department of Banking and Insurance (“NJDOBI”) which can order the establishment of additional general or specific loss allowances. Such examinations typically occur annually. Our last examination by the FDIC was as of September 30, 2013 and as of November 5, 2012 by the NJDOBI.

The following table shows the aggregate amounts of our classified assets, including non-performing loans, at the date indicated.

	Classified Assets At					
	June 30, 2014		June 30, 2013		June 30, 2012	
	Number	Amount	Number	Amount	Number	Amount
Substandard assets:						

Residential	9	$5,350	10	$4,416	13	$5,219
Multi-family loans	5	3,508	4	7,342	6	6,004
Commercial real estate loans	27	53,991	18	22,241	19	23,793
Second mortgage and equity loans	—	—	—	—	2	267
Construction and land loans	4	444	3	5,464	7	10,699
Other loans	1	7	2	61	2	117
Total	46	$63,300	37	$39,524	49	$46,099

The loan portfolio is reviewed on a regular basis to determine whether any loans require classification in accordance with applicable regulations. Not all classified assets constitute non-performing assets.

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We also utilize additional classifications for assets that do not meet the definition of any of the classified assets yet contain an element that warrants a rating that is less than "pass." We classify an asset as "special mention" if the asset has a potential weakness that warrants management's close attention. While such assets are not impaired, management has concluded that if the potential weakness in the asset is not addressed, the value of the asset may deteriorate, adversely affecting the repayment of the asset. Our assets classified as "special mention" totaled $20.9 million, $53.3 million, and $43.0 million at June 30, 2014, 2013, and 2012, respectively. Effective September 30, 2009, we began to also utilize the classification of "watch" for assets where complete current information has not been procured or a minor weakness is indicated. Our assets classified as "watch" totaled $103.1 million, $100.4 million and $132.2 million at June 30, 2014, 2013 and 2012, respectively.

Impaired Loans. The Company defines an impaired loan as a loan for which it is probable, based on current information, that the Company will not collect all amounts due under the contractual terms of the loan agreement. Loans we individually classify as impaired include multifamily, commercial mortgage and construction loans with balances of $1.0 million or more, unless a condition exists for loans less than $1.0 million that would increase the Bank's potential loss exposure. Troubled debt restructurings ("TDRs") are also included in impaired loans regardless of balance. Impaired loans are individually assessed to determine that each loan's carrying value is not in excess of the fair value of the related collateral or the present value of the expected future cash flows. If the loan's carrying value does exceed the fair value, specific reserves are established to reduce the loan's carrying value. For classification purposes, impaired loans are typically classified as substandard. Impaired loans at June 30, 2014, 2013 and 2012 were $19.4 million, $25.7 million and $17.3 million, respectively.

Allowance for Loan Losses

Our allowance for loan losses is maintained at a level necessary to absorb loan losses that are both probable and reasonably estimable. Management, in determining the allowance for loan losses, considers the losses inherent in our loan portfolio and changes in the nature and volume of loan activities, along with the general economic and real estate market conditions. Loan losses are charged to the allowance for loans losses and recoveries are credited to it. Additions to the allowance for loan losses are provided by charges against income based on various factors which, in our judgment, deserve current recognition in estimating probable losses. We regularly review the loan portfolio and make adjustments for loan losses in order to maintain the allowance for loan losses in accordance with U.S. generally accepted accounting principles ("GAAP"). The allowance for loan losses consists primarily of the following two components:

(1) Allowances are established for impaired loans. The amount of impairment provided for as an allowance is represented by the deficiency, if any, between the present value of expected future cash flows discounted at the original loan's effective interest rate or the underlying collateral value (less estimated costs to sell,) if the loan is collateral dependent, and the carrying value of the loan. Impaired loans that have no impairment losses are not considered for general valuation allowances described below.

(2) General allowances are established for loan losses on a portfolio basis for loans that do not meet the definition of impaired. The portfolio is grouped into similar risk characteristics, primarily loan type, collateral type, if collateral dependent, and internal credit risk rating. We apply an estimated loss rate to each loan group. The loss rates applied are based on our cumulative prior two year loss experience adjusted, as appropriate, for the environmental factors discussed below. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results.

The adjustments to our loss experience are based on our evaluation of several environmental factors, including:

- actual loss history incurred on similar loans;
- changes in local, regional, national, and international economic and business conditions and developments that affect the collectibility of our portfolio, including the condition of various market segments;
- changes in the nature and volume of our portfolio and in the terms of our loans;
- changes in the experience, ability, and depth of lending management and other relevant staff;

- changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans;
- changes in the quality of our loan review system;
- changes in the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and
- the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio.

We evaluate the allowance for loan losses based on the combined total of the impaired and general components. Generally when the loan portfolio increases, absent other factors, our allowance for loan loss methodology results in a higher dollar amount

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of estimated probable losses than would be the case without the increase. Generally when the loan portfolio decreases, absent other factors, our allowance for loan loss methodology results in a lower dollar amount of estimated probable losses than would be the case without the decrease.

Each quarter we evaluate the allowance for loan losses and adjust the allowance as appropriate through a provision or recovery for loan losses. While we use the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the information used in making the evaluations. In addition, as an integral part of their examination process, the NJDOBI and the FDIC will periodically review the allowance for loan losses. They may require us to adjust the allowance based on their analysis of information available to them at the time of their examination. Such examinations typically occur annually. Our last examination by the FDIC was as of September 30, 2013 and as of November 5, 2012 by the NJDOBI.

The Company also maintains an unallocated component related to the general allowance. Management does not target a specific unallocated percentage of the total general allocation, or total allowance for loan losses. The primary purpose of the unallocated component is to account for the inherent imprecision of the loss estimation process related primarily to periodic updating of appraisals on impaired loans, as well as periodic updating of commercial loan credit risk ratings by loan officers and the Company’s internal credit review process.

Allowance for Loan Losses. The following table sets forth activity in our allowance for loan losses for the fiscal years indicated.

	At or For the Years Ended June 30,				
	2014	2013	2012	2011	2010
	(Dollars in thousands)				
Balance at beginning of period	$31,381	$31,187	$26,514	$25,902	$20,680
Charge-offs:					
Residential	3	86	669	—	—
Multifamily	1,226	—	194	—	16
Commercial real estate	459	1,305	529	3,018	1,196
Second mortgage and equity loans	21	—	—	—	—
Construction and land loans	—	2,418	897	5,750	3,526
Other loans	—	—	1,598	—	43
Total charge-offs	1,709	3,809	3,887	8,768	4,781
Recoveries:					
Residential	—	—	18	—	—
Multifamily	10	115	—	—	—
Commercial real estate	17	—	—	80	—
Second mortgage and equity loans	—	—	—	—	—
Construction and land loans	1,002	38	42	—	—
Other loans	—	—	—	—	3
Total recoveries	1,029	153	60	80	3
Net charge-offs	(680)	(3,656)	(3,827)	(8,688)	(4,778)
Provision for loan losses	700	3,850	8,500	9,300	10,000
Balance at end of year	$31,401	$31,381	$31,187	$26,514	$25,902
Ratios:					
Net charge-offs to average loans outstanding	0.03%	0.17%	0.21%	0.54%	0.35%
Allowance for loan losses to total loans at end of period	1.23%	1.35%	1.53%	1.55%	1.69%

The increase in the allowance for loan losses from 2010 through 2012, and related provisions, was primarily due to charge-off levels, the evaluation of local and regional economic factors and the growth in the multifamily and commercial real estate portfolios as these types of loans inherently contain more credit risk than one to four family residential loans. The elevated level of charge-offs in the 2011 period were primarily incurred in conjunction with the disposal of two large problem assets. The allowance for loan losses was relatively stable between 2012 through 2014. The level of provision for loan losses decreased during 2013 and significantly decreased during 2014. Improving delinquency and nonaccrual trends, changes in loan risk ratings, loan

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growth, charge-offs and economic and business conditions continue to have a meaningful impact on the current level of provision for loan losses. The provision for loan losses was lower in the 2014 period partially due to these factors. In addition, improvements in general economic and business conditions have also impacted the level of provisioning by decreasing the necessary level of general allowances.

Allocation of Allowance for Loan Losses. The following table sets forth the allowance for loan losses allocated by loan category, the total loan balances by category (including loans held for sale), and the percent of loans in each category to total loans at the dates indicated. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	At June 30, 2014			2013			2012		
	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans		Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans		Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	
	(Dollars in thousands)								
Residential	$1,285	5.5	%	$2,224	5.5	%	$2,343	6.8	%
Multifamily	4,873	34.6		5,175	39.2		3,113	33.5	
Commercial real estate	21,005	57.1		19,339	51.5		20,087	54.9	
Second mortgage and equity loans	299	0.9		394	1.1		475	1.5	
Construction and land loans	1,108	1.3		1,233	1.9		2,498	2.4	
Other loans	80	0.6		406	0.8		348	0.9	
Unallocated	2,751	—		2,610	—		2,323	—	
Total	$31,401	100.0	%	$31,381	100.0	%	$31,187	100.0	%

	At June 30, 2011			2010		
	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans		Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	
		(Dollars in thousands)				
Residential	$1,274	10.1	%	$1,390	15.9	%
Multifamily	2,703	27.8		2,175	23.5	
Commercial real estate	15,597	52.9		15,295	49.5	
Second mortgage and equity loans	369	2.3		421	3.1	
Construction and land loans	3,455	5		4,595	6.6	
Other loans	1,625	1.8		482	1.4	
Unallocated	1,491	—		1,544	—	
Total	$26,514	100.0	%	$25,902	100.0	%

Investments

The Board of Directors is responsible for adopting our investment policy. The investment policy is reviewed periodically by management and any changes to the policy are recommended to and subject to the approval of the Board of Directors. Authority to make investments under the approved investment policy guidelines is delegated to appropriate officers. While general investment strategies are developed and authorized by the Board of Directors, the execution of specific actions primarily rests with Oritani Bank’s President, Chief Financial Officer and Asset/Liability

Committee, which have responsibility for ensuring that the guidelines and requirements included in the investment policy are followed and that all securities are considered prudent for investment. Each of our President, Chief Financial Officer and Asset/Liability Committee have specified authority to purchase various types of investments; all investment purchases in excess of 1% of total assets or $31.4 million, at June 30, 2014, must be approved by our Board of Directors. All investment transactions are reviewed and ratified or approved (as the case may be) at regularly

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scheduled meetings of the Board of Directors. Any investment which, subsequent to its purchase, fails to meet the guidelines of the policy is reported to the Board of Directors at its next meeting where the Board decides whether to hold or sell the investment.

New Jersey-chartered savings banks have authority to invest in various types of assets, including U.S. Treasury obligations, securities of various federal agencies, mortgage-backed securities, certain certificates of deposit of insured financial institutions, overnight and short-term loans to other banks and corporate debt instruments. Oritani Financial Corp., as a Delaware corporation, may invest in equity securities subject to certain limitations.

The investment policy requires that all securities transactions be conducted in a safe and sound manner. Investment decisions must be based upon a thorough analysis of each security instrument to determine if its quality and inherent risks fit within Oritani Bank's overall asset/liability management objectives, the effect on its risk-based capital measurement and the prospects for yield and/or appreciation. The investment policy provides that Oritani Bank may invest in U.S. treasury notes, U.S. and state agency securities, mortgage-backed securities, and other conservative investment opportunities. Typical investments are currently in U.S. agency or Federal Home Loan Bank securities and government sponsored mortgage-backed securities as well as overnight loans to other banks.

Our investment portfolio at June 30, 2014, consisted of $5.1 million in U.S. Government and federal agency obligations and $2.0 million in equity securities. We also invest in mortgage-backed securities, all of which are guaranteed by government sponsored enterprises. At June 30, 2014, our mortgage-backed securities portfolio totaled $409.5 million, or 13.0% of total assets, and consisted of $396.9 million in fixed-rate securities and $12.6 million in adjustable-rate securities, guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. Securities can be classified as held to maturity or available for sale at the date of purchase.

U.S. Government and Federal Agency Obligations. At June 30, 2014, our U.S. Government and federal agency securities portfolio totaled $5.1 million, all of which was classified as available for sale.

Equity Securities. At June 30, 2014, our equity securities portfolio totaled $2.0 million, or 0.1% of our total assets, all of which were classified as available for sale. The portfolio consists of financial industry common stock. There were no impairment charges on available for sale securities for the twelve months ended June 30, 2014 and 2013. During 2012, several of these holdings were deemed other-than-temporarily impaired and the Company recorded non-cash impairment charges to earnings of $262,000. Equity securities are not insured or guaranteed investments and are affected by market interest rates and stock market fluctuations. Such investments are carried at their fair value and fluctuations in the fair value of such investments, including temporary declines in value, directly affect out net capital position.

Mortgage-Backed Securities. We purchase mortgage-backed securities insured or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. We invest in mortgage-backed securities to achieve positive interest rate spreads with minimal administrative expense, and to lower our credit risk as a result of the guarantees provided by Freddie Mac, Fannie Mae or Ginnie Mae. Our investment policy also authorizes the investment in collateralized mortgage obligations ("CMOs"), also insured or issued by Freddie Mac, Fannie Mae and Ginnie Mae. We limit CMO investments to those classes of CMOs carrying the most stable cash flows and lowest prepayment risk of any class of CMOs and which pass the Federal Financial Institutions Examination Council's average life restriction tests at the time of purchase. These CMO classes are typically referred to as Planned Amortization Classes or sequentials.

Mortgage-backed securities are created by the pooling of mortgages and the issuance of a security with an interest rate which is less than the interest rate on the underlying mortgages. Mortgage-backed securities typically represent a participation interest in a pool of single-family or multifamily mortgages, although we focus our investments on mortgage-backed securities backed by one to four family mortgages. The issuers of such securities (generally U.S. government agencies and government sponsored enterprises, including Fannie Mae, Freddie Mac and Ginnie Mae) pool and resell the participation interests in the form of securities to investors such as us, and guarantee the payment of principal and interest to investors. Mortgage-backed securities generally yield less than the loans that underlie such securities because of the cost of payment guarantees and credit enhancements. However, mortgage-backed securities are usually more liquid than individual mortgage loans and may be used to collateralize our specific liabilities and obligations.

At June 30, 2014, our mortgage-backed securities totaled $409.5 million, or 13.0%, of total assets and 13.8% of interest earning assets. At June 30, 2014, 3.1% of the mortgage-backed securities were backed by adjustable rate mortgage loans and 96.9% were backed by fixed rate mortgage loans. The mortgage-backed securities portfolio had a weighted average yield of 2.43% at June 30, 2014. The fair value of our mortgage-backed securities at June 30, 2014 was $409.6 million, which is $3.9 million more than the amortized cost of $405.7 million. Investments in mortgage-backed securities involve a risk that actual prepayments may differ from estimated prepayments over the life of the security, which may require adjustments to the amortization of any premium or accretion of any discount relating to such instruments thereby changing the net yield on such securities. There is also reinvestment risk associated with the cash flows from such securities or if such securities are redeemed by the issuer. In addition,

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the market value of such securities may be adversely affected by changes in interest rates. All of the Company's mortgage-backed securities are insured or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

Securities Portfolios. The following table sets forth the composition of our investment securities portfolio at the dates indicated.

Securities and Mortgage-Backed Securities Held to Maturity

	At June 30, 2014 Amortized Cost	Fair Value	2013 Amortized Cost	Fair Value	2012 Amortized Cost	Fair Value
	(In thousands)					
Mortgage-backed securities:						
Freddie Mac	$2,315	$2,460	$4,310	$4,597	$5,438	$5,746
Fannie Mae	27,896	27,755	33,388	32,935	24,955	25,943
Ginnie Mae	2,211	2,324	2,984	3,093	3,200	3,350
Collateralized mortgage obligations	—	—	1,191	1,230	2,537	2,609
Total securities held to maturity	$32,422	$32,539	$41,873	$41,855	$36,130	$37,648

Securities and Mortgage-Backed Securities Available for Sale

	At June 30, 2014 Amortized Cost	Fair Value	2013 Amortized Cost	Fair Value	2012 Amortized Cost	Fair Value
	(In thousands)					
United States Government and federal agency obligations	$4,996	$5,087	$9,988	$10,245	$24,283	$24,622
Equity securities	1,208	1,971	1,210	1,774	1,210	1,409
Mortgage-backed securities:						
Freddie Mac	6,883	7,150	8,743	9,019	15,822	16,436
Fannie Mae	67,543	69,095	43,152	44,756	59,232	62,345
Collateralized mortgage obligations	298,868	300,834	249,278	252,496	389,613	395,139
Total securities available for sale	$379,498	$384,137	$312,371	$318,290	$490,160	$499,951

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Portfolio Maturities and Yields. The composition and maturities of the investment securities portfolio at June 30, 2014 are summarized in the following table. Maturities are based on the final contractual payment dates, and do not reflect the impact of prepayments, scheduled redemptions or early redemptions that may occur.

	One Year or Less		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years		Total Securities		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Fair Value	Weighted Average Yield
	(Dollars in thousands)										
Securities Held to Maturity											
Mortgage-backed securities:											
Freddie Mac	$—	—%	$—	— %	$69	5.00 %	$2,246	2.64 %	$2,315	$2,460	2.71 %
Fannie Mae	—	—	4,740	2.77	9,937	2.57	13,219	2.98	27,896	27,755	2.80
Ginnie Mae	—	—	—	—	—	—	2,211	3.17	2,211	2,324	3.17
Collateralized mortgage obligations	—	—	—	—	—	—	—	—	—	—	—
Total securities held to maturity	$—	—%	$4,740	2.77 %	$10,006	2.59 %	$17,676	2.96 %	$32,422	$32,539	2.82 %
Securities Available for Sale											
United States Government and federal agency obligations	$—	—%	$4,996	1.63 %	$—	— %	$—	— %	$4,996	$5,087	1.63 %
Equity securities	1,208	—	—	—	—	—	—	—	1,208	1,971	—
Mortgage-backed securities:											
Freddie Mac	—	—	594	5.00	1,517	4.70	4,772	2.41	6,883	7,150	3.14
Fannie Mae	—	—	1,086	4.73	43,321	2.88	23,136	2.40	67,543	69,095	2.74
Collateralized mortgage obligations	—	—	14,396	1.94	101,902	2.28	182,570	2.35	298,868	300,834	2.30
Total securities available for sale	$1,208	—%	$21,072	2.10 %	$146,740	2.48 %	$210,478	2.36 %	$379,498	$384,137	2.38 %

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Sources of Funds

General. Deposits have traditionally been the primary source of funds for use in lending and investment activities. We also use borrowings, primarily Federal Home Loan Bank advances, to supplement cash flow needs, to lengthen the maturities of liabilities for interest rate risk management purposes and to manage the cost of funds. In addition, funds are derived from scheduled loan payments, mortgaged-backed securities scheduled payments and prepayments, investment maturities, loan prepayments, retained earnings and income on other earning assets. While scheduled loan payments and income on earning assets are relatively stable sources of funds, deposit inflows and outflows can vary widely and are influenced by prevailing interest rates, market conditions and levels of competition.

Deposits. Our deposits are generated primarily from residents and businesses within our primary market area and we recently entered into the local municipal deposit market. We offer a selection of deposit accounts, including checking accounts (demand deposits and NOW), money market deposit accounts, savings accounts, retirement accounts and time deposits. The Bank accepts brokered deposits on a limited basis, when it is deemed cost effective. Deposit account terms vary, with the principal differences being the minimum balance required, the amount of time the funds must remain on deposit and the interest rate.

Interest rates, maturity terms, service fees and other account features are established on a periodic basis. Deposit rates and terms are based primarily on current operating strategies and market rates, liquidity requirements, rates paid by competitors and growth goals. Personalized customer service, attractive account features, long-standing relationships with customers, convenient locations, competitive rates of interest and an active marketing program are relied upon to attract and retain deposits.

The flow of deposits is influenced significantly by general economic conditions, changes in prevailing interest rates and competition. The variety of deposit accounts offered allows us to be competitive in obtaining funds and responding to changes in consumer demand while managing interest rate risk and minimizing interest expense.

At June 30, 2014, $547.0 million, or 34.60% of our deposit accounts were time deposits, of which $345.5 million had maturities of one year or less. At June 30, 2014, we had brokered deposits totaling $27.8 million. At June 30, 2013 and 2012, we had brokered deposits totaling $22.9 million for each period. The following table sets forth the distribution of total deposits by account type, at the dates indicated.

	At June 30,								
	2014			2013			2012		
	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate
	(Dollars in thousands)								
Deposit type:									
Checking accounts	$444,239	28.09 %	0.47 %	$361,131	25.43 %	0.49 %	$215,566	15.51 %	0.24 %
Money market accounts	427,909	27.07	0.52	422,878	29.79	0.50	444,476	31.98	0.72
Savings accounts	161,813	10.24	0.24	164,622	11.60	0.24	160,115	11.52	0.31
Time deposits	547,014	34.60	1.01	471,072	33.18	0.87	569,549	40.98	1.14
Total deposits	$1,580,975	100.00%	0.65 %	$1,419,703	100.00%	0.59 %	$1,389,706	100.00%	0.77 %

As of June 30, 2014, the aggregate amount of outstanding time deposits in amounts greater than or equal to $100,000 was approximately $248.6 million. The following table sets forth the maturity of those deposits as of June 30, 2014.

	At June 30, 2014
	(In thousands)
Three months or less	$46,541
Over three months through six months	45,748
Over six months through one year	58,237
Over one year to three years	65,089
Over three years	32,982

Total	$248,597

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Borrowings. Our borrowings consist of advances from the FHLB of New York. As of June 30, 2014, we had total borrowings in the amount of $967.4 million, which represented 37.0% of total liabilities, with an estimated weighted average maturity of 2.5 years and a weighted average rate of 2.2%. The weighted average maturity is estimated because several of our borrowings, under certain circumstances, can be called by the FHLB prior to the scheduled maturity. If this were to occur, our weighted average maturity would decrease. At June 30, 2014, borrowings are secured by mortgage-backed securities and investment securities with a book value of $280.7 million and performing mortgage loans with an outstanding balance of $2.02 billion.

The following table sets forth information concerning balances and interest rates on our FHLB advances and other borrowings at and for the periods shown:

	At or For the Years Ended June 30,		
	2014	2013	2012
	(Dollars in thousands)		
Balance at end of period	$967,443	$833,672	$745,865
Average balance during period	$863,355	$828,088	$642,947
Maximum outstanding at any month end	$998,393	$911,678	$745,865
Weighted average interest rate at end of period	2.18 %	2.39 %	2.64 %
Average interest rate during period	2.60 %	2.57 %	3.19 %

As of June 30, 2014, Oritani had entered into three interest rate swap agreements with total notional amount of $100.0 million. These agreements feature an extended period of time where no cash flows are exchanged, an “Effective Date” that indicates the commencement of the exchange of cash flows, followed by a seven year period where Oritani will receive 3 month LIBOR from the counterparty and pay interest to the counterparty at a fixed rate. See Note 13 of the Notes to the Consolidated Financial Statements.

Subsidiary Activities and Joint Venture Information

Oritani Financial Corp. is the owner of Oritani Bank, Hampshire Financial LLC and Oritani LLC. Hampshire Financial LLC and Oritani LLC are New Jersey limited liability companies that own real estate and investments in real estate as described below. In addition, at June 30, 2014, Oritani Financial Corp., either directly or through one of its subsidiaries, had loans with an aggregate balance of $42.1 million on 15 of the properties in which it (either directly or through one of its subsidiaries) had an ownership interest. All such loans are performing in accordance with their terms.

Oritani Bank has the following subsidiaries: Ormon LLC, Oritani Finance Company, Oritani Investment Corp. and Oritani Asset Corporation. Ormon LLC is a New Jersey limited liability company that owns real estate investments in New Jersey as well as investments in joint ventures that own income-producing commercial and residential rental properties in New Jersey as described below.

Oritani Finance Company is a New Jersey corporation that invests in non-New Jersey multifamily and commercial real estate loans and provides lending opportunities in New York and the surroundings states, other than New Jersey.

Oritani Investment Corp. is a New Jersey corporation that owns Oritani Asset Corporation, a real estate investment trust, formed in 1998 for the sole purpose of acquiring mortgage loans and mortgage-backed securities from Oritani Bank.

Oritani Asset Corporation’s primary objective is to maximize long-term returns on equity. At June 30, 2014, Oritani Asset Corporation had $478.2 million in assets. Oritani Asset Corporation is taxed and operates in a manner that enables it to qualify as a real estate investment trust under the Internal Revenue Code of 1986, as amended.

Through these various subsidiaries, we maintain investments in real estate and investment in joint ventures. Detailed below is a summary of these various investments by subsidiary and by type.

Ormon LLC

Ormon LLC is a wholly-owned subsidiary of Oritani Bank. Ormon LLC maintains the following investments in real estate and joint ventures:

Investments in Real Estate

Park Lane Associates—Ormon LLC maintains a 50% undivided ownership interest in Park Lane Associates. Park Lane Associates is a 142-unit apartment complex located in Little Falls, New Jersey. Our initial investment was made in March 1980. For the

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year ended June 30, 2014, we recognized net income of $375,000 on the investment and received cash distributions of $350,000 during this period. At June 30, 2014, we had a loan to Park Lane Associates totaling $1.4 million.

Park View Apartments—Ormon LLC maintains a 50% undivided ownership interest in Park View Apartments. Park View Apartments is a 114-unit apartment complex located in White Hall, Pennsylvania. We initially invested in Park View in December 1986. For the year ended June 30, 2014, we recognized net income of $91,000 on the investment in Park View and received cash distributions of $38,000 during this period. At June 30, 2014, we had a loan to Park View Apartments totaling $935,000.

Winstead Village—Ormon LLC maintains a 50% undivided ownership interest in Winstead Village. Winstead Village is a 40-unit apartment complex located in Moorestown, New Jersey. We initially invested in Winstead in December 1986. For the year ended June 30, 2014, we recognized net income of $55,000 on the investment and received cash distributions of $30,000 during this period. At June 30, 2014, we had a loan to Winstead Village totaling $613,000.

Parkway East—Ormon LLC maintains a 50% undivided ownership interest in Parkway East. Parkway East is a 43-unit apartment complex located in Caldwell, New Jersey. We initially invested in Parkway East in July 1981. For the year ended June 30, 2014, we recognized net income of $104,000 on the investment in Parkway East and received cash distributions of $95,000 during this period. We have no loans to this entity.

Marine View Apartments—Ormon LLC maintains a 75% undivided ownership interest in Marine View Apartments. Marine View is an 85-unit apartment complex located in Perth Amboy, New Jersey. We initially invested in Marine View in October 1993. For the year ended June 30, 2014, we recognized a net loss of $15,000 on the investment in Marine View and received cash distributions of $119,000 during this period. At June 30, 2014, we had a loan to Marine View totaling $207,000.

Ormon LLC also wholly owns one property that is held and operated for investment purposes. The property is a 54-unit mixed-use property (49 residential units and 5 store fronts) located in Palisades Park, New Jersey. We recognized net income of $525,000 for the year ended June 30, 2014, from the operation of this property.

Investments in Joint Ventures

Oaklyn Associates—Oaklyn Associates is a 50% owned joint venture on a 100-unit apartment complex located in Oaklyn, New Jersey. We initially invested in this joint venture in February 1978. For the year ended June 30, 2014, we recognized net income of $11,000 on the investment and received cash distributions of $15,000 during this period. At June 30, 2014, we had a loan to Oaklyn Associates totaling $647,000.

Madison Associates—Madison Associates is a 50% owned joint venture on 30-unit apartment complex located in Madison, New Jersey. We initially invested in this joint venture in January 1989. For the year ended June 30, 2014, we recognized net income of $92,000 on the investment and received cash distributions of $80,000 during this period. We have no loans to this entity.

Brighton Court Associates—Brighton Court Associate is a 50% owned joint venture on a 47-unit apartment complex located in Bethlehem, Pennsylvania. We initially invested in Brighton Court in July 1996. For the year ended June 30, 2014, we recognized net income of $31,000 on the investment and received cash distributions of $33,000 during this period. At June 30, 2014, our loans to Brighton Court Associates totaled $1.3 million.

Plaza 23 Associates—Plaza 23 Associates is 50% owned joint venture on a shopping center in Pequannock, New Jersey. We initially invested in Plaza 23 Associates in October 1983. For the year ended June 30, 2014, we recognized net income of $538,000 related to the investment and received no cash distributions during this period. As further discussed in Management's Discussion and Analysis, operations at this center had been negatively impacted by flooding issues and a key vacancy. We have no loans to Plaza 23 Associates but we have a $9.8 million loan to our partner in this joint venture, Plains Plaza Ltd. Plains Plaza Ltd. has pledged its equity interest in Plaza 23 Associates as collateral for this loan.

Oritani, LLC

Oritani, LLC is a wholly-owned limited liability corporation of Oritani Financial Corp. The primary business of Oritani, LLC is real estate investments.

Investments in Joint Ventures

Ridge Manor Associates—Ridge Manor Associates is a 50% owned joint venture on a 44-unit apartment complex located in Park Ridge, New Jersey. We initially invested in Ridge Manor Associates in May 2004. For the year ended

June 30, 2014, we recognized net income of $8,000 related to the investment and received cash distributions of $11,000 during this period. At June 30, 2014, we had a loan to this entity totaling $6.0 million.

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Van Buren Apartments—Van Buren Apartments is a 50% owned joint venture on a 32-unit apartment complex located in River Edge, New Jersey. We initially invested in Van Buren Apartments in March 2002. For the year ended June 30, 2014, we recognized net income of $84,000 related to the investment and received cash distributions of $87,000 during this period. At June 30, 2014, we had a loan to Van Buren Apartments totaling $2.0 million.

10 Landing Lane—10 Landing Lane is a 50% owned joint venture on a 143-unit apartment complex located in New Brunswick, New Jersey. We initially invested in 10 Landing Lane in August 1998. For the year ended June 30, 2014, we recognized net income of $187,000 related to the investment and received cash distributions of $224,000 during this period. We have no loans to this entity.

FAO Hasbrouck Heights—FAO Hasbrouck Heights is a 50% owned joint venture on 93 mixed-use units (primarily residential) in Hasbrouck Heights, New Jersey. We initially invested in FAO Hasbrouck Heights in November 2005. For the year ended June 30, 2014, we recognized net income of $30,000 related to the investment and received cash distributions of $40,000 during this period. At June 30, 2014, we had a loan to FAO Hasbrouck Heights totaling $7.4 million.

FAO Terrace Associates- FAO Terrace Associates is a 50% owned joint venture on a 34-unit apartment complex located in Hasbrouck Heights, New Jersey. We initially invested in FAO Terrace Associates in January 2009. For the year ended June 30, 2014, we recognized net income of $13,000 related to the investment and received cash distributions of $28,000 during this period. At June 30, 2014, we had a loan to FAO Terrace Associates totaling $2.5 million.

FAO Gardens Associates- FAO Garden Associates is a 50% owned joint venture on a 34-unit apartment complex located in Hackensack, New Jersey. We initially invested in FAO Garden Associates in February 2009. For the year ended June 30, 2014, we recognized a net loss of $7,000 related to the investment and received no cash distributions over this period. At June 30, 2014, we had a loan to FAO Garden Associates that totaled $2.4 million.

River Villas Mews, LLC- River Villas Mews, LLC is a 50% owned joint venture on a 44 unit apartment complex located in Palmyra, New Jersey. We initially invested in River Villa Mews, LLC in August, 2009. For the year ended June 30, 2014, we recognized a net loss of $42,000 related to the investment and received cash distributions of $40,000 during this period. At June 30, 2014, we had a loan to River Villa Mews, LLC that totaled $2.1 million.

34 Grant, LLC- 34 Grant, LLC is a 50% owned joint venture on a 24 unit apartment complex located in Dumont, New Jersey. We initially invested in 34 Grant, LLC in September 2012. For the year ended June 30, 2014, we recognized a net loss of $39,000 related to the investment and received no cash distributions during this period. At June 30, 2014, we had a loan to 34 Grant, LLC that totaled $2.2 million.

Hampshire Financial, LLC

Hampshire Financial is a wholly-owned subsidiary of Oritani Financial Corp. The primary business of Hampshire Financial is real estate investments.

Investments in Joint Ventures

Hampshire Realty—Hampshire Realty is a 50% owned joint venture on an 81-unit apartment complex located in Allentown, Pennsylvania. We initially invested in Hampshire in June 2002. For the year ended June 30, 2014, we recognized a net loss of $46,000 related to the investment and received cash distributions of $35,000 over this period. At June 30, 2014, we had a loan to Hampshire that totaled $2.7 million.

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The following table presents a summary of our investments in real estate and investments in joint ventures (in thousands).

Property Name	Book Value at June 30, 2013	Year Ended June 30, 2014 Profit / (Loss)	Distributions Received	Additional Investment	Book Value at June 30, 2014
Real Estate Held For Investment					
Ormon, LLC—Undivided Interests in Real Estate					
Park Lane	$(265)	$375	$(350)	$—	$(240)
Park View	(274)	91	(38)	—	(221)
Winstead Village	(185)	55	(30)	—	(160)
Parkway East	(331)	104	(95)	—	(322)
Marine View	725	(15)	(119)	—	591
Ormon, LLC—Wholly Owned Properties					
Palisades Park(1)	345	525	—	—	326
Real Estate Held For Investment Summary					
Assets(1)	$1,070	$510	$(119)	$—	$917
Liabilities	$(1,055)	$625	$(513)	$—	$(943)
Investments in Joint Ventures					
Ormon, LLC					
Oaklyn Associates	$(171)	$11	$(15)	$—	$(175)
Madison Associates	(60)	92	(80)	—	(48)
Brighton Court Associates	81	31	(33)	—	79
Plaza 23 Associates	2,088	538	—	1,380	4,006
Oritani, LLC					
Ridge Manor Associates	457	8	(11)	80	534
Van Buren Apartments	131	84	(87)	—	128
10 Landing Lane	(337)	187	(224)	—	(374)
FAO Hasbrouck Heights	180	30	(40)	—	170
FAO Terrace Associates	465	13	(28)	—	450
FAO Gardens	370	(7)	—	—	363
River Villas Mews, LLC	392	(42)	(40)	—	310
34 Grant, LLC	390	(39)	—	—	351
Hampshire Financial LLC					
Hampshire Realty	81	(46)	(35)	—	—
Investments in Joint Ventures Summary					
Assets	$4,635	$570	$(274)	$1,460	$6,391
Liabilities	$(568)	$290	$(319)	$—	$(597)

(1) The book values for wholly owned properties represent the costs of the fixed assets associated with the property, less accumulated depreciation.

Personnel

As of June 30, 2014, we had 175 full-time employees and 58 part-time employees. Our employees are not represented by any collective bargaining group. Management believes that we have good relations with our employees.

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SUPERVISION AND REGULATION

General

Federal law allows a state savings bank, such as Oritani Bank, that qualifies as a "qualified thrift lender" (discussed below), 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, as amended ("HOLA"). Such an election results in the savings bank's holding company being regulated as savings and loan holding company rather than as a bank holding company. At the time of its reorganization into a holding company structure, Oritani Bank elected to be treated as a savings association under the applicable provisions of the HOLA. Accordingly, Oritani Financial Corp. is a savings and loan holding company and is required to file certain reports with, and is subject to examination by, and otherwise must comply with the rules and regulations of the Federal Reserve Board that are applicable to savings and loan holding companies. On July 21, 2011, the Federal Reserve Board assumed the regulatory authority over savings and loan holding company previously exercised by the Office of Thrift Supervision ("OTS") pursuant to a regulatory restructuring required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). Oritani Financial Corp. is also subject to the rules and regulations of the Securities and Exchange Commission under the federal securities laws.

Oritani Bank is a New Jersey-chartered savings bank, and its deposit accounts are insured up to applicable limits by the Deposit Insurance Funds ("DIF") of the FDIC. Oritani Bank is subject to extensive regulation, examination and supervision by the Commissioner of the NJDOBI as the issuer of its charter, and by the FDIC as the deposit insurer and its primary federal regulator. Oritani Bank must file reports with the NJDOBI and the FDIC concerning its activities and financial condition, and it must obtain regulatory approval prior to entering into certain transactions, such as mergers with, or acquisitions of, other depository institutions and opening, closing, moving or acquiring branch offices. The NJDOBI and the FDIC conduct periodic examinations to assess Oritani Bank's compliance with various regulatory requirements. This regulation and supervision establishes a comprehensive framework of activities in which a savings bank may engage and is intended primarily for the protection of the deposit insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes.

Any change in these laws or regulations, whether by the NJDOBI, the FDIC, the FRB or the U.S. Congress, could have a material adverse impact on Oritani Financial Corp., Oritani Bank and their operations.

Certain of the regulatory requirements that are or will be applicable to Oritani Bank and Oritani Financial Corp. are described below. This description of statutes and regulations is not intended to be a complete explanation of such statutes and regulations and their effects on Oritani Bank and Oritani Financial Corp. and is qualified in its entirety by reference to the actual statutes and regulations.

New Jersey Banking Regulation

Activity Powers. Oritani Bank derives its lending, investment and other powers primarily from the applicable provisions of the New Jersey Banking Act and its related regulations. Under these laws and regulations, savings banks, such as Oritani Bank, generally may invest in:

(1) real estate mortgages;
(2) consumer and commercial loans;
(3) specific types of debt securities, including certain corporate debt securities and obligations of federal, state and local governments and agencies;
(4) certain types of corporate equity securities; and
(5) certain other assets.

A savings bank may also invest pursuant to a "leeway" power that permits investments not otherwise permitted by the New Jersey Banking Act. "Leeway" investments must comply with a number of limitations on the individual and aggregate amounts of "leeway" investments. Under this "leeway" authority, New Jersey savings banks may exercise those powers, rights, benefits or privileges authorized for national banks or out-of-state banks or for federal or out-of-state savings banks or savings associations, provided that before exercising any such power, right, benefit or privilege, prior approval by the NJDOBI by regulation or by specific authorization is required. A savings bank may also exercise trust powers upon approval of the NJDOBI. The exercise of these lending, investment and activity powers are limited by federal law and the related regulations. See “Federal Banking Regulation-Activity Restrictions on State-Chartered Banks” below.

Loans-to-One-Borrower Limitations. With certain specified exceptions, a New Jersey-chartered savings bank may not make loans or extend credit to a single borrower or to entities related to the borrower in an aggregate amount that would exceed 15% of the bank’s capital funds. A savings bank may lend an additional 10% of its capital funds if the loan is secured by collateral

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meeting the requirements of the New Jersey Banking Act. Oritani Bank currently complies with applicable loans-to-one-borrower limitations.

Dividends. Under the New Jersey Banking Act, a stock savings bank may declare and pay a dividend on its capital stock only to the extent that the payment of the dividend would not impair the capital stock of the savings bank. In addition, a stock savings bank may not pay a dividend unless the savings bank would, after the payment of the dividend, have a surplus of not less than 50% of its capital stock, or alternatively, the payment of the dividend would not reduce the surplus. Federal law may also limit the amount of dividends that may be paid by Oritani Bank. See "-Federal Banking Regulation-Prompt Corrective Action" below.

Minimum Capital Requirements. Regulations of the NJDOBI impose on New Jersey-chartered depository institutions, such as Oritani Bank, minimum capital requirements similar to those imposed by the FDIC on insured state banks. See "Federal Banking Regulation-Capital Requirements."

Examination and Enforcement. The NJDOBI may examine Oritani Bank whenever it deems an examination advisable. The NJDOBI typically examines Oritani Bank at least every two years. The NJDOBI may order any savings bank to discontinue any violation of law or unsafe or unsound banking practice, and may direct any director, officer, attorney or employee of a savings bank engaged in an objectionable activity, after the NJDOBI has ordered the activity to be terminated, to show cause at a hearing before the NJDOBI why such person should not be removed.

Federal Banking Regulation

Capital Requirements. FDIC regulations require banks to maintain minimum levels of capital. The FDIC regulations define two tiers, or classes, of capital.

Tier 1 capital is comprised of the sum of:

- common stockholders' equity, excluding the unrealized appreciation or depreciation, net of tax, from available for sale securities;
- non-cumulative perpetual preferred stock, including any related retained earnings; and
- minority interests in consolidated subsidiaries minus all intangible assets, other than qualifying servicing rights and any net unrealized loss on marketable equity securities.

The components of Tier 2 capital currently include:

- cumulative perpetual preferred stock;
- certain perpetual preferred stock for which the dividend rate may be reset periodically;
- hybrid capital instruments, including mandatory convertible securities;
- term subordinated debt;
- intermediate term preferred stock;
- allowance for loan losses; and
- up to 45% of pretax net unrealized holding gains on available for sale equity securities with readily determinable fair market values.

The allowance for loan losses includible in Tier 2 capital is limited to a maximum of 1.25% of risk-weighted assets (as discussed below). Overall, the amount of Tier 2 capital that may be included in total capital cannot exceed 100% of Tier 1 capital. The FDIC regulations establish a minimum leverage capital requirement for banks in the strongest financial and managerial condition of not less than a ratio of 3.0% of Tier 1 capital to total assets. For all other banks, the minimum leverage capital requirement is 4.0%, unless a higher leverage capital ratio is warranted by the particular circumstances or risk profile of the depository institution.

The FDIC regulations also require that banks meet a risk-based capital standard. The risk-based capital standard requires the maintenance of a ratio of total capital, which is defined as the sum of Tier 1 capital and Tier 2 capital, to risk-weighted assets of at least 8% and a ratio of Tier 1 capital to risk-weighted assets of at least 4%. In determining the amount of risk-weighted assets, all assets, plus certain off balance sheet items, are multiplied by a risk-weight of 0% to 200%, based on the risks the FDIC believes are inherent in the type of asset or item.

The federal banking agencies, including the FDIC, have also adopted regulations to require an assessment of an institution's exposure to declines in the economic value of a bank's capital due to changes in interest rates when assessing the bank's capital adequacy. Under such a risk assessment, examiners evaluate a bank's capital for interest rate risk on a case-by-case basis, with consideration of both quantitative and qualitative factors. Institutions with significant interest rate risk may be required to hold additional capital. According to the agencies, applicable considerations include:

- the quality of the bank’s interest rate risk management process;

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- the overall financial condition of the bank; and
- the level of other risks at the bank for which capital is needed.

The following table shows Oritani Bank's Core capital, Tier 1 risk-based capital, and Total risk-based capital ratios at June 30, 2014:

	As of June 30, 2014		
	Capital	Percent of Assets (1)	
	(Dollars in thousands)		
Core capital	$445,403	14.34	%
Tier 1 risk-based capital	445,403	16.39	
Total risk-based capital	476,614	17.54	

(1) For purposes of calculating Core capital, assets are based on adjusted total leverage assets. In calculating Tier 1 risk-based capital and total risk-based capital, assets are based on total risk-weighted assets.

As the table shows, as of June 30, 2014, Oritani Bank was considered "well capitalized" under FDIC guidelines.

In July 2013, the Federal Deposit Insurance Corporation and the other federal bank regulatory agencies issued a final rule that will revise their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), adopts a uniform minimum leverage capital ratio of 4%, increases the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised and requires more stringent treatment of mortgage servicing assets and certain deferred tax assets. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements. The final rule becomes effective for Oritani Bank on January 1, 2015. The capital conservation buffer requirement will be phased in beginning January 1, 2016 and ending January 1, 2019, when the full capital conservation buffer requirement will be effective.

Prompt Corrective Action. Federal law requires, among other things, that the federal bank regulatory authorities take "prompt corrective action" with respect to institutions that do not meet minimum capital requirements. For these purposes, the law establishes five categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. The FDIC's regulations define the five capital categories as follows:

An institution is classified as "well capitalized" if:

- its ratio of total capital to risk-weighted assets is at least 10%;
- its ratio of Tier 1 capital to risk-weighted assets is at least 6%; and
- its ratio of Tier 1 capital to total assets is at least 5%, and it is not subject to any order or directive by the FDIC to meet a specific capital level.

An institution is classified as "adequately capitalized" if:

- its ratio of total capital to risk-weighted assets is at least 8%; or
- its ratio of Tier 1 capital to risk-weighted assets is at least 4%; and
- its ratio of Tier 1 capital to total assets is at least 4% (3% if the bank receives the highest rating under the Uniform Financial Institutions Rating System) and it is not a well-capitalized institution.

An institution is classified as "undercapitalized" if:

- its total risk-based capital is less than 8%; or
- its Tier 1 risk-based-capital is less than 4%; and
- its leverage ratio is less than 4% (or less than 3% if the institution receives the highest rating under the Uniform Financial Institutions Rating System).

An institution is classified as "significantly undercapitalized" if:

- its total risk-based capital is less than 6%;
- its Tier 1 capital is less than 3%; or
- its leverage ratio is less than 3%.

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An institution that has a tangible capital to total assets ratio equal to or less than 2% is deemed to be "critically undercapitalized."

The FDIC is required, with some exceptions, to appoint a receiver or conservator for an insured state bank if that bank is "critically undercapitalized." The FDIC may also appoint a conservator or receiver for a state bank on the basis of the institution's financial condition or upon the occurrence of certain events, including:

- insolvency, or when the assets of the bank are less than its liabilities to depositors and others;
- substantial dissipation of assets or earnings through violations of law or unsafe or unsound practices;
- existence of an unsafe or unsound condition to transact business;
- likelihood that the bank will be unable to meet the demands of its depositors or to pay its obligations in the normal course of business; and
- insufficient capital, or the incurring or likely incurring of losses that will deplete substantially all of the institution's capital with no reasonable prospect of replenishment of capital without federal assistance.

The recent final rule related to increased regulatory capital requirements will adjust the prompt corrective action categories accordingly.

Activity Restrictions on State-Chartered Banks. Federal law and FDIC regulations generally limit the activities and investments of state-chartered FDIC insured banks and their subsidiaries to those permissible for national banks and their subsidiaries, unless such activities and investments are specifically exempted by law or consented to by the FDIC.

Before making a new investment or engaging in a new activity as principal that is not permissible for a national bank or otherwise permissible under federal law or FDIC regulations, an insured bank must seek approval from the FDIC to make such investment or engage in such activity. The FDIC will not approve the activity unless the bank meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the FDIC insurance funds. Certain activities of subsidiaries that are engaged in activities permitted for national banks only through a "financial subsidiary" are subject to additional restrictions.

Federal law permits a state-chartered savings bank to engage, through financial subsidiaries, in any activity in which a national bank may engage through a financial subsidiary and on substantially the same terms and conditions. In general, the law permits a national bank that is well-capitalized and well-managed to conduct, through a financial subsidiary, any activity permitted for a financial holding company other than insurance underwriting, insurance investments, real estate investment or development or merchant banking. The total assets of all such financial subsidiaries may not exceed the lesser of 45% of the bank's total assets or $50 billion. The bank must have policies and procedures to assess the financial subsidiary's risk and protect the bank from such risk and potential liability, must not consolidate the financial subsidiary's assets with the bank's and must exclude from its own assets and equity all equity investments, including retained earnings, in the financial subsidiary. State chartered savings banks may retain subsidiaries in existence as of March 11, 2000 and may engage in activities that are not authorized under federal law. Although Oritani Bank meets all conditions necessary to establish and engage in permitted activities through financial subsidiaries, it has not yet determined to do so.

Insurance of Deposit Accounts. Oritani Bank is a member of the DIF, which is administered by the FDIC. Deposit accounts at Oritani Bank are insured by the FDIC, generally up to a maximum of $250,000.

The FDIC imposes an assessment for deposit insurance against all insured depository institutions. This assessment is primarily based on the risk category of the institution, and certain risk adjustments specified by the FDIC, with riskier institutions paying higher assessments. Effective April 1, 2011, the FDIC implemented a requirement of the Dodd-Frank Act that it revise its assessment system to base it on each institution's total assets less tangible capital of each institution instead of deposits. The FDIC also revised its assessment schedule so that it ranges from 2.5 basis points for the least risky institutions to 45 basis points for the riskiest.

The deposit insurance assessment rates are in addition to the assessments for payments on the bonds issued in the late 1980s by the Financing Corporation, or FICO, to recapitalize the now defunct Federal Savings and Loan Insurance Corporation. The FICO payments will continue until the FICO bonds mature in 2017 through 2019. Our expense for the assessment of deposit insurance and the FICO payments was $1.3 million for the years ended June 30, 2014 and 2013.

The FDIC has authority to increase deposit insurance assessments. A material increase in insurance assessments would likely have an adverse effect on the operating expenses and results of the Bank.

Federal Home Loan Bank System. Oritani Bank is a member of the Federal Home Loan Bank System, which consists of 12 regional Federal Home Loan Banks. The Federal Home Loan Bank System provides a central credit facility primarily for member institutions. As a member of the FHLB of New York, Oritani Bank is required to acquire and hold shares of capital stock

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in the Federal Home Loan Bank in an amount at least equal to 1% of the aggregate principal amount of its unpaid residential mortgage loans and similar obligations at the beginning of each year, 4.5% of its borrowings from the Federal Home Loan Bank, or 0.2% of mortgage-related assets, whichever is greater. As of June 30, 2014, Oritani Bank was in compliance with this requirement.

Enforcement. The FDIC has extensive enforcement authority over insured savings banks, including Oritani Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist orders, to remove directors and officers and terminate deposit insurance. In general, these enforcement actions may be initiated in response to violations of laws and regulations and to unsafe or unsound practices.

Transactions with Affiliates of Oritani Bank. Transactions between an insured bank, such as Oritani Bank, and any of its affiliates are governed by Sections 23A and 23B of the Federal Reserve Act and implementing regulations. An affiliate of an insured bank is any company or entity that controls, is controlled by or is under common control with the bank. Generally, a subsidiary of a bank that is not also a depository institution or financial subsidiary is not treated as an affiliate of the bank for purposes of Sections 23A and 23B.

Section 23A:

- limits the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such bank's capital stock and retained earnings, and limits all such transactions with all affiliates to an amount equal to 20% of such capital stock and retained earnings; and
- requires that all such transactions be on terms that are consistent with safe and sound banking practices.

The term "covered transaction" includes the making of loans, purchase of assets, issuance of guarantees and other similar types of transactions. Further, most loans by a bank to any of its affiliates must be secured by collateral in amounts ranging from 100% to 130% of the loan amounts. There is a general prohibition on the purchase of a low quality asset from an affiliate. In addition, any covered transaction by a bank with an affiliate and any purchase of assets or services by a bank from an affiliate must be on terms that are substantially the same, or at least as favorable to the bank, as those that would be provided to a non-affiliate.

Prohibitions Against Tying Arrangements. Banks are subject to the prohibitions of 12 U.S.C. Section 1972 on certain tying arrangements. A depository institution is prohibited, subject to some exceptions, from extending credit to or offering any other service, or fixing or varying the consideration for such extension of credit or service, on the condition that the customer obtain some additional service from the institution or its affiliates or not obtain services of a competitor of the institution.

Privacy Standards. FDIC regulations require Oritani Bank to disclose its privacy policy, including identifying with whom it shares "non-public personal information," of customers at the time of establishing the customer relationship and annually thereafter. Oritani Bank does not share "non-public personal information" with third parties.

In addition, Oritani Bank is required to provide its customers with the ability to "opt-out" of having Oritani Bank share their non-public personal information with unaffiliated third parties before they can disclose such information, subject to certain exceptions.

The FDIC and other federal banking agencies adopted guidelines establishing standards for safeguarding customer information. The guidelines describe the agencies' expectations for the creation, implementation and maintenance of an information security program, which would include administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to insure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

Community Reinvestment Act and Fair Lending Laws. All FDIC insured institutions have a responsibility under the Community Reinvestment Act and related regulations to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. In connection with its examination of a state chartered savings bank, the FDIC is required to assess the institution's record of compliance with the Community Reinvestment Act. Among other things, the current Community Reinvestment Act regulations replace the prior process-based assessment factors with an evaluation system that rates an institution based on its actual performance in meeting community needs. In particular, the current evaluation system focuses on three tests:

- a lending test, to evaluate the institution's record of making loans in its service areas;
- an investment test, to evaluate the institution's record of investing in community development projects, affordable housing, and programs benefiting low or moderate income individuals and businesses; and
- a service test, to evaluate the institution's delivery of services through its branches, ATMs and other offices.

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An institution's failure to comply with the provisions of the Community Reinvestment Act could, at a minimum, result in an inability to receive regulatory approval for certain activities such as branching and acquisitions. Oritani Bank received a "satisfactory" Community Reinvestment Act rating in our most recently completed federal examination, which was conducted by the FDIC in 2011.

In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. The failure to comply with the Equal Credit Opportunity Act and the Fair Housing Act could result in enforcement actions by the FDIC, as well as other federal regulatory agencies and the Department of Justice.

Loans to a Bank's Insiders

Federal Regulation. A bank's loans to its executive officers, directors, any owner of more than 10% or more of its stock (each, an insider) and any of certain entities affiliated with any such persons (an insider's related interest) are subject to the conditions and limitations imposed by Section 22(h) of the Federal Reserve Act and its implementing regulations. Under these restrictions, the aggregate amount of the loans to any insider and the insider's related interests may not exceed the loans-to-one-borrower limit applicable to national banks, which is comparable to the loans-to-one-borrower limit applicable to Oritani Bank. See "New Jersey Banking Regulation-Loans-to-One Borrower Limitations." All loans by a bank to all insiders and insiders' related interests in the aggregate generally may not exceed the bank's unimpaired capital and unimpaired surplus. With certain exceptions, loans to an executive officer, other than loans for the education of the officer's children and certain loans secured by the officer's primary residence, may not exceed the lesser of (1) $100,000 or (2) the greater of $25,000 or 2.5% of the bank's unimpaired capital and surplus. Federal regulation also requires that any proposed loan to an insider or a related interest of that insider be approved in advance by a majority of the board of directors of the bank, with any interested directors not participating in the voting, if such loan, when aggregated with any existing loans to that insider and the insider's related interests, would exceed either (1) $500,000 or (2) the greater of $25,000 or 5% of the bank's unimpaired capital and surplus. Generally, loans to insiders must be made on substantially the same terms as, and follow credit underwriting procedures that are not less stringent than, those that are prevailing at the time for comparable transactions with other persons. An exception is made for extensions of credit made pursuant to a benefit or compensation plan of a bank that is widely available to employees of the bank and that does not give any preference to insiders of the bank over other employees of the bank.

In addition, federal law prohibits extensions of credit to a bank's insiders and their related interests by any other institution that has a correspondent banking relationship with the bank, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

New Jersey Regulation. Provisions of the New Jersey Banking Act impose conditions and limitations on the liabilities to a savings bank of its directors and executive officers and of corporations and partnerships controlled by such persons that are comparable in many respects to the conditions and limitations imposed on the loans and extensions of credit to insiders and their related interests under federal law, as discussed above. The New Jersey Banking Act also provides that a savings bank that is in compliance with federal law is deemed to be in compliance with such provisions of the New Jersey Banking Act.

Other Regulations

Interest and other charges collected or contracted for by Oritani Bank are subject to state usury laws and federal laws concerning interest rates. Oritani Bank's operations are also subject to federal laws applicable to credit transactions, such as the:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Fair Credit Reporting Act of 1978, governing the use and provision of information to credit reporting agencies;

- Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies; and
- rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws.

The operations of Oritani Bank also are subject to the:

- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;

- Electronic Funds Transfer Act and Regulation E promulgated thereunder, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services;
- Check Clearing for the 21st Century Act (also known as "Check 21"), which gives "substitute checks," such as digital check images and copies made from that image, the same legal standing as the original paper check;
- Title III of The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (referred to as the "USA PATRIOT Act"), which significantly expanded the responsibilities of financial institutions, including savings banks, in preventing the use of the U.S. financial system to fund terrorist activities. Among other provisions, the USA PATRIOT Act and the related regulations of the FRB require savings associations operating in the United States to develop new anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such required compliance programs are intended to supplement existing compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control Regulations; and
- The Gramm-Leach-Bliley Act, which placed limitations on the sharing of consumer financial information by financial institutions with unaffiliated third parties. Specifically, the Gramm-Leach-Bliley Act requires all financial institutions offering financial products or services to retail customers to provide such customers with the financial institution's privacy policy and provide such customers the opportunity to "opt out" of the sharing of certain personal financial information with unaffiliated third parties.

The Dodd-Frank Act

Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in 2010. The law is significantly changing the current bank regulatory structure and has affected the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act required various federal agencies to adopt a broad range of new implementing rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the ultimate impact of the Dodd-Frank Act may not be known for many years.

Certain provisions of the Dodd-Frank Act have had a near term effect on us. For example, the law provided for the elimination of the OTS, which was the former primary federal regulator for Oritani Financial Corp. The Federal Reserve Board assumed supervision and regulation of all savings and loan holding companies that were formerly regulated by the OTS, including Oritani Financial Corp., on July 21, 2011. The Office of the Comptroller of the Currency, which is the primary federal regulator for national banks, became the primary federal regulator for federal thrifts on the same date.

The Dodd-Frank Act eliminated the federal prohibitions on paying interest on demand deposits, thus allowing businesses to have interest bearing checking accounts, as of July 21, 2011. The legislation also requires that originators of certain securitized loans retain a percentage of the risk for transferred loans, directed the FRB to regulate pricing of certain debit card interchange fees and contains a number of reforms regarding home mortgage originators.

The Dodd-Frank Act also broadened the base for Federal Deposit Insurance Corporation insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a depository institution, rather than deposits. The Dodd-Frank Act also permanently increase the maximum amount of deposit insurance for banks, savings institutions and credit unions to $250,000 per depositor, retroactive to January 1, 2008, and non-interest bearing transaction accounts had unlimited deposit insurance through December 31, 2012.

The Dodd-Frank Act also requires publicly traded companies to give stockholders a non-binding vote on executive compensation and so-called "golden parachute" payments, and authorized the Securities and Exchange Commission to promulgate rules that would allow stockholders to nominate their own candidates using a company's proxy materials. The legislation also directs the Federal Reserve Board to promulgate rules prohibiting excessive compensation paid to bank holding company executives, regardless of whether the company is publicly traded or not.

The Dodd-Frank Act created a new Consumer Financial Protection Bureau ("CFPB") with broad powers to supervise and enforce consumer protection laws. The CFPB, which was created as of July 21, 2011, has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The CFPB has examination and enforcement authority over all banks and savings institutions with more than $10 billion in assets. Banks and savings institutions with $10 billion or less in assets continue to be examined for compliance by their applicable bank regulators. The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws. As of June 30, 2014, we have realized an increase in compliance and operational cost due to the impact of the Dodd-Frank Act.

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The Dodd-Frank Act prohibits lenders from making residential mortgages unless the lender makes a reasonable and good faith determination that the borrower has a reasonable ability to repay the mortgage loan according to its terms. A borrower may recover statutory damages equal to all finance charges and fees paid within three years of a violation of the ability-to-repay rule and may raise a violation as a defense to foreclosure at any time. As authorized by the Dodd-Frank Act, the CFPB has adopted regulations defining “qualified mortgages” that would be presumed to comply with the Dodd-Frank Act’s ability-to-repay rules. Under the CFPB regulations, qualified mortgages must satisfy the following criteria: (i) no negative amortization, interest-only payments, balloon payments or a term greater than 30 years; (ii) no points or fees in excess of 3% of the loan amount for loans over $100,000; (iii) borrower’s income and assets are verified and documented; and (iv) the borrower’s debt-to-income ratio generally may not exceed 43%. Qualified mortgages are conclusively presumed to comply with the ability-to-repay rule unless the mortgage is a “higher cost” mortgage, in which case the presumption is rebuttable. Oritani Bank's residential underwriting satisfies the "qualified mortgages" regulations issued by the CFPB. Oritani Bank will not originate non-qualified mortgage loans.

Holding Company Regulation

General. Oritani Financial Corp. is a non-diversified savings and loan holding company within the meaning of the HOLA. As such, Oritani Financial Corp. is registered with the Federal Reserve Board and subject to Federal Reserve Board regulations, examinations, supervision and reporting requirements. In addition, the Federal Reserve Board has enforcement authority over Oritani Financial Corp and its subsidiaries. Among other things, this authority permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a serious risk to the subsidiary savings institution. As a Delaware corporation, Oritani Financial Corp. is generally subject to state business organization laws. Oritani Financial Corp. is subject to the requirements of Delaware law that generally limit dividends to an amount equal to the difference between the amount by which total assets exceed total liabilities and the amount equal to the aggregate par value of the outstanding shares of capital stock. If there is no difference between these amounts, dividends are limited to net income for the current and/or preceding year. The rights of the stockholders of Oritani Financial Corp. are governed by the Delaware General Corporate Law.

Permitted Activities. Pursuant to the HOLA and federal regulations and policy, a savings and loan holding company such as Oritani Financial Corp. may generally engage in the activities permitted for financial holding companies under Section 4(k) of the Bank Holding Company Act and certain other activities that have been authorized for savings and loan holding companies by regulation.

The HOLA prohibits a savings and loan holding company, including Oritani Financial Corp., directly or indirectly, or through one or more subsidiaries, from acquiring more than 5% of another savings institution or holding company thereof, without prior regulatory approval. It also prohibits the acquisition or retention of, with certain exceptions, more than 5% of a non-subsidiary company engaged in activities other than those permitted by the HOLA, or acquiring or retaining control of an institution that is not federally insured. In evaluating applications by holding companies to acquire savings institutions, the Federal Reserve Board must consider the financial and managerial resources, future prospects of the company and institution involved, the effect of the acquisition on the risk to the federal deposit insurance fund, the convenience and needs of the community and competitive factors.

Any acquisition that would result in a multiple savings and loan holding company controlling savings institutions in more than one state is prohibited, subject to two exceptions:

(i) the approval of interstate supervisory acquisitions by savings and loan holding companies; and

(ii) the acquisition of a savings institution in another state if the laws of the state of the target savings institution specifically permit such acquisitions.

Qualified Thrift Lender Test. In order for Oritani Financial Corp. to continue to be regulated as a savings and loan holding company (rather than as a bank holding company), Oritani Bank must qualify as a “qualified thrift lender” under federal law or satisfy the “domestic building and loan association” test under the Internal Revenue Code. The qualified thrift lender test requires that a savings institution maintain at least 65% of its “portfolio assets” (total assets less: (i) specified liquid assets up to 20% of total assets; (ii) intangible, including goodwill; and (iii) the value of property used to conduct business) in certain “qualified thrift investments” (primarily residential mortgages and related investments, including certain mortgage-backed and related securities) in at least nine out of each 12 month period.

Oritani Bank currently maintains the majority of its portfolio assets in qualified thrift investments and has met the qualified thrift lender test in each of the last 12 months.

Capital. Savings and loan holding companies are not currently subject to specific regulatory capital requirements. The Dodd-Frank Act, however, requires the Federal Reserve Board to promulgate consolidated capital requirements for depository institution holding companies that are no less stringent, both quantitatively and in terms of components of capital, than those applicable to depository institutions themselves. Instruments such as cumulative preferred stock and trust preferred securities will no longer be includable as Tier 1 capital, which is currently permitted for bank holding companies (subject to certain grandfathering rules). The previously discussed final rule regarding regulatory capital requirements implements the Dodd-Frank Act's directive as to savings and loan holding companies. The consolidated regulatory capital requirements will apply to savings and loan holding

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companies as of January 1, 2015. As is the case with institutions themselves, the capital conservation buffer will be phased in between 2016 and 2019.

Source of Strength. The Dodd-Frank Act extended the "source of strength" doctrine to savings and loan holding companies. The Federal Reserve Board has issued regulations requiring that all bank and savings and loan holding companies serve as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress.

Dividends. Oritani Bank must notify the Federal Reserve Board thirty days before declaring any dividend to the Company. The Federal Reserve Board may object to the payment of the dividend if it deems it to be unsafe or unsound or violative of a law, regulation or order or if the institution will be undercapitalized after the dividend. An inability of the subsidiary institution to pay dividends may restrict the parent savings and loan holding company's ability to pay dividends.

With respect to the payment of dividends by Oritani Financial Corp., the Federal Reserve Board has issued a supervisory letter regarding the payment of dividends by bank holding companies that it has also made applicable to savings and loan holding companies. In general, the supervisory letter provides that dividends should be paid only out of current earnings and if the prospective rate of earnings retention by the holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. The guidance provides for prior Federal Reserve Board review of capital distributions in certain circumstances, such as where the company's net income for the past four quarters, net of dividends previously paid over that period, is insufficient to fully fund a dividend or the company's overall rate of earnings retention is inconsistent with the company's capital needs and overall financial condition. Stock repurchases are also subject to prior regulatory review under certain circumstances. These regulatory policies could affect the ability of Oritani Financial Corp. to pay dividends or otherwise engage in capital distributions. The financial impact of a holding company on its subsidiary institution is a matter that is evaluated by the regulator and the agency has authority to order cessation of activities or divestiture of subsidiaries deemed to pose a threat to the safety and soundness of the institution.

Acquisition. Under the Federal Change in Control Act, a notice must be submitted to the Federal Reserve Board if any person (including a company), or group acting in concert, seeks to acquire direct or indirect "control" of a savings and loan holding company. Under certain circumstances, a change of control may occur, and prior notice is required, upon the acquisition of 10% or more of the company's outstanding voting stock, unless the Federal Reserve Board has found that the acquisition will not result in control of the company. A change in control definitively occurs upon the acquisition of 25% or more of the company's outstanding voting stock. Under the Change in Control Act, the Federal Reserve Board generally has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the competitive effects of the acquisition. Certain acquisitions of control of a New Jersey savings bank or its parent company require the prior approval of the NJDOBI.

Federal Securities Laws

Oritani Financial Corp.'s common stock is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Oritani Financial Corp. is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

Oritani Financial Corp. common stock held by persons who are affiliates (generally officers, directors and principal stockholders) of Oritani Financial Corp. may not be resold without registration or unless sold in accordance with certain resale restrictions. If Oritani Financial Corp. meets specified current public information requirements, each affiliate of Oritani Financial Corp. is able to sell in the public market, without registration, a limited number of shares in any three-month period.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. As directed by the Sarbanes-Oxley Act of 2002, our Chief Executive Officer and Chief Financial Officer each are required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002 have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal controls; they have made certain disclosures to our auditors and the audit committee of the board of directors about our internal controls; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal controls or in other factors that could significantly affect internal controls. Oritani Financial Corp is required to report under Section 404 of the Sarbanes-Oxley Act and has reported that it complies with such in all material respects.

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FEDERAL AND STATE TAXATION

Federal Taxation

General. Oritani Financial Corp. and Oritani Bank are subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. Neither Oritani Financial Corp.'s nor Oritani Bank's federal tax returns are currently under audit, and neither entity has been audited during the past five years. The following discussion of federal taxation is intended only to summarize certain pertinent federal income tax matters and is not a comprehensive description of the tax rules applicable to Oritani Financial Corp. or Oritani Bank.

Method of Accounting. For federal income tax purposes, Oritani Financial Corp. currently reports its income and expenses on the accrual method of accounting and uses a tax year ending December 31 for filing its federal and state income tax returns.

Bad Debt Reserves. Historically, Oritani Bank has been subject to special provisions in the tax law regarding allowable tax bad debt deductions and related reserves. Tax law changes were enacted in 1996, pursuant to the Small Business Protection Act of 1996 (the "1996 Act"), that eliminated the use of the percentage of taxable income method for tax years after 1995 and required recapture into taxable income over a six year period of all bad debt reserves accumulated after 1988. Oritani Bank recaptured its reserve balance over the six-year period ended December 31, 2003.

Currently, the Oritani Bank consolidated group uses the specific charge-off method to account for bad debt deductions for income tax purposes.

Taxable Distributions and Recapture. Prior to the 1996 Act, bad debt reserves created prior to January 1, 1988 were subject to recapture into taxable income should Oritani Bank fail to meet certain thrift asset and definitional tests.

At June 30, 2014, our total federal pre-base year reserve was approximately $15.1 million. However, under current law, pre-base year reserves remain subject to recapture should Oritani Bank make certain non-dividend distributions, repurchase any of its stock, pay dividends in excess of tax earnings and profits, or cease to maintain a bank charter.

Alternative Minimum Tax. The Internal Revenue Code of 1986, as amended (the "Code") imposes an alternative minimum tax ("AMT") at a rate of 20% on a base of regular taxable income plus certain tax preferences ("alternative minimum taxable income" or "AMTI"). The AMT is payable to the extent such AMTI is in excess of an exemption amount and the AMT exceeds the regular income tax. Net operating losses can offset no more than 90% of AMTI. Certain payments of alternative minimum tax may be used as credits against regular tax liabilities in future years. Oritani Financial Corp. and Oritani Bank have not been subject to the AMT and have no such amounts available as credits for carryover.

Net Operating Loss Carryforwards. A financial institution may carry back net operating losses to the preceding two taxable years and forward to the succeeding 20 taxable years. At June 30, 2014, Oritani Bank had no net operating loss carryforwards for federal income tax purposes.

State Taxation

New Jersey State Taxation. Oritani Financial Corp. and it's subsidiaries file New Jersey Corporation Business income tax returns on a calendar year basis. Generally, New Jersey income, which is calculated based on federal taxable income, subject to certain adjustments, is subject to New Jersey tax. New Jersey corporate tax is imposed in an amount equal to the corporate business tax ("CBT") at 9% of taxable income or the minimum tax due per entity, whichever is greater. However, if Oritani Investment Corp, a subsidiary of the Bank, meets certain requirements, it may be eligible to elect to be taxed as a New Jersey Investment Company, which would allow it to be taxed at a rate of 3.6%.

New Jersey tax law does not and has not allowed for a taxpayer to file a tax return on a combined or consolidated basis with another member of the affiliated group where there is common ownership. However, under recent tax legislation, if the taxpayer cannot demonstrate by clear and convincing evidence that the tax filing discloses the true earnings of the taxpayer on its business carried on in the State of New Jersey, the New Jersey Director of the Division of Taxation may, at the director's discretion, require the taxpayer to file a consolidated return for the entire operations of the affiliated group or controlled group, including its own operations and income.

New York State Taxation. Oritani Bank files New York State franchise tax returns on a calendar year basis. New York State imposes an annual franchise tax on banking corporations, based on net income allocable to New York State at a rate of 7.1%. If, however, the application of an alternative minimum tax (based on taxable assets allocated to New York, “alternative” net income, or a flat minimum fee) results in a greater tax, an alternative minimum tax will be imposed. In addition, New York State imposes a tax surcharge of 17% of the New York State Franchise Tax, calculating using an annual franchise tax of 9.00% (which represents the 2000 annual franchise rate), allocable to business activities carried on in the Metropolitan Commuter Transportation District. On March 31, 2014, significant New York state corporation franchise tax reforms were signed into law. The reforms include the

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merger of the New York State Banking Corporation Tax into the General Corporation Franchise Tax. The reform changed apportionment factors resulting in increased future marginal tax rates. The increase in future marginal tax rates resulted in a increase of the Company's net deferred tax assets. The corporate tax changes are effective for tax years beginning on or after January 1, 2015. For taxable years beginning on or after January 1, 2016, general taxpayers, including banking corporations, will pay tax at a rate of 6.5 percent. These taxes apply to Oritani Bank.

New York City Taxation. Oritani Bank is also subject to the New York City Financial Corporation Tax calculated, subject to a New York City income and expense allocation, on a similar basis as the New York State Franchise Tax. A significant portion of Oritani's entire net income is derived from outside of the New York City jurisdiction which has the effect of significantly reducing the New York City taxable income of Oritani Bank.

Delaware State Taxation. As a Delaware holding company not earning income in Delaware, the Company is exempt from Delaware corporate income tax but is required to file annual returns and pay annual fees and a franchise tax to the state of Delaware.

Pennsylvania State Taxation. The Company is subject to apportioned corporate income tax and franchise tax to the state of Pennsylvania based on taxable income generated by real estate joint ventures and real estate owned with real estate properties located within the state of Pennsylvania.

Our state tax returns are not currently under audit or have not been subject to an audit during the past five years.

ITEM 1A. RISK FACTORS

Future Changes in Interest Rates Could Reduce Our Profits.

Our ability to make a profit largely depends on our net interest income, which could be negatively affected by changes in interest rates. Net interest income is the difference between:

- the interest income we earn on our interest-earning assets, such as loans and securities; and
- the interest expense we pay on our interest-bearing liabilities, such as deposits and borrowings.

In addition, changes in interest rates can affect the average life of loans and mortgage-backed and related securities. A reduction in interest rates results in increased prepayments of loans and mortgage-backed and related securities, as borrowers refinance their debt in order to reduce their borrowing costs. This creates reinvestment risk, which is the risk that we may not be able to reinvest prepayments at rates that are comparable to the rates we earned on the prepaid loans or securities. Reinvestment risk remains high in the current rate environment. Increases in interest rates may decrease loan demand and/or make it more difficult for borrowers to repay adjustable rate loans.

Changes in interest rates also affect the current market value of our interest-earning securities portfolio. Generally, the value of securities moves inversely with changes in interest rates. At June 30, 2014 the fair value of our available for sale agency securities, mortgage-backed securities and corporate debt obligations totaled $382.2 million. Unrealized net gains on these available for sale securities totaled approximately $3.9 million at June 30, 2014 and are reported as a separate component of stockholders' equity, net of taxes. Decreases in the fair value of securities available for sale in future periods would have an adverse effect on stockholders' equity.

In addition, many of our FHLB of New York advances are callable. To the extent the FHLB of New York calls all or a portion of these advances, we would need to find another funding source, which might be more expensive to us than these advances.

The Company's net interest income is particularly vulnerable to a scenario in which market interest rates "flatten." This would occur if short term interest rates were approximately the same rate as long term interest rates. In such a scenario, interest income would likely decrease and interest expense would likely increase.

We evaluate interest rate sensitivity by estimating the change in Oritani Bank's net portfolio value over a range of interest rate scenarios. Net portfolio value is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts. At June 30, 2014, in the event of an immediate 200 basis point increase in interest rates, our financial model projects that we would experience a $69.5 million, or 12.73%, decrease in net portfolio value. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Management of Market Risk."

Historically Low Interest Rates May Adversely Affect Our Net Interest Income and Profitability.

During the past six years it has been the policy of the Board of Governors of the Federal Reserve System to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. As a result, market rates on the loans we have originated and the yields on securities we have purchased have been at lower levels than as available prior to 2008. Consequently, the average yield on our interest earning assets has decreased to 4.62% for the year ended June 30, 2014 from 5.57% for the year ended June 30, 2009. The trend of decreasing average yield on interest earning assets is expected to continue primarily because the rates associated with new loan originations are still lower than the average yield on the existing portfolio. Our cost of interest bearing liabilities has also decreased over the period, to 1.33% for the year ended June 30, 2014 from 3.21% for the year ended June 30, 2009. However, many of our deposit products are currently priced below 1.00% and the ability to reduce these costs further is limited. The Board of Governors of the Federal Reserve System has indicated its intention to maintain low short-term interest rates in the near future. Accordingly, our net interest income (the difference between interest income earned on assets and interest expense paid on liabilities) may decrease, which may have an adverse affect on our profitability.

Our Continued Emphasis On Multifamily and Commercial Real Estate Lending Could Expose Us To Increased Lending Risks.

Our business strategy centers on continuing our emphasis on multifamily and commercial real estate lending. We have grown our loan portfolio in recent years with respect to these types of loans and intend to continue to emphasize these types of lending. At June 30, 2014, $2.33 billion, or 91.7%, of our total loan portfolio consisted of multifamily loans and commercial real estate loans. As a result, our credit risk profile will be higher than traditional thrift institutions that have higher concentrations of one to four family residential loans. Loans secured by multifamily and commercial real estate generally expose a lender to greater risk of non-payment and loss than one to four family residential mortgage loans because repayment of the loans often depends on the successful operation of the property and the income stream of the underlying property. This risk increases during a negative economic cycle. Additionally, such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one to four family residential mortgage loans. Accordingly, an adverse development with respect to one loan or one credit relationship can expose us to greater risk of loss compared to an adverse development with respect to a one to four family residential mortgage loan. We seek to minimize these risks through our underwriting policies, which require such loans to be qualified on the basis of the property’s collateral value, net income and debt service ratio; however, there is no assurance that our underwriting policies will protect us from credit-related losses. Finally, if we foreclose on multifamily and commercial real estate loans, our holding period for the collateral typically is longer than one to four family residential mortgage loans because there are fewer potential purchasers of the collateral.

Our business strategy of multifamily and commercial real estate lending could be negatively impacted by regulatory guidance. The FDIC has issued guidance that recommends that such loans should not exceed 300% of the bank’s capital. The FDIC further detailed circumstances where such balances in excess of this guideline would be considered acceptable. The Bank’s total multifamily and commercial real estate loans as of June 30, 2014 represented 513.6% of the Bank’s capital at that date. While the FDIC has not placed restrictions on the Bank’s multifamily and commercial real estate lending, there can be no assurance that such restrictions will not be imposed in the future.

The largest commercial real estate loan in our portfolio at June 30, 2014 was a $32.4 million loan secured by multi-tenant, mixed use buildings, located in Bronx, New York. Our largest loan relationship consisted of multi-tenant, mixed use buildings located mainly in our primary market area with a real estate investor. The aggregate outstanding loan balance for this relationship is $70.6 million at June 30, 2014. As discussed in “Business of Oritani Financial Corp-Lending Activities”, we have been utilizing stricter underwriting for these types of loans, and curtailed our construction lending.

If Our Allowance for Loan Losses is Not Sufficient to Cover Actual Loan Losses, Our Earnings Will Decrease.

We make various assumptions and judgments about the collectibility of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions are incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. While our allowance for loan losses was 1.23% of total loans at June 30, 2014, material additions to our allowance could materially decrease our net income.

In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory authorities might have a material adverse effect on our financial condition and results of operations.

Because the Nature of the Financial Services Business Involves a High Volume of Transactions, We Face Significant Operational Risks.

We operate in diverse markets and rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including but not limited to, the risk of fraud by employees or persons outside our company, the execution of unauthorized transactions by employees, errors relating to transaction processing

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and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. In the event of a breakdown in the internal control system, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action, and suffer damage to our reputation.

Risks Associated with System Failures, Interruptions, or Breaches of Security Could Negatively Affect Our Earnings.

Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, securities, deposits, and loans. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches (including privacy breaches), but such events may still occur and may not be adequately addressed if they do occur. In addition any compromise of our systems could deter customers from using our products and services. Although we rely on security systems to provide security and authentication necessary to effect the secure transmission of data, these precautions may not protect our systems from compromises or breaches of security.

In addition, we outsource a majority of our data processing to certain third-party providers. If these third-party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

Attempts by hackers to damage, disrupt, or gain unauthorized access to a computer, computer system, or electronic communications network have increased in frequency, particularly on financial institutions. While we have systems in place designed to detect and prevent such cyber attacks, successful intrusions have been perpetrated at other financial institutions and we cannot guarantee that we will not be impacted by such an event.

The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business thereby subjecting us to additional regulatory scrutiny, or could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

Strong Competition Within Our Market Area May Limit Our Growth and Profitability.

Competition in the banking and financial services industry is intense. In our market area, we compete with numerous commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of our competitors have substantially greater resources and lending limits than we have, have greater name recognition and market presence that benefit them in attracting business, and offer certain services that we do not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than we do. Our profitability depends upon our continued ability to successfully compete in our market area. The greater resources and deposit and loan products offered by some of our competitors may limit our ability to increase our loan and deposit balances, and/or decrease our net interest spread. For additional information see "Business of Oritani Financial Corp—Competition."

We Operate in a Highly Regulated Industry, Which Limits the Manner and Scope of Our Business Activities.

We are subject to extensive supervision, regulation and examination by the NJDOBI, FDIC and Federal Reserve Board. As a result, we are limited in the manner in which we conduct our business, undertake new investments and activities and obtain financing. This regulatory structure is designed primarily for the protection of the DIF and our depositors, and not to benefit our stockholders. This regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to capital levels, the timing and amount of dividend payments, stock repurchases, the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. In addition, we must comply with significant anti-money laundering and anti-terrorism laws. Government agencies have substantial discretion to impose significant monetary penalties on institutions which fail to comply with these laws.

The Dodd-Frank Wall Street Reform and Consumer Protection Act has changed the bank regulatory framework, created an independent consumer protection bureau that has assumed the consumer protection responsibilities of the various federal banking agencies, and established more stringent capital standards for banks and bank holding companies. Bank regulatory agencies also have been responding aggressively to concerns and adverse trends identified in examinations. Ongoing uncertainty and adverse developments in the financial services industry and the domestic and international credit markets, and the effect of the Dodd-Frank Act and regulatory actions, may adversely affect our operations by restricting our business activities, including our ability to originate or sell loans, modify loan terms, or foreclose on property securing loans. These risks could affect the performance and value of our loan and investment securities portfolios, which also would negatively affect our financial performance.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

At June 30, 2014, the Company and the Bank conducted business from its corporate headquarters in Washington Township, New Jersey, and 24 full service branch offices located in Bergen, Hudson, Essex and Passaic Counties, New Jersey. The aggregate net book value of premises and equipment was $14.7 million at June 30, 2014.

ITEM 3. 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 position.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our shares of common stock are traded on the NASDAQ Global Market under the symbol “ORIT”. As of June 30, 2014, we have 2,103 stockholders of record (excluding the numbers of person or entities holding stock in street name through various brokerage firms), and 45,499,332 shares outstanding. The following table presents quarterly market information for Oritani Financial Corp.’s common stock for the periods indicated. The following information was provided by the NASDAQ Stock Market.

	For the Years Ended June 30,							
	2014				2013			
	High	Low	Dividends		High	Low	Dividends	
First Quarter	$16.90	$15.14	$0.175		$15.24	$13.75	$0.150	
Second Quarter	16.68	15.48	$0.425	(1)	15.39	13.70	$0.550	(2)
Third Quarter	16.46	15.04	$0.175		16.10	14.49	$0.150	
Fourth Quarter	16.84	14.03	$0.175		16.00	14.50	$0.175	

(1) Includes a $0.25 special dividend.

(2) Includes a $0.40 special dividend.

The Company’s Board of Directors intends to review the payment of dividends quarterly and plans to maintain a regular cash dividend in the future, subject to capital requirements, financial condition, results of operations, tax considerations, industry standards, economic conditions, regulatory restrictions that affect the payment of dividends by the Bank to the Company and other relevant factors. No assurances can be given that any cash dividends will be paid or that, if paid, will not be reduced or eliminated in the future.

The sources of funds for the payment of a cash dividend are the retained proceeds from the sale of shares of common stock and earnings on those proceeds, interest and principal payments with respect to Oritani Financial Corp.’s loan to the Employee Stock Ownership Plan, and dividends from Oritani Bank. For a discussion of the limitations applicable to Oritani Bank’s ability to pay dividends, see “Supervision and Regulation—Federal Banking Regulation.”

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Stock Performance Graph

The following graph compares the cumulative total return on a hypothetical $100 investment made on June 30, 2009 in: (a) Oritani Financial Corp. stock, (b) the NASDAQ Bank Index, (c) the NASDAQ Composite Index, (d) the SNL US Thrift Index and (e) the KBW Bank index. The SNL US Thrift and the KBW indices have been added to enhance stockholder perspective of the Company's stock performance. The graph is calculated assuming that all dividends are reinvested during the relevant periods. The graph shows how a $100 investment would increase or decrease in value over time based on dividends (stock or cash) and increases or decreases in the market price of the stock.

Oritani Financial Corporation

	Period Ending					
Index	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Oritani Financial Corporation	100.00	111.98	148.07	172.87	201.82	210.49
NASDAQ Bank	100.00	111.18	118.67	123.21	156.37	187.95
NASDAQ Composite	100.00	116.03	154.16	165.04	194.49	255.25
SNL US Thrift Index	100.00	108.62	107.76	105.34	132.99	158.22
KBW Bank	100.00	127.75	135.46	131.13	179.46	212.47

*Source: SNL Financial LC, Charlottesville, VA

On November 14, 2011, the Company announced its third Share Repurchase Program, which authorized the purchase of an additional 5% of its outstanding shares of common stock, or 2,278,776 shares. This stock repurchase program commenced upon the completion of the second repurchase program on November 14, 2011. The timing of the repurchases depend on certain factors, including but not limited to, market conditions and prices, the Company’s liquidity and capital requirements, and alternative uses of capital. Repurchased shares will be held as treasury stock and will be available for general corporate purposes. The Company may also conduct repurchases through a Rule 10b5-1 trading plan. The repurchase program has no expiration date and has 1,432,436 shares yet to be purchased as of June 30, 2014.

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The following table shows the Company's repurchases of its common stock for each calendar month in the quarter ended June 30, 2014 and the stock repurchase plans approved by our Board of Directors.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans	Maximum Number of Shares That May Yet Be Purchased Under the Plans
April 2014	—	$—	—	1,701,980
May 2014	269,544	14.64	269,544	1,432,436
June 2014	—	—	—	1,432,436
	269,544	$14.64	269,544	

As of September 15, 2014, the Company has repurchased, under the repurchase plans approved since the second step transaction, 12,210,723 shares of its stock at an average price of $13.17 per share.

ITEM 6. SELECTED FINANCIAL DATA

The following information is derived from the audited consolidated financial statements of Oritani Financial Corp. For additional information, reference is made to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements of Oritani Financial Corp. and related notes included elsewhere in this Annual Report.

	At June 30,				
	2014	2013	2012	2011	2010
	(In thousands)				
Selected Financial Condition Data:					
Total assets	$3,140,200	$2,831,922	$2,700,982	$2,587,233	$2,477,420
Loans, net	2,503,894	2,275,782	1,992,817	1,672,849	1,505,880
Securities available for sale, at market value	384,137	318,290	499,951	597,374	437,200
Mortgage-backed securities held to maturity	32,422	41,873	36,130	37,609	66,468
Bank owned life insurance	68,054	59,996	46,283	44,689	30,529
Federal Home Loan Bank of New York stock, at cost	49,046	42,770	38,222	26,844	25,081
Accrued interest receivable	10,214	10,114	10,630	9,237	9,425
Investments in real estate joint ventures, net	6,391	4,635	5,441	5,309	5,562
Real estate held for investment	917	1,070	1,123	1,185	1,221
Deposits	1,580,975	1,419,703	1,389,706	1,381,310	1,289,746
Borrowings	967,443	833,672	745,865	509,315	495,552
Stockholders’ equity	526,292	518,710	510,709	645,412	643,393
Selected Operating Data:					
Interest income	$128,226	$127,228	$121,990	$117,353	$105,339
Interest expense	31,103	29,798	33,333	36,330	42,386
Net interest income	97,123	97,430	88,657	81,023	62,953
Provision for loan losses	700	3,850	8,500	9,300	10,000
Net interest income after provision for loan losses	96,423	93,580	80,157	71,723	52,953
Other income	5,602	5,820	5,401	5,452	5,486
Other expense	39,478	37,877	35,451	31,716	42,779

Income before income tax expense	62,547	61,523	50,107	45,459	15,660
Income tax expense	21,488	21,979	18,457	16,952	7,296
Net income	$41,059	$39,544	$31,650	$28,507	$8,364

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	At or For the Years Ended June 30,									
	2014		2013		2012		2011		2010	
Selected Financial Ratios and Other Data:										
Performance Ratios:										
Return on assets (ratio of net income to average total assets)	1.40	%	1.43	%	1.21	%	1.13	%	0.41	%
Return on equity (ratio of net income to average equity)	7.80	%	7.68	%	5.95	%	4.42	%	3.26	%
Average interest rate spread (1)	3.29	%	3.45	%	3.24	%	2.88	%	2.99	%
Net interest margin (2)	3.50	%	3.69	%	3.55	%	3.36	%	3.25	%
Efficiency ratio (3)	38.43	%	36.68	%	37.69	%	36.68	%	48.22	%
Non-interest expense to average total assets	1.35	%	1.37	%	1.36	%	1.26	%	2.11	%
Average interest-earning assets to average interest-bearing liabilities	118.42	%	120.49	%	123.33	%	132.25	%	111.83	%
Asset Quality Ratios:										
Non-performing assets to total assets	0.69	%	0.91	%	0.78	%	0.74	%	1.66	%
Non-performing loans to total loans	0.71	%	1.03	%	0.90	%	0.90	%	2.48	%
Allowance for loan losses to total loans	1.23	%	1.35	%	1.53	%	1.55	%	1.69	%
Capital Ratios:										
Total capital (to risk-weighted assets)	20.19	%	22.16	%	24.48	%	35.46	%	39.64	%
Tier I capital (to risk-weighted assets)	19.05	%	20.91	%	23.23	%	34.21	%	38.38	%
Tier I capital (to average assets)	17.11	%	18.30	%	19.02	%	25.09	%	31.58	%
Other Data:										
Number of full service offices	25		25		25		23		22	
Full time equivalent employees	205		190		188		184		179	

(1) The average interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(3) The efficiency ratio represents non-interest expense divided by the sum of net interest income before provision for loan losses and non-interest income. For the year ended June 30, 2010, excludes non-recurring expense associated with the accelerated vesting of stock awards and options triggered by the second step transaction and income from problem loan dispositions.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Strategy

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.

Highlights of our business strategy are discussed below:

Continuing to focus on multifamily and commercial real estate lending. We have focused on the origination of multifamily and commercial real estate loans. Such loans comprise 91.7% of our total loan portfolio at June 30, 2014. We have focused on this type of lending because the interest rates earned for such loans generally are higher than the prevailing rates for residential loans, resulting in a greater level of interest income potential. We are also able to generate significantly higher fee income on such loans, particularly prepayment fees. In addition, the repayment terms usually expose us to less interest rate risk than fixed-rate residential loans. We generally incorporate one or more of the following features into our terms for multifamily and commercial real estate loans, thereby decreasing their interest rate risk: interest rates reset after five years at a predetermined spread to FHLB Advance rates; minimum stated interest rates; and balloon repayment date or maximum fixed-rate self-amortizing loan term of 20 years. Multifamily and commercial real estate loans are generally considered to have a greater amount of credit risk versus 1-4 family residential lending. We have been able to mitigate these risks, we believe, primarily through our underwriting process. While our actual origination volume will depend on market conditions, we intend to continue our emphasis on multifamily and commercial real estate lending. The number of banks that have added or increased this type of lending, particularly multifamily lending, over the past few years has continued to increase. Consequently, the interest rate spreads on this type lending have come under significant pressure.

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We have experienced substantial growth in our combined multifamily and commercial real estate loan portfolio in recent years. The annual growth rate of the portfolio has been 11.1%; 17.0%; 30.5%; 22.9% and 33.4% for years ended June 30, 2014, 2013, 2012, 2011 and 2010, respectively. We have been involved in multifamily lending for over thirty years. We have a department exclusively devoted to the origination and administration of multifamily and commercial real estate loans. We also have a separate credit department to review all such originations and ensure compliance with our underwriting standards. There are presently 6 loan officers as well as support staff in the origination department and 3 officers as well as support staff in the credit department. Our business plan projects continued growth of the portfolio and continued additions to our staff to support such growth.
Aggressively remedy remaining delinquent loans and such additional loans that may occur. One of management's objectives is to maintain a low level of problem assets. We have commenced legal action against virtually all borrowers who are more than 45 days delinquent. Since June 30, 2009, our level of non-performing assets to total assets has declined from 2.74% to 0.69% at June 30, 2014. While no assurances can be provided regarding results, management will continue to focus on resolution of problem assets.
Maintaining and increasing deposits. Since the beginning of fiscal 2009, we have devoted significant internal attention to growing our deposits. We have implemented an incentive program that rewards branch personnel for attracting core deposit relationships, reexamined our pricing strategies, entered into the municipal deposit market and promoted our status as a local community bank. As a result of these efforts and external factors, we experienced a period of strong deposit growth. Our total deposit balances grew $882.0 million, or 126.2%, from June 30, 2008 to June 30, 2014. The focus of our deposit initiative has been to increase core deposits, consisting of checking, money market and savings accounts. Our core deposit account balances grew $753.8 million, or 269.1%, from June 30, 2008 to June 30, 2014. A sizeable portion of our recent core deposit growth has been due to an increase in municipal deposit relationships. Overall deposit growth was muted in fiscal 2012 and fiscal 2013 as an outflow of time deposits partially mitigated growth in core accounts. The primary reason for this occurrence was that the interest rate necessary at the time to maintain and grow our time deposit portfolio was higher than the interest rate on comparable borrowings. Our ongoing focus will be to build upon our successes in core deposit growth. In addition to continuing to attract new customers to Oritani Bank, we will also focus on cross-selling core deposit accounts to customers who have limited deposit services with Oritani Bank and seeking to further develop the relationship by providing quality customer service as well as continuing our de novo branch strategy. In order to grow our deposit balances expeditiously, we will seek to opportunistically increase our brokered and listed deposits.
Expanding our market share within our primary market area. Our deposit growth significantly boosted our market penetration in Bergen County, the primary county of our operations. We increased our percentage of Bergen County deposits from 1.8%, or the 14th ranked financial institution, at June 30, 2008 to 2.9%, or the 9th ranked financial institution, at June 30, 2013. We intend to continue the strategy of opportunistic de novo branching. We typically seek de novo branch locations in under-banked areas that are either a contiguous extension or fill-in of our existing branch network. We may also consider the acquisition of branches from other financial institutions in our market area. We believe these strategies, along with continued growth, will help us achieve our goal of deposit growth and market expansion.
Continuing to emphasize operating efficiencies and cost control. One of the hallmarks of our operations has been expense control as evidenced by an efficiency ratio of 38.43% for the year ended June 30, 2014. Our efficiency ratio as well as numerous other expense measurement ratios, have consistently outperformed peers. We intend to maintain our posture on expense control while continuing to make prudent investments in our operations by effectively managing costs in a relation to revenues.

Critical Accounting Policies
We consider accounting policies that require management to exercise significant judgment or discretion or to make significant assumptions that have, or could have, a material impact on the carrying value of certain assets or on income, to be critical accounting policies. We consider the following to be our critical accounting policies.
Allowance for Loan Losses, Impaired Loans And Real Estate Owned. The allowance for loan losses is the estimated amount considered necessary to cover probable and reasonably estimable credit losses inherent in the loan portfolio at

the balance sheet date. The allowance is established through the provision for loan losses that is charged against income. In determining the allowance for loan losses, we make significant estimates and, therefore, have identified the allowance as a critical accounting policy. The methodology for determining the allowance for loan losses is considered a critical accounting policy by management because of the high degree of judgment involved, the subjectivity of the assumptions used, and the potential for changes in the economic environment that could result in changes to the amount of the recorded allowance for loan losses.

The allowance for loan losses has been determined in accordance with U.S. generally accepted accounting principles. We are responsible for the timely and periodic determination of the amount of the allowance required. We believe that our allowance

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for loan losses is adequate to cover specifically identifiable losses, as well as estimated losses inherent in our portfolio for which certain losses are probable but not specifically identifiable.

Management performs a quarterly evaluation of the adequacy of the allowance for loan losses. The analysis of the allowance for loan losses has two components: specific and general allocations. Specific allocations are made for loans that are impaired. Management will identify loans that have demonstrated issues that cause concern regarding full collectibility in the required time frame. Delinquency and internal credit department reviews are key indicators of such issues. In addition, the Company utilizes the services of a third party loan review firm. Reviews are performed quarterly and, on an annual basis, the loan review firm reviews an aggregate of at least 60% of the commercial real estate, multifamily and construction loan portfolios, including a sampling of both new and seasoned loans, a review of all "Regulation O” loans and review of all delinquent loans. Their scope is determined by the Audit Committee. This firm prepares quarterly reports that include a rating for all loans reviewed over the period. There is typically a very high degree of correlation between the loan ratings assigned by management and the loan ratings determined by the third party loan review firm. Management summarizes all problem loans and classifies such loans within the following industry standard categories: Watch, Special Mention, Substandard, Doubtful or Loss. In addition, a classified loan may be considered impaired. Impairment is measured by determining the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses. The general allocation is determined by segregating the remaining loans by type of loan, collateral category and internal credit risk rating. We also analyze historical loss experience, delinquency trends, general economic conditions and geographic concentrations. This analysis establishes factors that are applied to the loan groups to determine the amount of the general allocation. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results.

On a quarterly basis, the Chief Financial Officer:

- Reviews all impaired loans individually, determines the appropriate impaired loan balance and calculates any necessary specific reserves. The most current appraised value is generally used as the basis for the value of the collateral. In general,loans that are classified as troubled debt restructurings and loans that are greater than $1.0 million and delinquent more than 90 days are considered impaired.
- Summarizes by rating classification all remaining loans that are graded either “Watch,” “Special Mention” or “Substandard.” A general reserve percentage is then applied to all such loans. The percentage utilized is increased as the classification severity increases.
- Summarizes by collateral type all remaining loans that are graded either “Desirable,” “Pass” or “Low Pass.” A general reserve factor is then applied to all such loans. The general reserve factors are analyzed and updated on a semiannual basis.

The results are summarized and an appropriate level of allowance for loan losses is determined. This level is compared to the “pre-analysis” level of allowance for loan losses and, if necessary, an adjustment is made through the provision for loan losses in order to reflect the appropriate level of allowance for loan losses.

The results of this quarterly process are summarized along with recommendations and presented to executive management for their review. Based on these recommendations, loan loss allowances are approved by executive management. All supporting documentation with regard to the evaluation process, loan loss experience, allowance levels and the schedules of classified loans are maintained by the Chief Financial Officer. A summary of loan loss allowances is presented to the Board of Directors on a quarterly basis.

We have a concentration of loans secured by real property located in our lending area. Our residential lending area generally encompasses northern New Jersey. Our market area for commercial lending, including multifamily lending, is broader, generally including the state of New Jersey, Eastern Pennsylvania, Southern New York, New York City and parts of Connecticut, Delaware and Maryland. Our consumer lending is generally limited to the bank’s designated lending area which is considerably closer to our branch offices. As a substantial amount of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions for appraisal valuations are instrumental in determining the value of properties. In order to reduce the potential for undue influence on the appraisal process, we use an external appraisal firm as our Appraisal Manager. The Appraisal Manager generally does not perform any appraisals but obtains quotes for necessary appraisal work from one of our approved, qualified appraisal firms. Our Chief Credit Officer determines the firm to be utilized and the Appraisal Manager orders the work. Completed appraisals are sent to the Appraisal Manager. The Appraisal Manager then reviews the appraisal addressing all key assumptions utilized in the appraisal. The completed appraisal and the written review are then forwarded to the Chief Credit Officer. Based on the composition of our loan portfolio, we believe the primary risks are increases in interest rates, a decline in the economy generally, and a decline in real estate market values in our lending area. Any one or combination of these events may adversely affect our loan portfolio resulting in increased delinquencies, loan losses and future levels of loan loss provisions. We consider it important to maintain

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the ratio of our allowance for loan losses to total loans at an adequate level. Factors such as current economic conditions, interest rates, and the composition of the loan portfolio will affect our determination of the level of this ratio for any particular period.

Our allowance for loan losses in recent years reflects probable losses resulting from the actual growth in our loan portfolio, ongoing local and regional economic conditions and our overall levels of charge-offs, delinquencies, impaired loans and nonaccrual loans. We believe the ratio of the allowance for loan losses to total loans at June 30, 2014 adequately reflects our portfolio credit risk, given our emphasis on multifamily and commercial real estate lending and current market conditions.

Although we believe we have established and maintained the allowance for loan losses at adequate levels, additions may be necessary if future economic and other conditions differ substantially from the current operating environment. Although management uses the best information available, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. In addition, the FDIC and the NJDOBI, as an integral part of their examination process, will periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on its judgments about information available to them at the time of their examination. The most recent such examination was performed by the FDIC as of September 30, 2013.

Real estate acquired by us as a result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned. When the Company acquires other real estate owned, it generally obtains a current appraisal to substantiate the net carrying value of the asset. The asset is recorded at the lower of cost or fair value, establishing a new cost basis. Holding costs and declines in estimated fair value result in charges to expense after acquisition.

Deferred Income Taxes. We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. If current available information raises doubt as to the realization of the deferred tax assets, a valuation allowance may be established. We consider the determination of this valuation allowance to be a critical accounting policy because of the need to exercise significant judgment in evaluating the amount and timing of recognition of deferred tax liabilities and assets, including projections of future taxable income. These judgments and estimates are reviewed on a continual basis as regulatory and business factors change. A valuation allowance for deferred tax assets may be required if the amounts of taxes recoverable through loss carry backs decline, or if we project lower levels of future taxable income. Such a valuation allowance would be established through a charge to income tax expense that would adversely affect our operating results.

Asset Impairment Judgments. Some of our assets are carried on our consolidated balance sheets at cost, fair value or at the lower of cost or fair value. Valuation allowances or write-downs are established when necessary to recognize impairment of such assets. We periodically perform analyses to test for impairment of such assets. In addition to the impairment analyses related to our loans discussed above, another significant impairment analysis is the determination of whether there has been an other-than-temporary decline in the value of one or more of our securities.

Our available-for-sale securities portfolio is carried at fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive income or loss in stockholders' equity. If management has the intent and the ability at the time of purchase to hold securities until maturity, they are classified as held to maturity. We conduct a periodic review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. Any portion of unrealized loss on an individual equity security deemed to be other-than-temporarily impaired is recognized as a loss in operations in the period in which such determination is made. For debt investments securities (where we do not intend to sell the security and it is not more likely than not that we will be required to sell the security prior to recovery of the security's amortized cost) deemed other than temporarily impaired, the investment is written down through current earnings by the impairment related to the estimated credit loss and the non-credit related impairment is recognized in other comprehensive income.

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Comparison of Financial Condition at June 30, 2014 and June 30, 2013
Total Assets. Total assets increased $308.3 million to $3.14 billion at June 30, 2014, from $2.83 billion at June 30, 2013. The primary investing activity was in loans funded by increases in short term borrowings and deposits.
Cash and Cash Equivalents. Cash and cash equivalents (which include fed funds and short term investments) increased $6.9 million to $18.9 million at June 30, 2014, from $12.1 million at June 30, 2013.
Loans, net. Loans, net increased $228.1 million to $2.50 billion at June 30, 2014, from $2.28 billion at June 30, 2013, an increase of 10.0%. Loan originations totaled $603.1 million for the fiscal year ended June 30, 2014. The growth rate of the loan portfolio continues to be negatively impacted by an elevated level of prepayments. Prepayments and principal amortization totaled $374.0 million for the fiscal year ended June 30, 2014.
Mortgage-Backed Securities Available For Sale. Mortgage-backed securities AFS increased $70.8 million to $377.1 million at June 30, 2014, from $306.3 million at June 30, 2013.
Mortgage-backed Securities held to maturity. Mortgage-backed securities HTM decreased $9.5 million to $32.4 million at June 30, 2014, from $41.9 million at June 30, 2013.
Bank Owned Life Insurance. BOLI increased $8.1 million to $68.1 million at June 30, 2014, from $60.0 million at June 30, 2013, as additional BOLI investments have been made over the fiscal year.
Real Estate Owned. Real estate owned ("REO") increased $2.1 million to $3.9 million at June 30, 2014, from $1.7 million at June 30, 2013. During the 2014 fiscal year, the Company has taken title to three properties and disposed of two properties. The $3.9 million balance at June 30, 2014 consists of 5 properties.
Deposits. Deposits increased $161.3 million to $1.58 billion at June 30, 2014, from $1.42 billion at June 30, 2013. Core deposits, consisting of checking, money market and savings accounts, increased $85.3 million, or 9.0%, to $1.03 billion at June 30, 2014, from $948.6 million at June 30, 2013. Over that same period, time deposits increased $75.9 million, or 16.1%. Robust deposit growth is a strategic objective of the Company.
Borrowings. Borrowings increased $133.8 million to $967.4 million at June 30, 2014, from $833.7 million at June 30, 2013. The Company utilized borrowings, primarily overnight borrowings, to contribute to the funding of loan originations. Short-term borrowings totaled $337.0 million at June 30, 2014 compared to $233.3 million at June 30, 2013. During the fiscal year ended June 30, 2014, the Company committed to $93.3 million in long term advances from the FHLB. These borrowings had a weighted average term of 7.6 years and a weighted average cost of 2.7%. The Company will continue to obtain longer term borrowings and modify FHLB-NY advances opportunistically. In July 2014, the Company committed to $39.5 million in FHLB advances with an average term of 5.7 years and a weighted average cost of 2.1%.
Stockholders' Equity. Stockholders' equity increased $7.6 million to $526.3 million at June 30, 2014, from $518.7 million at June 30, 2013. The increase was primarily due to net income and the proceeds from the exercise of stock options, partially offset by dividends, including a $0.25 special dividend paid in December 2013, and treasury stock repurchases. Over the June 30, 2014 quarter, 269,544 shares of stock were repurchased at a total cost of $3.9 million and an average cost of $14.64 per share. Based on our June 30, 2014 closing price of $15.39 per share, the Company stock was trading at 133.1% of book value.

Comparison of Operating Results for the Years Ended June 30, 2014 and June 30, 2013
Net Income. Net income increased $1.5 million to $41.1 million for the fiscal year ended June 30, 2014, from $39.5 million for the corresponding 2013 period. The primary reason for the increased net income in the twelve month period was decreased provision for loan losses partially offset by increased expenses. Return on average assets and average equity was 1.40% and 7.80% for the fiscal year ended June 30, 2014, respectively. Return on average assets and average equity was 1.43% and 7.68% for the fiscal year ended June 30, 2013, respectively.

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Total interest income. The components of interest income for the fiscal year ended June 30, 2014 and 2013, changed as follows:

	Fiscal year Ended June 30,				Increase / (decrease)		
	2014		2013			Average	
	$	Yield	$	Yield	$	Balance	Yield
	(Dollars in thousands)						
Interest on mortgage loans	$ 119,004	5.06%	$ 117,418	5.49%	$ 1,586	$ 213,417	-0.43%
Dividends on FHLB stock	1,801	4.08%	1,752	3.24%	49	(9,944)	0.84%
Interest on securities AFS	146	1.67%	237	1.69%	(91)	(5,288)	-0.02%
Interest on MBS HTM	820	2.43%	955	2.48%	(135)	(4,735)	-0.05%
Interest on MBS AFS	6,444	1.95%	6,862	1.73%	(418)	(65,539)	0.22%
Interest on federal funds sold and short term investments	11	0.25%	4	0.25%	7	2,758	0.00%
Total interest income	$ 128,226	4.62%	$ 127,228	4.81%	$ 998	$ 130,669	-0.19%

Total interest income increased $1.0 million, or 0.8%, to $128.2 million for the fiscal year ended June 30, 2014, from $127.2 million for the fiscal year ended June 30, 2013. The largest increase occurred in interest on loans, which increased $1.6 million, or 1.4%, to $119.0 million for the fiscal year ended June 30, 2014, from $117.4 million for the fiscal year ended June 30, 2013. Over that same period, the average balance of loans increased $213.4 million or 17.5%. The Company’s primary strategic business focus is organic growth of multifamily and commercial real estate loans. While growth was achieved throughout the year, the growth rate slowed from prior years. Management has been reluctant to offer the terms required to maintain our prior pace of growth, particularly loans with a fixed rate period longer than 5 years. The growth was primarily achieved through originations which totaled $603.1 million for the fiscal year ended June 30, 2014 versus $653.8 million for the comparable 2013 period. The yield on the loan portfolio decreased 43 basis points for the fiscal year ended June 30, 2014 versus the comparable 2013 period. The decreased yield was primarily due to the impact of current market rates on new originations, refinancings, prepayments and modifications. Prepayment penalties are recognized as interest on loans and impacted the loan yield in both periods. Prepayment penalties totaled $5.8 million in the 2014 period versus $5.1 million in the 2013 period, and boosted annualized loan yield by 25 basis points in the 2014 period versus 24 basis points in the 2013 period. Prepayment penalty provisions are incorporated into all of the Company's multifamily and commercial real estate loan documents. The penalties are intended to provide the Company with compensation if the loan is prepaid.

Interest Expense. The components of interest expense for the fiscal year ended June 30, 2014 and 2013, changed as follows:

	Fiscal year Ended June 30,				Increase / (decrease)		
	2014		2013			Average	
	$	Cost	$	Cost	$	Balance	Cost
	(Dollars in thousands)						
Savings deposits	$ 386	0.23%	$ 391	0.23%	$ (5)	$ 485	0.00%
Money market	2,062	0.49%	2,129	0.50%	(67)	(9,889)	-0.01%
Checking accounts	1,867	0.45%	868	0.34%	999	162,330	0.11%
Time deposits	4,300	0.91%	5,136	1.01%	(836)	(39,443)	-0.10%
Total deposits	8,615	0.58%	8,524	0.62%	91	113,483	-0.04%
Borrowings	22,488	2.60%	21,274	2.57%	1,214	35,267	0.03%
Total interest expense	$ 31,103	1.33%	$ 29,798	1.36%	$ 1,305	$ 148,750	-0.03%

Total interest expense increased $1.3 million, or 4.4%, to $31.1 million for the fiscal year ended June 30, 2014, from $29.8 million for the comparable 2013 period. Interest expense on deposits increased $91,000, to $8.6 million for the fiscal year ended June 30, 2014, from $8.5 million for the comparable 2013 period. The average balance of interest bearing deposits increased $113.5 million over this period while the average cost of these funds decreased 4 basis points. Management has also focused on increasing deposits and implemented various strategies with the aim of accomplishing this goal. These strategies have been successful to date, and management believes these trends can continue. However, such strategies may negatively impact future interest expense. The greatest achievement has been in growth of checking accounts, which realized growth in average balance of $162.3 million. Increases in time deposits have also been realized, though that growth occurred in the later portions of the fiscal year. While the

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costs of time deposits slightly decreased, the Company has been able to extend the duration of these accounts. Interest expense on borrowings increased $1.2 million, or 5.7%, to $22.5 million for the fiscal year ended June 30, 2014, from $21.3 million for the comparable 2013 period. The average balance of borrowings increased $35.3 million, for the fiscal year ended June 30, 2014 versus the comparable 2013 period, and the cost increased slightly, 3 basis points. As discussed in prior filings, the Company committed to deferred interest rate hedges with notional amounts totaling $50.0 million during the fiscal year ended June 30, 2014 to mitigate a portion of the risk associated with its borrowing position. The Company now has $100.0 million of its short term liability position protected through interest rate hedges.

Net interest income. Net interest income decreased $307,000 to $97.1 million for the fiscal year ended June 30, 2014, from $97.4 million for the fiscal year ended June 30, 2013. The Company's quarterly net interest income, and annualized spread and margin over the period are detailed in the table below. Due to the significant impact of prepayment penalties, the table details results with and without prepayment penalties.

	Including Prepayment Penalties			Excluding Prepayment Penalties		
Quarter Ended	Net Interest Income Before Provision	Spread	Margin	Net Interest Income Before Provision	Spread	Margin
	(dollars in thousands)					
June 30, 2014	$ 23,756	3.08%	3.27%	$ 22,871	2.96%	3.15%
March 31, 2014	24,462	3.28%	3.48%	23,258	3.11%	3.31%
December 31, 2013	24,312	3.38%	3.60%	22,418	3.10%	3.32%
September 30, 2013	24,593	3.45%	3.67%	22,801	3.18%	3.41%
June 30, 2013	23,873	3.37%	3.58%	22,848	3.22%	3.43%

The Company's spread and margin for the fiscal year ended June 30, 2014 were 3.29% and 3.50%, respectively. The spread and margin for the fiscal year ended June 30, 2013 were 3.45% and 3.69% , respectively. Various factors contributed to the erosion that occurred over the year. The Company's spread and margin are under pressure in the current interest rate environment due to several factors, including: rates on new loan originations and investment purchases; modifications of loans within the existing loan portfolio; prepayments of higher yielding loans and investments; limited ability to further reduce deposit and borrowing costs; promotional interest costs to attract new deposit customers; and increases in borrowing costs for the long term borrowings. The rates on new loan originations are being impacted by increased competition. The spread on new loan rates versus external sources of funds have decreased over the past year. In addition, the Company typically originates loans that have a reset period of 5 years or less. Such loans generally require a lower rate of interest versus loans with a longer reset period. The Company's net interest income and net interest rate spread were both negatively impacted in all periods due to the reversal of accrued interest income on loans delinquent more than 90 days. The total of such income reversed was $562,000 for the fiscal year ended June 30, 2014 and $1.9 million for the comparable 2013 period.

Provision for Loan Losses. The Company recorded provisions for loan losses of $700,000 for the fiscal year ended June 30, 2014 as compared to $3.9 million for the comparable 2013 period. The Company's net charge-offs (net of recoveries) totaled $680,000 and $3.7 million for the fiscal years ended June 30, 2014 and 2013, respectively. The Company's allowance for loan losses is analyzed quarterly and many factors are considered. The provision for loan losses was lower in the 2014 period partially due to improving delinquency and nonaccrual trends, changes in loan risk ratings, loan growth, charge-offs and economic and business conditions. In addition, improvements in general economic and business conditions have also impacted the level of provisioning by decreasing the necessary level of general allowances.

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Delinquency and non performing asset information is provided below:

	At June 30,			
	2014	2013	2012	2011
	(In thousands)			
Delinquency Totals				
30—59 days past due*	$3,411	$7,416	$13,783	$7,025
60—89 days past due*	214	2,643	8,555	5,327
Non-accrual	17,972	23,910	18,342	15,303
Total	$21,597	$33,969	$40,680	$27,655
Non Performing Asset Totals				
Nonaccrual loans, per above	$17,972	$23,910	$18,342	$15,303
Real Estate Owned	3,850	1,742	2,740	3,967
Total	$21,822	$25,652	$21,082	$19,270

*Excludes non-accrual loans less than 90 days past due as they are included in the non-accrual total.

Total delinquent and nonaccrual loans have improved since June 30, 2013. In addition, of the $18.0 million of loans classified as nonaccrual at June 30, 2014, only $9.4 million were 90 days or more past due. The balance of the loans are classified as nonaccrual due to TDR status or prior delinquency. As further described below, the metrics in the nonaccrual total show continued improvement.

At June 30, 2014, there were seven nonaccrual loans with balances greater than or equal to $1.0 million. These loans are discussed below:

- A $2.9 million construction loan for a luxury home in Morris County, New Jersey. The loan is classified as an impaired troubled debt restructuring ("TDR"). A modification/extension agreement was reached with the borrower during the quarter ended December 31, 2013. The loan has paid as agreed since the agreement. Principal payments totaling $300,000 have been received in conjunction with, and subsequent to, the modification. In accordance with the results of the impairment analysis for this loan, no reserve was required as of June 30, 2014, primarily due to a low estimated loan to value. The property was recently appraised for $5.8 million. If the loan continues to demonstrate satisfactory performance it will be returned to accrual status as of September 30, 2014 (although there can be no assurances that this will occur).
- A $1.6 million residential loan on a single family residence in Bergen County, New Jersey. A foreclosure action was initiated when loan payments became delinquent. The loan is classified as impaired. In accordance with the results of the impairment analysis for this loan, a $246,000 impairment reserve remains against this loan as of June 30, 2014. Oritani is pursuing legal remedies and a foreclosure date has been set for the fourth calendar quarter of 2014.
- A $1.0 million loan on a mixed use property in Bergen County, New Jersey. The loan is classified as an impaired TDR. In accordance with the results of the impairment analysis for this loan, a $265,000 impairment reserve remains against this loan as of June 30, 2014. A forbearance agreement had previously been executed and the borrower has generally complied with the payment demands of the Company but not to the extent where the Company believes long term issues with the loan have been resolved. The loan is classified as nonaccrual as of June 30, 2014 and was 30 days delinquent at that time.
- A $2.4 million loan on a multifamily property in New York City. The loan is classified as impaired. In accordance with the results of the impairment analysis for this loan, no reserve was required as of June 30, 2014. The borrower is in bankruptcy. The bankruptcy court recently auctioned the property and the winning bid was for $4.65 million. The Company currently expects that all amounts due will be paid in full in conjunction with the sale. The timing of the sale is controlled by the bankruptcy court. Regular payments have continued on this loan including a small amount toward the delinquent balance.
- A $1.5 million loan on a retail building in Morris County, NJ. The loan is classified as impaired. The prior impairment reserve of $163,000 was charged off against this loan. In accordance with the results of the impairment analysis for this loan as of June 30, 2014, no additional impairment reserve was necessary. The Company continues to pursue legal remedies.

- A $1.4 million loan on an office building in Somerset County, NJ. The loan is classified as impaired. The prior impairment reserve of $292,000 was charged off against this loan. In accordance with the results of the impairment analysis for this loan as of June 30, 2014, no additional impairment reserve was necessary. This loan and the loan described directly above have the same borrower. The Company continues to pursue legal remedies on this loan also.
- A $1.2 million loan on a lot and auto showroom in Bergen County, NJ. The loan is classified as an impaired TDR. A modification/extension agreement was reached with the borrower during the quarter ended December 31, 2013. The loan has paid as agreed since the agreement. In accordance with the results of the impairment analysis for this loan, a $407,000 impairment reserve was maintained against this loan as of June 30, 2014.

There are twenty other multifamily/commercial real estate loans, totaling $5.1 million, classified as nonaccrual at June 30, 2014. The largest of these loans has a balance of $698,000 (and was fully current at June 30, 2014).

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There are seven other residential loans, totaling $842,000, classified as nonaccrual at June 30, 2014. The largest of these loans has a balance of $334,000.

Other Income.Other income decreased $218,000 to $5.6 million for the fiscal year ended June 30, 2014 from $5.8 million for the fiscal year ended June 30, 2013. The decrease is primarily due to the receipt of $1.5 million of nonrecurring insurance proceeds recognized as income from bank-owned life insurance in the 2013 period. These proceeds were not subject to income taxes. Net gain on sale of assets decreased $540,000 for the fiscal year ended June 30, 2014, primary due to decreased sale activity in loans and REO properties during the 2014 period. These decreases were partially offset by an increase in income from investments in real estate joint ventures. Income of $860,000 was realized over the fiscal year ended June 30, 2014 versus a loss of $566,000 in the comparable 2013 period. As discussed in prior filings, issues related to flooding at one commercial property had decreased occupancy and income during the 2013 and 2012 periods. These issues have been resolved as a new grocery anchor tenant is in place and became fully operational during the last quarter of fiscal 2014.

Operating Expenses. Operating expenses increased $1.6 million to $39.5 million for the fiscal year ended June 30, 2014, from $37.9 million for the fiscal year ended June 30, 2013. The increase was primarily due to compensation, payroll taxes and fringe benefits, which increased $819,000 to $28.6 million for the fiscal year ended June 30, 2014, from $27.8 million for the fiscal year ended June 30, 2013. The increase was primarily due to increased expenses associated with the Company's nonqualified benefit plans. In the 2013 period, actual costs were less than anticipated largely due to an increase in the assumed discount rate. In addition, the increase is partially attributable to an increase regarding expenses associated with the Company's defined benefit plan. This plan is frozen but actuarial changes to the present value of future payment obligations along with changes to the estimated earnings on assets require ongoing expenses and likely future contributions. In the 2013 period, the valuation of the defined benefit plan resulted in a reduction of expense. Regular increases in salary and staffing also contributed to the increase.

Income Taxes.Income tax expense for the fiscal year ended June 30, 2014, was $21.5 million, due to pre-tax income of $62.5 million, resulting in an effective tax rate of 34.4%. The value of the Company's deferred tax assets increased as a result of a change in New York state tax law in March, 2014. The tax reform increased future marginal tax rates and changed apportionment factors. This change reduced the effective rate in the 2014 period. For the fiscal year ended June 30, 2013, income tax expense was $22.0 million, due to pre-tax income of $61.5 million, resulting in an effective tax rate of 35.7%.

Comparison of Operating Results for the Years Ended June 30, 2013 and June 30, 2012

Net Income. Net income increased $7.9 million, or 24.9%, to $39.5 million for the fiscal year ended June 30, 2013, from $31.7 million for the corresponding 2012 period. The primary causes of the increased net income were increased net interest income and decreased provision for loan losses. Return on average assets was 1.43% for the fiscal year ended June 30, 2013. Return on average equity was 7.68% for the fiscal year ended June 30, 2013.

Total interest income. Total interest income increased $5.2 million, or 4.3%, to $127.2 million for the fiscal year ended June 30, 2013, from $122.0 million for the fiscal year ended June 30, 2012. The largest increase occurred in interest on loans, which increased $9.0 million, or 8.3%, to $117.4 million for the fiscal year ended June 30, 2013, from $108.4 million for the fiscal year ended June 30, 2012. Over that same period, the average balance of loans increased $318.1 million or 17.5%. The Company's primary focus is organic growth of multifamily and commercial real estate loans. While growth was achieved throughout the year, the growth rate slowed slightly in the second half of the fiscal year. Management has been reluctant to offering the terms required to maintain our prior pace of growth, particularly loans with a fixed rate period longer than 5 years. The recent increase in market rates has made current loan terms more palatable, and management believes the Company can return to growth levels previously achieved. The growth was primarily achieved through originations which totaled $653.8 million for the fiscal year ended June 30, 2013 versus $543.8 million for the comparable 2012 period. The yield on the loan portfolio decreased 46 basis points for the fiscal year ended June 30, 2013 versus the comparable 2012 period. The decreased yield was primarily due to the impact of current market rates on new originations, refinancings, prepayments and modifications. Prepayment penalties are recognized as interest on loans and impacted the loan yield in both periods. Prepayment penalties totaled $5.1 million for the fiscal year ended June 30, 2013 versus $1.5 million for the comparable 2012 period. Prepayment penalty provisions are incorporated into all of the Company's multifamily and commercial real estate loan documents. The penalties are intended to provide the Company with compensation if the loan is prepaid. Although market interest rates have increased recently, the current interest rate environment continues to provide an economic incentive for many of our existing borrowers to refinance. Prepayment penalties boosted annualized loan yield by 24 basis points for the fiscal year ended June 30, 2013 versus 8 basis points for the comparable 2012 period. Another strategic business decision was the determination to no longer deploy the cash flows from the investment portfolio back into new investments. This decision impacted the periods subsequent to September 30, 2011 and was made because the Company determined that the risk/reward profiles of permissible securities no longer warranted additional investment. The few purchases that occurred subsequent to that date were primarily to satisfy regulatory needs and were classified as held to maturity. The average balance of the primary investment category, mortgage-backed securities available for sale, decreased $154.2 million over the period. The decision has aided overall yield on interest earning assets as the Company now has a lower percentage

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of its interest earning assets in lower yielding instruments like mortgage backed securities, investment securities and federal funds sold. The limited decrease in yield on interest earnings assets that occurred in 2013 versus 2012 (7 basis points), despite a much lower interest rate environment, is partially attributable to these strategic decisions.

Interest Expense. Total interest expense decreased $3.5 million, or 10.6%, to $29.8 million for the fiscal year ended June 30, 2013, from $33.3 million for the fiscal year ended June 30, 2012. Interest expense on deposits decreased $4.3 million, or 33.5%, to $8.5 million for the fiscal year ended June 30, 2013, from $12.8 million for the fiscal year ended June 30, 2012. The average balance of interest bearing deposits decreased $18.6 million over this period while the average cost of these funds decreased 31 basis points. The current interest rate environment has provided an opportunity for the Company to reduce its cost of interest bearing liabilities. The Company has continued its strategic objective of increasing core deposits. However, increases in core account balances have been offset by decreases in time deposits. While management believes time deposits can be cost effectively replaced by borrowings in the current environment, the Company has been concerned with the overall deposit total and has deployed strategies designed to increase deposits without significantly impacting costs. Interest expense on borrowings increased $764,000, or 3.7%, to $21.3 million for the fiscal year ended June 30, 2013, from $20.5 million for the fiscal year ended June 30, 2012. The average balance of borrowings increased significantly, $185.1 million, for the fiscal year ended June 30, 2013 versus the fiscal year ended June 30, 2012, while the cost decreased significantly, 62 basis points. Overnight and other short term borrowings totaled $233.3 million at June 30, 2013, versus $161.6 million at June 30, 2012. The increased level of overnight and short term borrowings contributed to the decreased borrowing cost. As discussed in prior filings, the Company committed to a deferred interest rate hedge in a notional amount of $50.0 million to mitigate a portion of the risk associated with its borrowing position.

Net interest income. Net interest income increased by $8.8 million, or 9.9%, to $97.4 million for the fiscal year ended June 30, 2013, from $88.7 million for the fiscal year ended June 30, 2012. The Company’s spread and margin increased to 3.45% and 3.69% for the fiscal year ended June 30, 2013, respectively, from 3.24% and 3.55% for the fiscal year ended June 30, 2012, respectively. The Company expects that its spread and margin will remain under pressure in the current interest rate environment due to several factors, including: rates on new loan originations and investment purchases; modifications of loans within the existing loan portfolio; prepayments of higher yielding loans and investments; limited ability to further reduce deposit and borrowing costs; promotional interest costs to attract new deposit customers and increases in borrowing costs which may be necessary to reduce interest rate risk. The Company has been able to largely offset these pressures. Several factors have contributed to this result. The Company believes that the most effective means for it to offset the impact of decreased spread and margin is loan growth, through quality loan originations. The Company has been able to achieve quality loan growth which remains one of its strategic goals. The interest rate curve has steepened over the past three months as longer term rates have increased. If this interest rate curve is maintained, it will likely relieve some of the pressure on core spread and margin. New loan originations would likely be at higher rates and modifications would likely decrease. However, prepayment penalty income would also likely decrease. Prepayment penalty income totaled $5.1 million for the fiscal year ended June 30, 2013. Another factor has been the utilization of overnight borrowings. In the recent rate environment, such borrowings have a very low cost which contributed to the increased spread, margin and net interest income. The utilization of such borrowings also increased the Company’s interest rate risk, and the Company has addressed the increased exposure through a deferred interest rate hedge. The Company has also been able to successfully lower the cost of overall deposits, particularly money market deposits, without a significant impact on balances. The Company has also decreased its reliance on time deposits, which carry a higher cost, and lowered the cost of the remaining time deposits. The Company's largest interest rate risk exposure is to a flat or inverted yield curve. The Company's net interest income and net interest rate spread were both negatively impacted in all periods due to the reversal of accrued interest income on loans delinquent more than 90 days. The total of such income reversed was $1.9 million for the fiscal year ended June 30, 2013 and $1.1 million for the fiscal year ended June 30, 2012.

Provision for Loan Losses. The Company recorded provisions for loan losses of $3.9 million for the fiscal year ended June 30, 2013 as compared to $8.5 million for the fiscal year ended June 30, 2012. The Company charged off a total of $3.8 million and $3.9 million in loans during the fiscal year ended June 30, 2013 and 2012, respectively. The Company’s allowance for loan losses is analyzed quarterly and many factors are considered. Delinquency and nonaccrual totals, changes in loan risk ratings, loan growth, charge-offs and economic factors continue to have a meaningful impact on the current level of provision for loan losses. The provision for loan losses was lower in the 2013 periods partially because of improvements in risk ratings and delinquencies.

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Delinquency and non performing asset information is provided below:

	At June 30,			
	2013	2012	2011	2010
	(In thousands)			
Delinquency Totals				
30—59 days past due*	$7,416	$13,783	$7,025	$12,330
60—89 days past due*	2,643	8,555	5,327	4,629
Non-accrual	23,910	18,342	15,303	38,125
Total	$33,969	$40,680	$27,655	$55,084
Non Performing Asset Totals				
Nonaccrual loans, per above	$23,910	$18,342	$15,303	$38,125
Real Estate Owned	1,742	2,740	3,967	3,031
Total	$25,652	$21,082	$19,270	$41,156

*Excludes non-accrual loans less than 90 days past due as they are included in the non-accrual total.

Other Income. Other income increased $419,000 to $5.8 million for the fiscal year ended June 30, 2013 from $5.4 million for the fiscal year ended June 30, 2012. The increase was primarily due to income from bank owned life insurance, which increased $1.7 million to $3.3 million for the fiscal year ended June 30, 2013, from $1.6 million for the fiscal year ended June 30, 2012. The increase was primarily due to the receipt of nonrecurring insurance proceeds. This increase was partially offset by a decrease in income from investments in joint ventures, which decreased $1.3 million for the fiscal year ended June 30, 2013 versus the comparable 2012 period. As discussed in greater detail in "Comparison of Operating Results for the Years Ended June 30, 2012 and June 30, 2011-Other Income", issues related to flooding at one commercial property have decreased occupancy and income. The key vacancy pertains to the grocery anchor tenant. Income is expected to be below historical levels for the remainder of calendar 2013.

Operating Expenses. Operating expenses increased $2.4 million to $37.9 million for the fiscal year ended June 30, 2013, from $35.5 million for the fiscal year ended June 30, 2012. The increase was primarily due to compensation, payroll taxes and fringe benefits, which increased $2.7 million to $27.8 million for the fiscal year ended June 30, 2013, from $25.1 million for the fiscal year ended June 30, 2012. There were increases totaling $773,000 related directly to compensation due to additional staffing and salary adjustments. The twelve month period was impacted by costs associated with stock based compensation. Stock awards and options were granted under the Company's 2011 Equity Incentive Plan (“the Equity Plan”) on August 18, 2011. The 2012 period contains 10.5 months of amortization of Equity Plan costs versus 12 months in the 2013 period. Expenses associated with the Equity Plan were $797,000 greater in the 2013 period versus the 2012 period. Increases in the trading price of Company's common stock caused an increase in ESOP expense. These increases were partially offset by a decrease in benefit expense primarily pertaining to one plan whose actual costs were less than anticipated largely due to an increase in the assumed discount rate. Our efficiency ratios for the fiscal year ended June 30, 2013 and 2012, were 36.7% and 37.7%, respectively.

Income Taxes. Income tax expense for the fiscal year ended June 30, 2013, was $22.0 million, due to pre-tax income of $61.5 million, resulting in an effective tax rate of 35.7%. For the fiscal year ended June 30, 2012, income tax expense was $18.5 million, due to pre-tax income of $50.1 million, resulting in an effective tax rate of 36.8%. The decreased rate in 2013 was due to the implementation of various strategies as well as the receipt of nonrecurring bank owned life insurance income, which is not subject to income taxes.

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Average Balances and Yields. The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense.

	For the Years Ended June 30,								
	2014			2013			2012		
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	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)	$2,352,488	$119,004	5.06 %	$2,139,071	$117,418	5.49 %	$1,820,992	$108,409	5.95 %
Securities held to maturity (2)	44,138	1,801	4.08	54,082	1,752	3.24	33,066	1,387	4.19
Securities available for sale	8,739	146	1.67	14,027	237	1.69	48,219	864	1.79
Mortgage backed securities held to maturity	33,705	820	2.43	38,440	955	2.48	34,819	908	2.61
Mortgage backed securities available for sale	330,148	6,444	1.95	395,687	6,862	1.73	549,883	10,390	1.89
Federal funds sold and short term investments	4,342	11	0.25	1,584	4	0.25	12,789	32	0.25
Total interest-earning assets	2,773,560	128,226	4.62 %	2,642,891	127,228	4.81 %	2,499,768	121,990	4.88 %
Non-interest-earning assets	153,686			122,346			109,688		
Total assets	$2,927,246			$2,765,237			$2,609,456		
Interest-bearing liabilities:									
Savings deposits	$168,209	386	0.23 %	$167,724	391	0.23 %	$157,617	652	0.41 %
Money market	419,737	2,062	0.49	429,626	2,129	0.50	396,172	2,956	0.75
Checking accounts	419,371	1,867	0.45	257,041	868	0.34	202,773	831	0.41
Time deposits	471,558	4,300	0.91	511,000	5,136	1.01	627,426	8,384	1.34
Total deposits	1,478,875	8,615	0.58	1,365,391	8,524	0.62	1,383,988	12,823	0.93
Borrowings	863,355	22,488	2.60	828,088	21,274	2.57	642,947	20,510	3.19
Total interest-bearing liabilities	2,342,230	31,103	1.33 %	2,193,479	29,798	1.36 %	2,026,935	33,333	1.64 %
Non-interest-bearing liabilities	58,429			57,137			50,157		
Total liabilities	2,400,659			2,250,616			2,077,092		

Stockholders’ equity	526,587			514,621			532,364		
Total liabilities and stockholders’ equity	$2,927,246			$2,765,237			$2,609,456		
Net interest income		$97,123			$97,430			$88,657	
Net interest rate spread (3)			3.29 %			3.45 %			3.24 %
Net interest-earning assets (4)	$431,330			$449,412			$472,833		
Net interest margin (5)			3.50 %			3.69 %			3.55 %
Ratio of interest-earning assets to interest-bearing liabilities			118.42 %			120.49 %			123.33 %

(1) Includes nonaccrual loans.
(2) Includes Federal Home Loan Bank stock.
(3) Net interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted- average cost of interest-bearing liabilities for the period.
(4) Net interest-earning assets represents total interest-earning assets less interest-bearing liabilities.
(5) Net interest margin represents net interest income as a percent of average interest-earning assets for the period.

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Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the fiscal years indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total increase (decrease) column represents the sum of the prior columns.

	Years Ended June 30, 2014 vs. 2013 Increase (Decrease) Due to		Total Increase (Decrease)	Years Ended June 30, 2013 vs. 2012 Increase (Decrease) Due to		Total Increase (Decrease)
	Volume	Rate		Volume	Rate	
	(In thousands)					
Interest-earning assets:						
Loans, net	$11,715	$(10,129)	$1,586	$18,936	$(9,927)	$9,009
Securities available for sale	(322)	371	49	882	(517)	365
Securities held to maturity	(89)	(2)	(91)	(613)	(14)	(627)
Mortgage-backed securities available for sale	(118)	(17)	(135)	94	(47)	47
Mortgage-backed securities held to maturity	(1,137)	719	(418)	(2,914)	(614)	(3,528)
Federal Funds sold and short term investments	7	—	7	(28)	—	(28)
Total interest-earning assets	10,056	(9,058)	998	16,357	(11,119)	5,238
Interest-bearing liabilities:						
Savings accounts	1	(6)	(5)	42	(303)	(261)
Money market	(49)	(18)	(67)	250	(1,077)	(827)
Checking accounts	548	451	999	222	(185)	37
Time deposits	(396)	(440)	(836)	(1,556)	(1,692)	(3,248)
Total deposits	104	(13)	91	(1,042)	(3,257)	(4,299)
Borrowings	906	308	1,214	5,906	(5,142)	764
Total interest-bearing liabilities	1,010	295	1,305	4,864	(8,399)	(3,535)
Change in net interest income	$9,046	$(9,353)	$(307)	$11,493	$(2,720)	$8,773

Management of Market Risk

General. 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. The Company also engages the services of an outside consultant to assist with the measurement and analysis of interest rate risk.

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 multifamily and commercial real estate loans that generally tend to have shorter interest duration and generally have interest rates that reset at five years;
(ii) investing in shorter duration securities and mortgage-backed securities;
(iii) obtaining general financing through FHLB advances with a fixed long term: and
(iv) obtaining financing through the use of long term brokered deposits.

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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. In addition, if changes occur that cause the estimated duration of an available for sale security to lengthen significantly, management will consider the sale of such security. By following these strategies, we believe that we are well-positioned to react to increases in market interest rates.

Net Portfolio Value. We compute the amounts by which our 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 June 30, 2014, 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 (basis points) (1)	Estimated NPV (2)	Estimated Increase (Decrease) in NPV Amount	Estimated Increase (Decrease) in NPV Percent	NPV as a Percentage of Present Value of Assets (3) NPV Ratio (4)	NPV as a Percentage of Present Value of Assets (3) Increase (Decrease) (basis points)
	(Dollars in thousands)				
200	$475,981	$(69,450)	(12.7)%	15.7%	(144)
100	515,935	(29,496)	(5.4)%	16.6%	(55)
0	545,431	—	—%	17.2%	—
-100	582,101	36,670	6.7%	17.9%	75

(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 June 30, 2014 in the event of a 100 basis point decrease in interest rates, we would experience a 6.7% increase in net portfolio value. In the event of a 200 and 100 basis point increase in interest rates, we would experience a 12.7% decrease and a 5.4% decrease in net portfolio value, respectively. These changes in net portfolio value are within the limitations established in our asset and liability management policies. This data does not reflect any future actions we may take in response to changes in interest rates, such as changing the mix of our assets and liabilities, which could change the results of the NPV and net interest income calculations.

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.

Liquidity and Capital Resources

Liquidity is the ability to meet current and future financial obligations of a short-term nature. Our primary sources of funds consist of deposit inflows, loan and security repayments and maturities and sales of securities. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows, mortgage prepayments and security prepayments and calls are greatly influenced by general interest rates, economic conditions and competition. Our Asset/Liability Management Committee is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs of our customers as well as unanticipated contingencies. Our Asset/Liability Management Committee focuses on our level of liquid assets as well as our borrowing capacity with the FHLB. Funds can be obtained from the FHLB on a same day basis, significantly reducing the need to maintain excess liquid assets to address liquidity concerns.

We regularly adjust our investments in liquid assets based upon our assessment of:

(i) expected loan demand;
(ii) expected deposit flows;
(iii) expected payments from the loan and investment portfolios;
(iv) funds available through borrowings;
(v) yields available on interest-earning deposits and securities
(vi) yields and structures available on alternate investments; and
(vii) the objectives of our asset/liability management program

Excess liquid assets are invested generally in interest-earning deposits and short- and intermediate-term securities.

Our most liquid assets are cash and cash equivalents. The levels of these assets are dependent on our operating, financing, lending and investing activities during any given period. At June 30, 2014, cash and cash equivalents totaled $18.9 million. Securities and mortgage-backed securities classified as available for sale, which provide additional sources of liquidity, totaled $384.1 million at June 30, 2014.

Our cash flows are derived from operating activities, investing activities and financing activities as reported in our Consolidated Statements of Cash Flows included in our Consolidated Financial Statements.

At June 30, 2014, we had $89.8 million in loan commitments outstanding. In addition to commitments to originate loans, we had $28.6 million in unused lines of credit to borrowers. Time deposits due within one year of June 30, 2014 totaled $345.5 million, or 21.9% of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including other time deposits and FHLB advances. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the time deposits. We believe, however, based on past experience, that a significant portion of our time deposits will remain with us. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Our primary investing activity currently is the origination of loans and the purchase of loans and securities. During the year ended June 30, 2014, we originated $603.1 million of loans and purchased $183.8 million of securities. During the year ended June 30, 2013, we originated $653.8 million of loans and purchased $10.6 million of securities. There were no loans purchased during the years ended June 30, 2014 and 2013.

Financing activities consist primarily of activity in deposit accounts and FHLB advances. We experienced a net increase in total deposits of $161.3 million and $30.0 million for the fiscal years ended June 30, 2014 and 2013, respectively. Deposit flows are affected by the overall level of interest rates, the interest rates and products offered by us and our local competitors and other factors.

Liquidity management is both a daily and long-term function of business management. If we require funds beyond our ability to generate them internally, borrowing agreements exist with the FHLB of New York, which provide an additional source of funds. FHLB advances reflected a net increase of $133.8 million and $87.8 million during the fiscal years ended June 30, 2014 and 2013, respectively. FHLB advances have primarily been used to fund loan demand and provide longer-term sources of funding. At June 30, 2014, the Company had additional borrowing capacity of $73.9 million with the FHLB. As of September 15, 2014, our borrowing capacity with FHLB is $274.8 million and our borrowing capacity at FRB is $41.8 million.

Oritani Bank is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. At June 30, 2014, Oritani Bank exceeded all regulatory capital requirements. Oritani Bank is considered “well capitalized” under regulatory guidelines. See “Supervision and Regulation-Federal Banking Regulation-Capital Requirements” and Note 17 of the Notes to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit, standby letters of credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. We consider commitments to extend credit in determining our allowance for loan losses. For additional information, see Note 4, “Loans,” to our Consolidated Financial Statements.

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Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include operating leases for premises and equipment.

The following table summarizes our significant fixed and determinable contractual obligations and other funding needs by payment date at June 30, 2014. The payment amounts represent those amounts due to the recipient and do not include any unamortized premiums or discounts or other similar carrying amount adjustments.

	Payments Due by Period				
Contractual Obligations	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
	(In thousands)				
Federal Home Loan Bank advances	$420,251	$162,815	$255,000	$129,377	$967,443
Operating leases	659	810	502	330	2,301
Total	$420,910	$163,625	$255,502	$129,707	$969,744
Commitments to extend credit	$89,779	$—	$—	$—	$89,779
Unadvanced construction loans	$4,534	$—	$—	$—	$4,534
Unused lines of credit	$24,030	$—	$—	$—	$24,030
Commitments to purchase securities	$—	$—	$—	$—	$—

Impact of Inflation and Changing Prices

Our consolidated financial statements and related notes have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration for changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on performance than the effects of inflation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information regarding market risk, see Item 7- “Management’s Discussion and Analysis of Financial Conditions and Results of Operation – Management of Market Risk.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements are included in Part IV, Item 15 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure 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 fiscal year (the “Evaluation Date”). Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective.

(b) Changes in internal controls.

The Company considers management of internal controls to be an ongoing matter. There were no changes made in our internal control over financial reporting during the Company’s fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

(c) Management report on internal control over financial reporting.

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Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is a process designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.
Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of Oritani Financial Corp.; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements.
All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
Oritani Financial Corp.'s management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2014. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (1992). Based on our assessment we believe that, as of June 30, 2014, the Company's internal control over financial reporting is effective based on those criteria.
Oritani Financial Corp.'s independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of June 30, 2014. This report appears on page 57.
The Sarbanes-Oxley Act Section 302 Certifications have been filed with the SEC as Exhibit 31.1 and Exhibit 31.2 to this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS and CORPORATE GOVERNANCE

Information regarding director nominees, incumbent directors, executive officers, the Audit Committee of the board of directors, Audit Committee financial experts and procedures by which stockholders may recommend director nominees required by this item is set forth under "Proposal I Election of Directors" under the captions "Directors," "Executive Officers," "Nominees for Directors," "Continuing Directors," "Board Meetings and Committees," "Corporate Governance, Code of Ethics and Business Conduct" and "Procedures for the Consideration of Board Candidates Submitted by Stockholders" in the Proxy Statement filed for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.
Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is set forth under "General Information" under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement filed for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.
The Board has adopted a code of ethics for the principal executive officer, principal financial officer, principal accounting officer and all persons performing similar functions, and corporate governance guidelines for directors. These codes and guidelines are designed to deter wrongdoing and to promote honest and ethical conducts, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations. Both of these documents are available through links under the investor relations tab on the Company's website www.oritani.com. Amendments to and waivers from the code of ethics and corporate governance guidelines

for directors are disclosed on the Company's website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under “Proposal 1 Election of Directors” under the captions “Compensation Committee,” “Executive Compensation” and “Director Compensation” in the Proxy Statement for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item regarding security ownership of certain beneficial owners and management is set forth under "General Information" under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement filed for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is information as of June 30, 2014 regarding equity compensation plans categorized by those plans that have been approved by stockholders and those plans that have not been approved by stockholders.

Plan	Number of Securities to be Issued Upon Exercise of Outstanding Options (1)	Weighted Average Exercise Price (2)	Number of Securities Remaining Available for Issuance Under Plan
Equity compensation plans approved by stockholders	5,983,674	$11.50	327,207 (3)
Equity compensation plans not approved by stockholders	—	—	—
Total	5,983,674	$11.50	327,207

(1) Consists of outstanding stock options to purchase 5,983,674 shares of common stock granted under the Company's stock-base compensation plans.

(2) The weighted average exercise price reflects the exercise price of $10.43 per share for 2,010,960 stock options granted in 2008; an exercise price of $9.67 per share for 24,000 stock options and $11.11 per share for 20,000 stock options granted in 2010; an exercise price of $11.95 per share for 3,792,714 stock options granted in 2011; an exercise price of $14.55 per share for 80,000 stock options granted in 2012, an exercise price of $16.19 per share for 36,000 stock options granted in 2013 and $15.42 per share for 20,000 stock options for granted in 2014 under the Company's stock-based compensation plans.

(3) Represents the number of available shares that may be granted as stock options and stock awards under the Company's stock-based compensation plans.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is set forth under "Proposal I Election of Directors" under the caption "Director Independence" and "Transactions With Certain Related Persons" in the Proxy Statement filed for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is set forth under "Proposal II Ratification of the Appointment of the Independent Registered Public Accounting Firm" in the Proxy Statement filed for the Annual Meeting of Stockholders to be held on November 25, 2014 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following documents are filed as part of this Form 10-K.

(A) Report of Independent Registered Public Accounting Firm
(B) Consolidated Balance Sheets—at June 30, 2014 and 2013
(C) Consolidated Statements of Income—Years ended June 30, 2014, 2013 and 2012
(D) Consolidated Statements of Comprehensive Income—Years ended June 30, 2014, 2013 and 2012
(E) Consolidated Statements of Stockholders' Equity—Years ended June 30, 2014, 2013 and 2012
(F) Consolidated Statements of Cash Flows—Years ended June 30, 2014, 2013 and 2012

(G) Notes to Consolidated Financial Statements.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Oritani Financial Corp.
Township of Washington, New Jersey:

We have audited the accompanying consolidated balance sheets of Oritani Financial Corp. and subsidiaries (the Company) as of June 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oritani Financial Corp. and subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2014 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated September 15, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Short Hills, New Jersey
September 15, 2014

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Oritani Financial Corp.
Township of Washington, New Jersey:

We have audited Oritani Financial Corp.'s and subsidiaries (the Company) internal control over financial reporting as of June 30, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Oritani Financial Corp. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Oritani Financial Corp. and subsidiaries as of June 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2014, and our report dated September 15, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Short Hills, New Jersey
September 15, 2014

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 2014	2013
Assets		
Cash on hand and in banks	$17,490	$4,181
Federal funds sold and short term investments	1,441	7,884
Cash and cash equivalents	18,931	12,065
Loans, net	2,503,894	2,275,782
Securities available for sale, at market value	384,137	318,290
Securities held to maturity, market value of $32,539 and $41,855	32,422	41,873
Bank Owned Life Insurance (at cash surrender value)	68,054	59,996
Federal Home Loan Bank of New York stock (“FHLB”), at cost	49,046	42,770
Accrued interest receivable	10,214	10,114
Investments in real estate joint ventures, net	6,391	4,635
Real estate held for investment	917	1,070
Real estate owned	3,850	1,742
Office properties and equipment, net	14,675	15,060
Deferred tax assets, net	34,705	30,300
Other assets	12,964	18,225
Total Assets	$3,140,200	$2,831,922
Liabilities		
Deposits	$1,580,975	$1,419,703
Borrowings	967,443	833,672
Advance payments by borrowers for taxes and insurance	16,105	15,806
Other liabilities	49,385	44,031
Total liabilities	2,613,908	2,313,212
Stockholders’ Equity		
Common stock, $0.01 par value; 150,000,000 shares authorized; 56,245,065 shares issued; 45,499,332 shares outstanding at June 30, 2014 and 45,391,031 shares outstanding at June 30, 2013	562	562
Additional paid-in capital	504,434	499,961
Unallocated common stock held by the employee stock ownership plan	(24,331)	(25,887)
Restricted Stock Awards	(12,086)	(15,730)
Treasury stock, at cost; 10,745,733 shares at June 30, 2014 and 10,854,034 shares at June 30, 2013	(140,451)	(141,142)
Retained income	195,970	196,516
Accumulated other comprehensive income, net of tax	2,194	4,430
Total stockholders’ equity	526,292	518,710
Total Liabilities and Stockholders’ Equity	$3,140,200	$2,831,922

See accompanying notes to consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Income
Years ended June 30, 2014, 2013 and 2012

	2014	2013	2012
	(Dollars in thousands)		
Interest income:			
Interest on mortgage loans	$119,004	$117,418	$108,409
Interest on securities available for sale	6,590	7,099	11,254
Interest on securities held to maturity	820	955	908
Dividends on Federal Home Loan Bank stock	1,801	1,752	1,387
Interest on federal funds sold and short term investments	11	4	32
Total interest income	128,226	127,228	121,990
Interest expense:			
Deposits (note 10)	8,615	8,524	12,823
Borrowings (note 12)	22,488	21,274	20,510
Total interest expense	31,103	29,798	33,333
Net interest income before provision for loan losses	97,123	97,430	88,657
Provision for loan losses (note 5)	700	3,850	8,500
Net interest income after provision for loan losses	96,423	93,580	80,157
Other income:			
Service charges	1,084	922	1,132
Real estate operations, net	1,135	1,255	1,225
Net income (loss) from investments in real estate joint ventures	860	(566)	689
Bank Owned Life Insurance income	2,018	3,253	1,594
Net gain (loss) on sale and write down of securities	51	—	(262)
(Loss) gain on sale of assets and loans	(58)	72	580
Gain on sale of real estate owned	221	631	210
Other income	291	253	233
Total other income	5,602	5,820	5,401
Operating expenses:			
Compensation, payroll taxes and benefits (notes 14 and 15)	28,593	27,774	25,095
Advertising	360	361	497
Office occupancy and equipment expense (notes 9 and 16)	3,043	2,812	2,603
Data processing service fees	1,814	1,652	1,513
Federal insurance premiums	1,340	1,331	1,215
Real estate owned expense	362	391	902
Other expenses	3,966	3,556	3,626
Total operating expenses	39,478	37,877	35,451
Income before income tax expense	62,547	61,523	50,107
Income tax expense (note 11)	21,488	21,979	18,457
Net income	$41,059	$39,544	$31,650
Basic income per common share	$0.96	$0.94	$0.72
Diluted income per common share	$0.94	$0.92	$0.71

See accompanying notes to consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
Years ended June 30, 2014, 2013 and 2012
(In thousands)

	Years ended June 30, 2014	2013	2012
Net income	41,059	39,544	31,650
Other comprehensive income, net of tax:			
Change in unrealized holding (loss) gain on securities available for sale	(787)	(2,285)	2,164
Reclassification adjustment for security losses included in net income	28	—	155
Change in unrealized (loss) gain on interest rate swaps	(1,436)	1,519	—
Amortization related to post-retirement obligations	46	189	70
Change in funded status of retirement obligations	(87)	1,085	(1,022)
Reclassification adjustment for retirement obligation losses included in net income	—	—	145
Total other comprehensive (loss) income	(2,236)	508	1,512
Total comprehensive income	$38,823	$40,052	$33,162

See accompanying notes to consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
Years ended June 30, 2014, 2013 and 2012
(Dollars in thousands)

	Shares Outstanding	Common stock	Additional paid-in capital	Restricted Stock Awards	Treasury stock	Un-allocated common stock held by ESOP	Retained income	Accumu-lated other compre-hensive income, net of tax	Total stock-holders' equity
Balance at June 30, 2013	45,391,031	$562	$499,961	$(15,730)	$(141,142)	$(25,887)	$196,516	$4,430	$518,710
Net income	—	—	—	—	—	—	41,059	—	41,059
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(2,236)	(2,236)
Cash dividend declared	—	—	—	—	—	—	(40,438)	—	(40,438)
Purchase of treasury stock	(368,945)	—	—	—	(5,533)	—	—	—	(5,533)
Issuance of restricted stock awards	28,000	—	—	(364)	364	—	—	—	—
Compensation cost for stock options and restricted stock	—	—	6,047	—	—	—	—	—	6,047
ESOP shares allocated or committed to be released	—	—	1,389	—	—	1,556	—	—	2,945
Exercise of stock options	460,046	—	—	—	5,990	—	(1,146)	—	4,844
Vesting of restricted stock awards	—	—	(3,857)	3,878	—	—	(21)	—	—
Forfeiture of restricted stock awards	(10,800)	—	—	130	(130)	—	—	—	—
Tax benefit from stock-based compensation	—	—	894	—	—	—	—	—	894
Balance at June 30, 2014	45,499,332	$562	$504,434	$(12,086)	$(140,451)	$(24,331)	$195,970	$2,194	$526,292

See accompanying notes to consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Stockholders’ Equity
Years ended June 30, 2014, 2013 and 2012
(Dollars in thousands)

	Shares Outstanding	Common stock	Additional paid-in capital	Restricted Stock Awards	Treasury stock	Un-allocated common stock held by ESOP	Retained income	Accumulated other comprehensive income, net of tax	Total stock-holders’ equity
Balance at June 30, 2011	55,513,265	$562	$489,593	$—	$(9,300)	$(28,808)	$190,955	$2,410	$645,412
Net income	—	—	—	—	—	—	31,650	—	31,650
Other comprehensive income, net of tax	—	—	—	—	—	—	—	1,512	1,512
Cash dividend declared	—	—	—	—	—	—	(21,848)	—	(21,848)
Purchase of treasury stock	(10,324,805)	—	—	—	(134,308)	—	—	—	(134,308)
Purchase of restricted stock awards	(1,598,100)	—	—	(19,266)	—	—	—	—	(19,266)
Issuance of restricted stock awards	1,598,100	—	—	—	—	—	—	—	—
Compensation cost for stock options and restricted stock	—	—	4,810	—	—	—	—	—	4,810
ESOP shares allocated or committed to be released	—	—	1,144	—	—	1,226	—	—	2,370
Exercise of stock options	15,305	—	—	—	199	—	(39)	—	160
Vesting of restricted stock awards	—	—	(60)	60	—	—	—	—	—
Forfeiture of restricted stock awards	(5,000)	—	—	60	(60)	—	—	—	—
Tax benefit from stock-based	—	—	217	—	—	—	—	—	217

compensation									
Balance at June 30, 2012	45,198,765	$562	$495,704	$(19,146)	$(143,469)	$(27,582)	$200,718	$3,922	$510,709
Net income	—	—	—	—	—	—	39,544	—	39,544
Other comprehensive income, net of tax	—	—	—	—	—	—	—	508	508
Cash dividend declared	—	—	—	—	—	—	(43,074)	—	(43,074)
Purchase of treasury stock	(103,095)	—	—	—	(1,524)	—	—	—	(1,524)
Issuance of restricted stock awards	45,000	—	—	(585)	585	—	—	—	—
Compensation cost for stock options and restricted stock	—	—	6,023	—	—	—	—	—	6,023
ESOP shares allocated or committed to be released	—	—	1,310	—	—	1,695	—	—	3,005
Exercise of stock options	264,361	—	—	—	3,436	—	(637)	—	2,799
Vesting of restricted stock awards	—	—	(3,796)	3,831	—	—	(35)	—	—
Forfeiture of restricted stock awards	(14,000)	—	—	170	(170)	—	—	—	—
Tax benefit from stock-based compensation	—	—	720	—	—	—	—	—	720
Balance at June 30, 2013	45,391,031	$562	$499,961	$(15,730)	$(141,142)	$(25,887)	$196,516	$4,430	$518,710

See accompanying notes to audited consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years Ended June 30, 2014 , 2013 and 2012

	2014	2013	2012
	(In thousands)		
Cash flows from operating activities:			
Net income	$41,059	$39,544	$31,650
Adjustments to reconcile net income to net cash provided by operating activities:			
ESOP and stock-based compensation expense	8,992	9,028	7,180
Depreciation of premises and equipment	957	975	930
Net amortization and accretion of premiums and discounts on securities	1,230	2,195	2,392
Provision for losses on loans	700	3,850	8,500
Amortization and accretion of deferred loan fees, net	(3,034)	(2,820)	(1,599)
Increase in deferred taxes	(2,871)	(5,098)	(3,969)
Loss (gain) on sale of loans	58	(72)	(580)
Impairment charge on securities	—	—	262
Gain on sale of securities	(51)	—	—
Gain on sale of real estate owned	(221)	(631)	(210)
Writedown of real estate owned	196	150	372
Proceeds from sale of real estate owned	1,191	4,416	3,928
Increase in cash surrender value of bank owned life insurance	(2,018)	(1,781)	(1,594)
(Increase) decrease in accrued interest receivable	(100)	516	(1,393)
Decrease (increase) in other assets	2,847	2,204	(1,537)
Increase in other liabilities	5,436	4,787	1,127
Net cash provided by operating activities	54,371	57,263	45,459
Cash flows from investing activities:			
Net increase in loans receivable	(229,186)	(291,494)	(328,070)
Purchase of mortgage loans	—	—	(2,000)
Proceeds from sale of mortgage loans	—	4,147	416
Purchase of securities available for sale	(180,680)	—	(155,576)
Purchase of securities held to maturity	(3,116)	(10,629)	(5,158)
Proceeds from payments, calls and maturities of securities available for sale	94,221	175,673	254,331
Proceeds from payments, calls and maturities of securities held to maturity	3,653	4,806	6,575
Proceeds from sale of securities available for sale	18,129	—	—
Proceeds from sales of securities held to maturity	8,938	—	—
Purchase of Bank Owned Life Insurance	(6,040)	(14,100)	—
Proceeds from BOLI benefit	—	2,168	—
Purchase of Federal Home Loan Bank of New York stock	(6,276)	(4,548)	(11,378)
Net decrease (increase) in real estate held for investment	41	(65)	(67)
Net (increase) decrease in real estate joint ventures	(1,726)	684	5
Purchase of fixed assets	(572)	(593)	(1,361)
Proceeds from sale of other assets	—	—	2,748
Net cash used in investing activities	(302,614)	(133,951)	(239,535)

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

	2014	2013	2012
	(In thousands)		
Cash flows from financing activities:			
Net increase in deposits	161,272	29,997	8,396
Net proceeds from issuance of common stock	4,844	2,799	160
Purchase of treasury stock	(5,533)	(1,524)	(134,308)
Purchase of restricted stock awards	—	—	(19,266)
Dividends paid to shareholders	(40,438)	(43,074)	(21,848)
Increase in advance payments by borrowers for taxes and insurance	299	589	2,371
Proceeds from borrowed funds	298,770	289,357	372,085
Repayment of borrowed funds	(164,999)	(201,550)	(135,535)
Tax benefit from stock based compensation	894	720	217
Net cash provided by financing activities	255,109	77,314	72,272
Net increase (decrease) in cash and cash equivalents	6,866	626	(121,804)
Cash and cash equivalents at beginning of period	12,065	11,439	133,243
Cash and cash equivalents at end of period	$18,931	$12,065	$11,439
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$30,931	$29,969	$33,523
Income taxes	$22,784	$32,451	$22,512
Noncash transfer			
Loans receivable transferred to real estate owned	$3,350	$3,424	$2,801

See accompanying notes to consolidated financial statements.

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ORITANI FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

Principles of Consolidation

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

Business

The Company provides a wide range of deposit banking services to individual and corporate customers in the New Jersey counties of Bergen, Hudson, Essex and Passaic. The Company provides loans to individual and corporate customers in New Jersey and portions of the states of New York, Connecticut and Pennsylvania. The Company is subject to competition from other financial institutions and to the regulations of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

The following are the significant accounting policies which were followed in preparing and presenting these consolidated financial statements.

Basis of Financial Statement Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities presented in the Consolidated Balance Sheets at June 30, 2014 and 2013, and in the Consolidated Statements of Income for the years ended June 30, 2014, 2013 and 2012. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for loan losses, management generally obtains independent appraisals for significant properties.

A substantial portion of the Company’s loans are secured by real estate in the New Jersey, New York and Pennsylvania markets. In addition, the real estate joint ventures and real estate owned are located in that same market. Accordingly, as with most financial institutions in the market area, the ultimate collectibility of a substantial portion of the Company’s loan portfolio and the recovery of the carrying amount of real estate joint ventures and real estate owned are susceptible to changes in market conditions.

Securities

Securities include debt, mortgage-backed and marketable equity securities. Management determines the appropriate classification of securities as either available for sale or held to maturity at the purchase date. Securities that may be sold in response to changing market and interest rate conditions or as part of an overall asset/liability strategy are classified as available for sale. Gains or losses on sales of securities available for sale are based upon the specific-identification method. Securities classified as available for sale are carried at fair value with unrealized gains and losses net of applicable taxes, included in accumulated other comprehensive income (loss), a component of equity. If management has the intent and the ability at the time of purchase to hold securities until maturity, they are classified as held to maturity. Securities held to maturity are carried at cost, adjusted for unamortized purchase premiums and discounts. Premiums and discounts on securities are accreted or amortized using the level-yield method over the estimated lives of the securities, including the effect of prepayments. Any portion of unrealized loss on an individual equity security deemed to be other than temporarily impaired is recognized as a loss in operations in the period in which such determination is made. For debt investment securities deemed other than temporarily impaired, the investment is written down through current earnings by the impairment related to the estimated credit loss and the non-credit related impairment is recognized in other comprehensive income. In the ordinary course of business, securities are pledged as collateral in conjunction with the Company's borrowings and lines of credit.

Loans

Mortgages on real estate and other loans are stated at the outstanding principal amount of the loans, net of deferred loan fees/costs and the allowance for loan losses. Loan origination and commitment fees, net of related costs, are deferred and amortized as an adjustment to the loan's yield, utilizing the level yield method, over the actual lives of the related loans. Interest income on loans is accrued and credited to interest income as earned. Loans are generally placed on nonaccrual status when they become delinquent 90 days or more as to principal or interest, or when it appears that principal or interest is uncollectible. Interest accrued prior to a loan being placed on nonaccrual status is subsequently reversed. Interest income on nonaccrual loans is recognized only in the period it is ultimately collected. Loans are returned to an accrual status when factors indicating doubtful collectibility no longer exist. Loans are generally charged off after an analysis is completed which indicates, on the basis of currently existing facts, conditions, and values, collectibility of principal and interest is highly questionable and improbable.

The Company defines an impaired loan as a loan for which it is probable, based on current information, that the Company will not collect all amounts due under the contractual terms of the loan agreement. Loans individually classified as impaired include loans which have a principal balance balances of $1.0 million or more and are ninety days or more delinquent, unless a condition exists for loans less than $1.0 million that would increase the Bank's potential loss exposure. Impaired loans are individually assessed to determine that each loan's carrying value is not in excess of the fair value of the related collateral or the present value of the expected future cash flows. Residential mortgage and consumer loans are deemed smaller balance homogeneous loans which are evaluated collectively for impairment and are generally excluded from the population of impaired loans.

Consumer loans and any portion of residential real estate mortgage loans not adequately secured are generally charged off when deemed to be uncollectible unless it can be clearly demonstrated that repayment will occur regardless of the delinquency status. Examples that would demonstrate repayment include; a loan that is secured by collateral and is in the process of collection; a loan supported by a valid guarantee or insurance; or a loan supported by a valid claim against a solvent estate. Charge-offs of commercial real estate mortgage loans are made on the basis of management's ongoing evaluation of nonperforming loans. In the ordinary course of business, loans are pledged as collateral in conjunction with the Company's borrowings.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for loan losses charged to income based on management's evaluation of the probable losses inherent in its portfolio. Such evaluation includes a review of all loans for which full collectibility may not be reasonably assured and considers, among other matters, the estimated net realizable value of the underlying collateral, economic conditions and other matters which warrant consideration. Subsequent recoveries, if any, are credited to the allowance.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions in the Company's market area. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Troubled-Debt Restructuring

Troubled debt restructured ("TDR") loans are those loans whose terms have been modified because of deterioration in the financial condition of the borrower. Modifications could include extension of the terms of the loan, reduced interest rates, and forgiveness of accrued interest and/or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the restructured debt is at a market rate (a rate equal to or greater than the rate the Company was willing to accept at the time of the restructuring for a new loan with comparable risk), until the year subsequent to the year in which the restructuring takes place, provided the borrower has performed under the modified terms for a six month period.

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Real Estate Owned

Real estate acquired through foreclosure or deed-in-lieu of foreclosure is recorded at 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. 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 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. Operating costs after acquisition are expensed.

Bank Owned Life Insurance

Bank-owned life insurance is accounted for using the cash surrender value method and is recorded at its realizable value. The change in the cash surrender value, as well as insurance proceeds are included in other noninterest income.

Federal Home Loan Bank of New York Stock

The Bank, as a member of the Federal Home Loan Bank of New York ("FHLB"), is required to hold shares of capital stock in the FHLB in an amount based on the Bank's total investment in mortgage related assets and advances. The requirement pertaining to mortgage related assets is a range from 0.10% to 0.25% of mortgage related assets, and is currently equal to 0.20%. The requirement pertaining to advances is a range from 4.0% to 5.0% of total advances, and is currently equal to 4.5%. The stock is carried at cost. In performing our other-than-temporary impairment analysis of FHLB stock, we evaluated, among other things, (i) its earnings performance, including the significance of any decline in net assets of the FHLB as compared to the regulatory capital amount of the FHLB, (ii) the commitment by the FHLB to make required dividend payments, and (iii) the liquidity position of the FHLB. We do not consider this security to be impaired at June 30, 2014.

Investments in Real Estate Joint Ventures, Net

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.

Real Estate Held for Investment

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.

Office Properties and Equipment

Office properties and equipment are carried at cost, less accumulated depreciation. Depreciation of office properties and equipment is computed on a straight-line basis over the estimated useful lives of the related assets. The Company uses the following estimated useful lives for its office properties and equipment categories: land improvements – 15 years; building and major building improvements – 40 years; minor building improvements – 10 years and furniture and fixtures – 3 to 7 years. Leasehold improvements are amortized over the lesser of the remaining life of the lease or the useful life of the improvement.

Employee Benefit Plans

The Bank has a defined benefit pension plan which covers all employees who satisfy the eligibility requirements. The Bank participates in a multi-employer plan. Costs of the pension plan are based on the contribution required to be made to the program. The Bank's policy is to fund at least the minimum contribution required by the Employee Retirement Income Security Act of 1974, as amended. The Plan was frozen as of December 31, 2008.

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The Bank has a 401(k) savings incentive plan covering substantially all employees of the Bank. The Bank may match a percentage of the first 6% of employee contributions. The contribution percentage is determined annually by the Board of Directors.

The employee stock ownership plan ("ESOP") is accounted for in accordance with the provisions of ASC 718, "Employers' Accounting for Employee Stock Ownership Plans." The funds borrowed by the ESOP from the Company to purchase the Company's common stock will be repaid from the Bank's contributions over a period of up to 25 years. The Company's common stock not yet allocated to participants is recorded as a reduction of stockholders' equity at cost. Compensation expense for the ESOP is based on the market price of the Company's stock and is recognized as shares are committed to be released to participants.

The Bank provides several nonqualified, defined benefit plans which provide benefits to executive officers and directors of the Company. These plans are unfunded and the costs of the plans are recognized over the period that services are provided.

The Company provides several post-retirement benefit plans to directors and certain retired employees and will provide such benefits to certain active officers that are accounted for in accordance with ASC 715, "Compensation-Retirement Benefits". This guidance requires an employer to: (a) recognize in its statement of financial condition the overfunded or underfunded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation; (b) measure a plan's assets and its obligations that determine its funded status as of the date of its year-end balance sheet and (c) recognize as a component of other comprehensive income, net of tax, the actuarial gains and losses and the prior service costs and credits that arise during the period. The Company accrues the cost of post-retirement benefit plans during the employee's period of active service.

The Company's equity incentive plan is accounted for in accordance with ASC 718, "Compensation-Stock Compensation". This guidance requires companies to recognize in the statement of earnings the grant-date fair value of stock based awards issued to employees. Compensation cost related to stock based awards is recognized on a straight-line basis over the requisite service periods.

Income Taxes

The Company records income taxes in accordance with ASC 740, "Income Taxes," using the asset and liability method. Accordingly, deferred tax assets and liabilities: (i) are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns; (ii) are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases; and (iii) are measured using enacted tax rates expected to apply in the years when those temporary differences are expected to be recovered or settled. Where applicable, deferred tax assets are reduced by a valuation allowance for any portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period of enactment. The valuation allowance is adjusted, by a charge or credit to income tax expense, as changes in facts and circumstances warrant. Income taxes are allocated to the individual entities within the consolidated group based on the effective tax rate of the entity.

Derivative Instruments and Hedging Activities

Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. As part of its asset/liability management strategies , Oritani uses interest rate swaps to hedge variability in future cash flows caused by changes in interest rates. Interest rate swaps are recorded on our Consolidated Balance Sheets as either an asset or liability at fair value. For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income or loss and subsequently reclassified into earnings in the period during which the hedged forecasted transactions affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. We formally document our risk management objectives, strategy, and the relationship between the hedging instrument and the hedged items. We evaluate the effectiveness of the hedge relationship, both at inception of the hedge and on an ongoing basis, by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. Derivatives not designated as hedges do not meet the hedge accounting requirements under U.S. GAAP. Changes in fair value of derivatives not designated in hedging relationships are recorded directly in earnings.

Comprehensive Income

Comprehensive income is divided into net income and other comprehensive income. Other comprehensive income includes items recorded directly to equity, such as unrealized gains and losses on securities available for sale, change in actuarial gains and losses on other post retirement benefits, unrealized gains and losses on derivatives used in cash flow hedging relationships, and change in service cost on other postretirement benefits, net of taxes. Comprehensive income and its components is presented in the consolidated statements of comprehensive income for all periods presented. See Note 22 for additional disclosures.

Earnings Per Share

Basic earnings per share, or EPS, is computed by dividing net income by the weighted average number of shares outstanding for the period. The weighted average common shares outstanding include the average number of shares of common stock outstanding 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 and unvested shares of restricted stock were exercised and converted into common stock. These potentially dilutive shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price to calculate shares 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.

Reclassifications

Certain items previously reported have been reclassified to conform with the current period's reporting format.

(2) Stock Repurchase Program

On June 27, 2011, the Board of Directors of the Company authorized a stock repurchase plan pursuant to which the Company repurchased 5,624,506 shares, representing approximately 10% of its then outstanding shares. A second stock repurchase plan, for 10% of the outstanding shares, or 5,062,056 shares, was announced on September 14, 2011 and a third repurchase plan for 5% of the outstanding shares, or 2,278,776 shares, was announced on November 14, 2011. At June 30, 2014, a total of 11,528,645 shares were acquired under these repurchase programs at a weighted average cost of $13.07 per share. The timing of the repurchases depend on certain factors, including but not limited to, market conditions and prices, the Company's liquidity and capital requirements, and alternative uses of capital. Repurchased shares are held as treasury stock and will be available for general corporate purposes. The Company may also conduct repurchases through a Rule 10b5-1trading plan. At June 30, 2014, there are 1,432,436 shares yet to be purchased under the current repurchase plan.

(3) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks and federal funds sold and short term investments which are generally sold for one-day periods. There are no restrictions on the Company's cash and cash equivalents.

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Notes to Consolidated Financial Statements

(4) Loans
A comparative summary of loans at June 30, 2014 and 2013 is as follows:

	June 30, 2014	June 30, 2013
	(In thousands)	
Residential	$138,909	$128,451
Multifamily	880,638	908,242
Commercial real estate	1,453,164	1,192,815
Second mortgage and equity loans	21,692	24,637
Construction and land loans	34,951	44,537
Other loans	15,992	18,472
Total loans	2,545,346	2,317,154
Less:		
Deferred loan fees, net	10,051	9,991
Allowance for loan losses	31,401	31,381
Net loans	$2,503,894	$2,275,782

At June 30, 2014 and 2013, the Company had fixed-rate mortgage commitments of $6.9 million and $4.7 million, respectively, and variable-rate mortgage commitments of $82.8 million and $31.5 million, respectively, which are not included in the accompanying consolidated financial statements. The rate range of the fixed rate commitments at June 30, 2014 was 4.00% to 5.38%. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. There is no exposure to credit loss in the event the other party does not exercise its right to borrow under the commitment.

Our residential lending area generally encompasses northern New Jersey. Our market area for commercial lending, including multifamily lending, is broader, generally including the state of New Jersey, eastern Pennsylvania, southern New York, New York City and parts of Connecticut, Delaware and Maryland. Our consumer lending is generally limited to the bank’s designated lending area which is considerably closer to our branch offices.

Borrowers’ abilities to repay their obligations are dependent upon various factors, including the borrowers’ income and net worth, cash flows generated by the underlying collateral, value of the underlying collateral and priority of the Company’s lien on the property. Such factors are dependent upon various economic conditions and individual circumstances beyond the Company’s control; the Company is therefore subject to risk of loss. The Company believes that its lending policies and procedures adequately minimize the potential exposure to such risks and that adequate provisions for losses are provided for all known and inherent risks.

Collateral and/or guarantees are generally required for all loans. In underwriting a loan secured by real property, we require an appraisal of the property by an independent licensed appraiser approved by the Company’s board of directors. The appraisal is subject to review by an independent third party hired by the Company. Generally, management obtains updated appraisals when a loan is deemed impaired. These appraisals may be more limited than those prepared for the underwriting of a new loan. In addition, when the Company acquires other real estate owned, it generally obtains a current appraisal to substantiate the net carrying value of the asset.

The aggregate amount of loans to our executive officers, directors and their related entities, was $42.6 million and $41.5 million at June 30, 2014 and 2013, respectively. New loans to executive officers, directors and their related entities for the fiscal year ended June 30, 2014 and 2013 totaled $2.3 million and $672,000, respectively. Repayments from executive officers, directors and their related entities for the fiscal year ended June 30, 2014 and 2013, totaled $1.2 million for both years. These loans were performing according to their original terms at June 30, 2014.

(5) Allowance for Loan Losses

Our allowance for loan losses is maintained at a level necessary to absorb loan losses that are both probable and reasonably estimable. Management, in determining the allowance for loan losses, considers the losses inherent in our loan portfolio and changes in the nature and volume of loan activities, along with the general economic and real estate market conditions. Loan losses are charged to the allowance for loans losses and recoveries are credited to it. Additions to the allowance for loan losses are provided by charges against income based on various factors which, in our judgment, deserve current recognition in estimating probable losses. We regularly review the loan portfolio and make adjustments for loan losses in order to maintain the allowance for loan losses in accordance with U.S. generally accepted accounting principles ("GAAP"). The allowance for loan losses consists primarily of the following two components:

(1) Allowances are established for impaired loans (generally defined by the Company as a loan which has a principal balance greater than $1.0 million and is ninety days or more delinquent). The amount of impairment provided for as an allowance is represented by the deficiency, if any, between the present value of expected future discounted cash flows or the underlying collateral value (less estimated costs to sell,) if the loan is collateral dependent, and the carrying value of the loan. Impaired loans that have no impairment losses are not considered for general valuation allowances described below. Troubled debt restructurings are included in impaired loans.

(2) General allowances are established for loan losses on a portfolio basis for loans that do not meet the definition of impaired. The portfolio is grouped into similar risk characteristics, primarily loan type, collateral type, if collateral dependent, and internal credit risk rating. We apply an estimated loss rate to each loan group. The loss rates applied are based on our cumulative prior two year loss experience adjusted, as appropriate, for the environmental factors discussed below. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results.

The adjustments to our loss experience are based on our evaluation of several environmental factors, including:

- actual loss history incurred on similar loans;
- changes in local, regional, national, and international economic and business conditions and developments that affect the collectibility of our portfolio, including the condition of various market segments;
- changes in the nature and volume of our portfolio and in the terms of our loans;
- changes in the experience, ability, and depth of lending management and other relevant staff;
- changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans;
- changes in the quality of our loan review system;
- changes in the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and
- the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio

We evaluate the allowance for loan losses based on the combined total of the impaired and general components. Generally when the loan portfolio increases, absent other factors, our allowance for loan loss methodology results in a higher dollar amount of estimated probable losses than would be the case without the increase. Generally when the loan portfolio decreases, absent other factors, our allowance for loan loss methodology results in a lower dollar amount of estimated probable losses than would be the case without the decrease.

Each quarter we evaluate the allowance for loan losses and adjust the allowance as appropriate through a provision or recovery for loan losses. While we use the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the information used in making the evaluations. In addition, as an integral part of their examination process, the New Jersey Department of Banking and Insurance ("NJDOBI") and the FDIC will periodically review the allowance for loan losses. They may require us to adjust the allowance based on their analysis of information available to them at the time of their examination. Such examinations typically occur annually. Our last examination by the FDIC was as of September 30, 2013 and by the NJDOBI as of November 5, 2012.

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The Company also maintains an unallocated component related to the general allowance. Management does not target a specific unallocated percentage of the total general allocation, or total allowance for loan losses. The primary purpose of the unallocated component is to account for the inherent imprecision of the loss estimation process related primarily to periodic updating of appraisals on impaired loans, as well as periodic updating of commercial loan credit risk ratings by loan officers and the Company’s internal credit review process.
Activity in the allowance for loan losses is summarized as follows:

	2014	2013	2012
	(In thousands)		
Balance at beginning of year	$31,381	$31,187	$26,514
Provisions charged to operations	700	3,850	8,500
Recoveries	1,029	153	60
Loans charged off	(1,709)	(3,809)	(3,887)
Balance at end of year	$31,401	$31,381	$31,187

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

	Twelve months ended June 30, 2014							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Beginning balance	$2,224	$ 5,175	$ 19,339	$394	$ 1,233	$406	$ 2,610	$31,381
Charge-offs	(3)	(1,226)	(459)	(21)	—	—	—	(1,709)
Recoveries	—	10	17	—	1,002	—	—	1,029
Provisions	(936)	914	2,108	(74)	(1,127)	(326)	141	700
Ending balance	$1,285	$ 4,873	$ 21,005	$299	$ 1,108	$80	$ 2,751	$31,401

	Twelve months ended June 30, 2013							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Beginning balance	$2,343	$ 3,113	$ 20,087	$475	$ 2,498	$348	$ 2,323	$31,187
Charge-offs	(86)	—	(1,305)	—	(2,418)	—	—	(3,809)
Recoveries	—	115	—	—	38	—	—	153
Provisions	(33)	1,947	557	(81)	1,115	58	287	3,850
Ending balance	$2,224	$ 5,175	$ 19,339	$394	$ 1,233	$406	$ 2,610	$31,381

The following table details the amount of loans receivables that are evaluated individually, and collectively, for impairment, and the related portion of allowance for loan loss that is allocated to each loan portfolio segment at June 30, 2014 and 2013.

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	At June 30, 2014							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Individually evaluated for impairment	$266	$ 27	$1,121	$—	$ —	$—	$ —	$1,414
Collectively evaluated for impairment	1,019	4,846	19,884	299	1,108	80	2,751	29,987
Total	$1,285	$ 4,873	$21,005	$299	$ 1,108	$80	$ 2,751	$31,401
Loans receivable:								
Individually evaluated for impairment	$4,702	$ 2,930	$11,795	$—	$ —	$—		$19,427
Collectively evaluated for impairment	134,207	877,708	1,441,369	21,692	34,951	15,992		2,525,919
Total	$138,909	$ 880,638	$1,453,164	$21,692	$ 34,951	$15,992		$2,545,346

	At June 30, 2013							
	Residential	Multifamily	Commercial Real Estate	Second mortgage and equity loans	Construction and land loans	Other loans	Unallocated	Total
	(In thousands)							
Allowance for credit losses:								
Individually evaluated for impairment	$303	$ 787	$720	$—	$ —	$—	$ —	$1,810
Collectively evaluated for impairment	1,921	4,388	18,619	394	1,233	406	2,610	29,571
Total	$2,224	$ 5,175	$19,339	$394	$ 1,233	$406	$ 2,610	$31,381
Loans receivable:								
Individually evaluated for	$2,192	$ 7,139	$11,473	$—	$ 4,852	$—		$25,656

impairment							
Collectively evaluated for impairment	126,259	901,103	1,181,342	24,637	39,685	18,472	2,291,498
Total	$128,451	$ 908,242	$1,192,815	$24,637	$ 44,537	$18,472	$2,317,154

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Notes to Consolidated Financial Statements

The Company continuously monitors the credit quality of its loans receivable. In addition to internal staff, the Company utilizes the services of a third party loan review firm to rate the credit quality of its loan receivables. Credit quality is monitored by reviewing certain credit quality indicators. Assets classified as "Satisfactory" are deemed to possess average to superior credit quality, requiring no more than normal attention. Assets classified as "Pass/Watch" have generally acceptable asset quality yet possess higher risk characteristics/circumstances than satisfactory assets. Such characteristics include strained liquidity, slow pay, stale financial statements or other circumstances requiring greater attention from bank staff. We classify an asset as "Special Mention" if the asset has a potential weakness that warrants management's close attention. Such weaknesses, if left uncorrected may result in the deterioration of the repayment prospects of the asset. An asset is considered "Substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Assets classified as "Doubtful" have all of the weaknesses inherent in those classified substandard, with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Included in the Substandard caption are all loans that were past due 90 days (or more) and all impaired loans.
The following table provides information about the loan credit quality at June 30, 2014 and 2013:

	Credit Quality Indicators at June 30, 2014					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$132,822	$523	$214	$5,350	$—	$138,909
Multifamily	850,937	24,245	1,948	3,508	—	880,638
Commercial real estate	1,320,993	59,443	18,737	53,991	—	1,453,164
Second mortgage and equity loans	21,330	362	—	—	—	21,692
Construction and land loans	16,112	18,395	—	444	—	34,951
Other loans	15,898	87	—	7	—	15,992
Total	$2,358,092	$103,055	$20,899	$63,300	$—	$2,545,346

	Credit Quality Indicators at June 30, 2013					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$117,061	$6,424	$646	$4,320	$—	$128,451
Multifamily	876,222	16,626	8,052	7,342	—	908,242
Commercial real estate	1,067,331	58,767	44,476	22,241	—	1,192,815
Second mortgage and equity loans	24,303	92	146	96	—	24,637
Construction and land loans	20,573	18,500	—	5,464	—	44,537
Other loans	18,411	—	—	61	—	18,472
Total	$2,123,901	$100,409	$53,320	$39,524	$—	$2,317,154

Included in loans are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the borrowers. The principal amount of nonaccrual loans at June 30, 2014, 2013 and 2012 were $18.0 million, $23.9 million and $18.3 million, respectively. If the nonaccrual loans had performed in accordance with their original terms, interest income would have increased by $562,000 and $1.9 million and $1.1 million for the years ended June 30, 2014, 2013, and 2012 respectively. The Company has no loans past due 90 days or more that are still accruing interest.

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The following table summarizes the delinquency and accrual status of the loan portfolio at June 30, 2014 and 2013:

	At June 30, 2014						
	30-59 Days Past Due	60-89 Days Past Due	90 days or More Past Due	Total Past Due	Current	Total Loans	Nonaccrual (1)
	(In thousands)						
Residential	$541	$214	$2,374	$3,129	$135,780	$138,909	$5,350
Multifamily	—	—	3,007	3,007	877,631	880,638	3,508
Commercial real estate	3,525	—	3,580	7,105	1,446,059	1,453,164	8,663
Second mortgage and equity loans	362	—	—	362	21,330	21,692	—
Construction and land loans	—	—	444	444	34,507	34,951	444
Other loans	—	—	—	—	15,992	15,992	7
Total	$4,428	$214	$9,405	$14,047	$2,531,299	$2,545,346	$17,972

	At June 30, 2013						
	30-59 Days Past Due	60-89 Days Past Due	90 days or More Past Due	Total Past Due	Current	Total Loans	Nonaccrual (2)
	(In thousands)						
Residential	$1,425	$1,384	$3,088	$5,897	$122,554	$128,451	$4,044
Multifamily	1,734	203	7,139	9,076	899,166	908,242	7,139
Commercial real estate	4,165	1,649	7,963	13,777	1,179,038	1,192,815	9,478
Second mortgage and equity loans	92	146	—	238	24,399	24,637	—
Construction and land loans	—	—	3,188	3,188	41,349	44,537	3,188
Other loans	—	61	—	61	18,411	18,472	61
Total	$7,416	$3,443	$21,378	$32,237	$2,284,917	$2,317,154	$23,910

(1) Included in nonaccrual loans at June 30, 2014 are residential loans totaling $17,000 and commercial real estate loans totaling $1.0 million that were 30-59 days past due; residential loans totaling $3.0 million, multifamily loans totaling $501,000, commercial real estate loans totaling $4.1 million and other loans totaling $7,000 that were less than 30 days past due.

(2) Included in nonaccrual loans at June 30 ,2013 are residential loans totaling $739,000 and other loans totaling $61,000 that were 60-89 days past due; residential loans totaling $217,000 and commercial real estate loans totaling $1.5 million that were less than 30 days past due.

Impaired loans at June 30, 2014, 2013 and 2012 were $19.4 million, $25.7 million and $17.3 million respectively. The allocation in the allowance for loan losses for impaired loans at June 30, 2014, 2013 and 2012 were $1.4 million on balances of $6.2 million, $1.8 million on balances of $11.3 million and $1.8 million on balances of $7.3 million, respectively. Impaired loans with no related allowance at June 30, 2014, 2013 and 2012 were $13.2 million, $14.3

million and $10.0 million, respectively. The average balance of impaired loans was $18.4 million, $24.8 million and $16.7 million during the years ended June 30, 2014, 2013 and 2012, respectively. Interest income recognized on these loans for the years ended June 30, 2014, 2013 and 2012 was $974,000, $519,000 and $571,000, respectively.

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The following table provides information about the Company's impaired loans at June 30, 2014 and 2013:

	Impaired Financing Receivables At June 30, 2014			Year ended June 30, 2014	
	Recorded Investment	Unpaid Principal Balance	Allowance	Average Recorded Investment	Interest Income Recognized
	(In thousands)				
With no related allowance recorded:					
Residential	$2,887	$2,887	$—	$2,995	$465
Multifamily	2,429	2,429	—	2,442	173
Commercial real estate	7,878	7,878	—	7,993	214
	13,194	13,194	—	13,430	852
With an allowance recorded:					
Residential	$1,548	$1,814	$266	$1,551	$6
Multifamily	474	501	27	422	40
Commercial real estate	2,797	3,918	1,121	2,952	76
	4,819	6,233	1,414	4,925	122
Total:					
Residential	$4,435	$4,701	$266	$4,546	$471
Multifamily	2,903	2,930	27	2,864	213
Commercial real estate	10,675	11,796	1,121	10,945	290
	$18,013	$19,427	$1,414	$18,355	$974

	Impaired Financing Receivables At June 30, 2013			Year ended June 30, 2013	
	Recorded Investment	Unpaid Principal Balance	Allowance	Average Recorded Investment	Interest Income Recognized
	(In thousands)				
With no related allowance recorded:					
Multifamily	2,455	2,455	—	2,457	30
Commercial real estate	7,000	7,000	—	7,055	202
Construction and land loans	4,852	4,852	—	4,893	—
	14,307	14,307	—	14,405	232
With an allowance recorded:					
Residential	$1,890	$2,193	$303	$1,990	$27
Multifamily	3,897	4,684	787	4,277	142
Commercial real estate	3,752	4,472	720	4,133	118
	9,539	11,349	1,810	10,400	287
Total:					
Residential	$1,890	$2,193	$303	$1,990	$27
Multifamily	6,352	7,139	787	6,734	172
Commercial real estate	10,752	11,472	720	11,188	320

Construction and land loans	4,852	4,852	—	4,893	—
	$23,846	$25,656	$1,810	$24,805	$519

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Troubled debt restructured loans ("TDRs") are those loans whose terms have been modified because of deterioration in the financial condition of the borrower. The Company has selectively modified certain borrower's loans to enable the borrower to emerge from delinquency and keep their loans current. The eligibility of a borrower for a TDR modification depends upon the facts and circumstances of each transaction, which may change from period to period, and involve judgment by management regarding the likelihood that the modification will result in the maximum recovery by the Company. Modifications could include extension of the terms of the loan, reduced interest rates, and forgiveness of accrued interest and/or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate (a rate equal to or greater than the rate the Company was willing to accept at the time of the restructuring for a new loan with comparable risk), until the year subsequent to the year in which the restructuring takes place, provided the borrower has performed under the modified terms for a six month period. Management classifies all TDRs as impaired loans. Included in impaired loans at June 30, 2014 are $8.0 million of loans which are deemed TDRs. At June 30, 2013, TDRs totaled $3.8 million.

The following table presents additional information regarding the Company's TDRs as of June 30, 2014 and 2013:

	Troubled Debt Restructurings at June 30, 2014		
	Performing	Nonperforming	Total
	(In thousands)		
Residential	$—	$3,080	$3,080
Multifamily	—	501	501
Commercial real estate	—	4,386	4,386
Total	$—	$7,967	$7,967
Allowance	$—	$1,168	$1,168

	Troubled Debt Restructurings at June 30, 2013		
	Performing	Nonperforming	Total
	(In thousands)		
Residential	$372	$200	$572
Multifamily	—	468	468
Commercial real estate	—	1,087	1,087
Construction and land loans	1,664	—	1,664
Total	$2,036	$1,755	$3,791
Allowance	$—	$379	$379

The following tables summarize loans that were modified in a troubled debt restructuring during the twelve months ended June 30, 2014.

	Twelve months ended June 30, 2014		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)		
Commercial real estate	7	3,254	2,530
Construction and land loans	1	3,188	2,887
Total	8	$6,442	$5,417

Four loans in the table above were granted a reduced rate, extended maturity and deferral of past due payments over the remaining term of the loan, one loan was granted an extended maturity and deferral of past due payments over the remaining term of the loan, one loan was granted a short-term deferral of past due payments and a shortened maturity, one loan was granted a deferral of past due payments until maturity and one loan was granted an extended maturity date.

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There have not been any loans that were restructured during the last twelve months that have subsequently defaulted during the year ended June 30, 2014.

(6) Securities Held for Maturity

The following is a comparative summary of securities held to maturity at June 30, 2014 and June 30, 2013:

	June 30, 2014			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Mortgage-backed securities:				
FHLMC	$2,315	$145	$—	$2,460
FNMA	27,896	423	564	27,755
GNMA	2,211	113	—	2,324
	$32,422	$681	$564	$32,539

	June 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Mortgage-backed securities:				
FHLMC	$4,310	$287	$—	$4,597
FNMA	33,388	642	1,095	32,935
GNMA	2,984	109	—	3,093
CMO	1,191	39	—	1,230
	$41,873	$1,077	$1,095	$41,855

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

Proceeds from the sale of mortgage-backed securities held to maturity for the twelve months ended June 30, 2014 were $8.9 million on mortgage-backed securities with an amortized cost of $8.8 million, resulting in gross gains and gross losses of $117,400 and $16,700, respectively. The Company did not sell any securities held to maturity during the twelve months ended June 30, 2013 and 2012. The Company did not record other than temporary impairment charges on securities held to maturity during the twelve months ended June 30, 2014, 2013 and 2012. Securities with fair values of $29.4 million and $34.4 million at June 30, 2014 and 2013, respectively, were pledged as collateral for advances.

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Gross unrealized losses on securities held to maturity and the 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, 2014 and 2013 were as follows:

	June 30, 2014					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
	(In thousands)					
Mortgage-backed securities:						
FNMA	$—	$—	$14,615	$564	$14,615	$564
	$—	$—	$14,615	$564	$14,615	$564

	June 30, 2013					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
	(In thousands)					
Mortgage-backed securities:						
FNMA	$19,354	$1,095	$—	$—	$19,354	$1,095
	$19,354	$1,095	$—	$—	$19,354	$1,095

Management evaluated the securities in the above tables and concluded that none of the securities with losses has impairments that are other-than-temporary. The unrealized losses on investments in mortgage-backed securities were caused by interest rate changes and market conditions. Because the decline in fair value is attributable to changes in interest rates and market conditions and not credit quality, and because the Company has no intent to sell and believes it is not more than likely than not that it will be required to sell these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

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(7) Securities Available for Sale
The following is a comparative summary of securities available for sale at June 30, 2014 and June 30, 2013:

	June 30, 2014			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
U.S. Government and federal agency obligations				
Due in one to five years	$4,996	$91	$—	$5,087
Equity securities	1,208	763	—	1,971
Mortgage-backed securities:				
FHLMC	6,883	267	—	7,150
FNMA	67,543	1,623	71	69,095
CMO	298,868	2,511	545	300,834
	$379,498	$5,255	$616	$384,137

	June 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
U.S. Government and federal agency obligations				
Due in one to five years	$9,988	$257	$—	$10,245
Equity securities	1,210	564	—	1,774
Mortgage-backed securities:				
FHLMC	8,743	276	—	9,019
FNMA	43,152	1,604	—	44,756
CMO	249,278	3,526	308	252,496
	$312,371	$6,227	$308	$318,290

The contractual maturities of mortgage-backed securities available for sale generally exceed 20 years; however, the effective lives are expected to be shorter due to anticipated prepayments and, in the case of CMOs, cash flow priorities. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.
Proceeds from the sale of securities available for sale for the twelve months June 30, 2014 were $18.1 million on securities with an amortized cost of $18.2 million, resulting in gross gains and gross losses of $136,300 and $185,600, respectively. The Company did not sell any securities available for sale during the twelve months ended June 30, 2013 and 2012. There were no impairment charges on available for sale securities for the twelve months ended June 30, 2014 and 2013. The Company recorded a non-cash impairment charge to earnings of $262,000 for the twelve months ended June 30, 2012 on equity securities. The Equity securities caption relates to holdings of shares in financial institutions common stock. Available for sale securities with fair values of $251.4 million and $263.1 million at June 30, 2014 and 2013, respectively, were pledged as collateral for advances.

Gross unrealized losses on securities available for sale and the 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, 2014 and June 30, 2013 were as follows:

	June 30, 2014					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
	(In thousands)					
Mortgage-backed securities:						
FNMA	$21,516	$71	$—	$—	$21,516	$71
CMO	99,627	545	—	—	99,627	545
	$121,143	$616	$—	$—	$121,143	$616

	June 30, 2013					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
	(In thousands)					
Mortgage-backed securities:						
CMO	11,813	31	13,273	277	25,086	308
	$11,813	$31	$13,273	$277	$25,086	$308

Management evaluated the securities in the above tables and concluded that none of the securities with losses has impairments that are other-than-temporary. The unrealized losses on investments in mortgage-backed securities were caused by interest rate changes and market conditions. Because the decline in fair value is attributable to changes in interest rates and market conditions and not credit quality, and because the Company has no intent to sell and believes it is not more than likely than not that it will be required to sell these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(8) Accrued Interest Receivable

A summary of accrued interest receivable at June 30, 2014 and 2013 is as follows:

	2014	2013
	(In thousands)	
Mortgage Loans	$9,375	$9,377
Investment Securities	839	737
	$10,214	$10,114

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(9) Office Properties and Equipment
At June 30, 2014 and 2013, office properties and equipment, less accumulated depreciation and amortization, consist of the following:

	2014	2013
	(In thousands)	
Cost:		
Land	$4,171	$4,171
Buildings	10,073	10,073
Land and building improvements	4,958	4,702
Leasehold improvements	1,419	1,419
Furniture and equipment	6,318	6,104
Construction in progress	66	75
	27,005	26,544
Less accumulated depreciation and amortization	12,330	11,484
	$14,675	$15,060

Depreciation and amortization expense for the years ended June 30, 2014, 2013 and 2012 amounted to $957,000, $975,000 and $930,000, respectively.

At June 30, 2014, the Company and the Bank conducted business from its corporate headquarters in Washington Township, New Jersey, its two lending offices in New York and 24 full service branch offices located in Bergen, Hudson, Essex and Passaic counties, New Jersey.

(10) Deposits
Deposits include checking (non-interest and interest-bearing demand deposits), money market, savings and time deposits. The Bank accepts brokered deposits on a limited basis, when deemed cost effective. At June 30, 2014 and 2013, we had brokered deposits totaling $27.8 million and $22.9 million, respectively. At June 30, 2014 and 2013, brokered deposits include brokered time deposits totaling $22.8 million having weighted average interest rates of 2.46%. The brokered time deposits had weighted average maturities of 1.8 years and 2.8 years at June 30, 2014 and 2013, respectively. Deposit balances are summarized as follows:

	2014			2013		
	Amount	Weighted average cost		Amount	Weighted average cost	
	(In thousands)					
Checking accounts	$444,239	0.47	%	$361,131	0.49	%
Money market deposit accounts	427,909	0.52	%	422,878	0.50	%
Savings accounts	161,813	0.24	%	164,622	0.24	%
Time deposits	547,014	1.01	%	471,072	0.87	%
	$1,580,975	0.65	%	$1,419,703	0.59	%

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Interest expense on deposits for the years ended June 30, 2014, 2013 and 2012 is summarized as follows:

	2014	2013	2012
	(In thousands)		
Checking accounts	$1,867	$868	$831
Money market deposit accounts	2,062	2,129	2,956
Savings accounts	386	391	652
Time deposits	4,300	5,136	8,384
	$8,615	$8,524	$12,823

Time deposits at June 30, 2014 mature as follows (in thousands):

Year ending June 30:	
2015	$345,496
2016	70,861
2017	65,457
2018	15,348
2019	49,852
	$547,014

Included in time deposits at June 30, 2014 and 2013 is $248.6 million and $196.6 million, respectively, of deposits of $100,000 and over.

(11) Income Taxes

Income tax expense (benefit) for the years ended June 30, 2014, 2013 and 2012 consists of the following:

	2014	2013	2012
	(In thousands)		
Current:			
Federal	$22,990	$24,795	$20,355
State	1,369	2,282	2,071
Total current	24,359	27,077	22,426
Deferred:			
Federal	(954)	(4,156)	(3,231)
State	(1,917)	(942)	(738)
Total deferred	(2,871)	(5,098)	(3,969)
Total income tax expense	$21,488	$21,979	$18,457

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A reconciliation between the provision for income taxes and the expected amount (computed by multiplying income before provision for income taxes times the applicable statutory federal income tax rate) for the years ended June 30, 2014, 2013 and 2012 is as follows:

	2014	2013	2012
	(In thousands)		
Income before provision for income taxes	$62,547	$61,523	$50,107
Applicable statutory federal income tax rate	35 %	35 %	35 %
Computed “expected” federal income tax expense	21,891	21,533	17,537
Increase (decrease) in federal income tax expense resulting from:			
State income taxes, net of federal benefit	598	871	806
Bank owned life insurance	(706)	(1,139)	(558)
ESOP fair market value adjustment	482	458	254
Non-deductible compensation	198	217	168
Write-up of Deferred Tax Assets due to NY State tax reform	(954)	—	—
Other items, net	(21)	39	250
Total income tax expense	$21,488	$21,979	$18,457

The effective tax rates for the years ended June 30, 2014, 2013 and 2012 were 34.35%, 35.72% and 36.84%, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2014 and 2013 are as follows:

	2014	2013
	(In thousands)	
Deferred tax assets:		
Allowance for loan and real estate owned losses	$12,627	$12,561
Reserve for uncollected interest	101	325
Postretirement benefits	10,051	8,776
Accrued/deferred compensation	5,852	4,850
ESOP shares allocated or committed to be released	1,121	935
Stock compensation	5,566	4,873
Other than temporary loss on securities	615	615
Capital loss carry forward	918	899
Other	122	91
Total gross deferred tax assets	36,973	33,925
Less valuation reserve	88	88
Total deferred tax asset	36,885	33,837
Deferred tax liabilities:		
Unrealized gain on securities available for sale	1,959	2,431
Unrealized gain on interest rate swap	42	1,065
Other	179	41
Total deferred tax liabilities	2,180	3,537
Net deferred tax asset	$34,705	$30,300

Sources of deferred taxes for the years ended June 30, 2014 and 2013 were due primarily to the difference in recognizing income and expenses for book purposes and tax purposes for various deferred loan fees, unrealized gains and losses on financial assets, uncollected interest on loans, accrued benefit costs, book and tax depreciation, nonallowable reserves and capital loss carryforwards.

At June 30, 2014 and 2013, the valuation allowance was $88,000. The valuation allowance relates to the impairment charges on equity securities for which tax benefits are not more likely than not to be realized.

At June 30, 2014, retained earnings includes approximately $15.1 million for which no provision for income tax has been made. This amount represents an allocation of income to bad debt deductions for tax purposes only. Under ASC 740, this amount is treated as a permanent difference and deferred taxes are not recognized unless it appears that it will be reduced and result in taxable income in the foreseeable future. Events that would result in taxation of these reserves include failure to qualify as a bank for tax purposes, distributions in complete or partial liquidation, stock redemptions and excess distributions to shareholders. At June 30, 2014, the Company had an unrecognized tax liability of $5.6 million with respect to this reserve.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense. The Company did not have any uncertain tax positions for the years ended June 30, 2014 and 2013.

The Company files income tax returns in the United States federal jurisdiction and in New Jersey, Pennsylvania and New York state jurisdictions. The Company is no longer subject to federal and state income tax examinations by tax authorities for years prior to 2009. Currently, the Company is not under examination by any taxing authority.

(12) Borrowings

As of June 30, 2014, we had total borrowings in the amount of $967.4 million with an estimated weighted average maturity of 2.5 years and a weighted average rate of 2.2%. As of June 30, 2013, we had total borrowings in the amount of $833.7 million with an estimated weighted average maturity of 2.7 years and a weighted average rate of 2.4%. Borrowings consist of advances from the FHLB of New York. Several of the borrowings have various put options held by the issuer, FHLB. These put options can be exercised by the FHLB after either a certain passage of time or certain levels of the 3 month LIBOR interest rate. The following table presents borrowings by stated maturity and by maturity or put date, if applicable:

	Stated Maturity	Maturity or Put
	(In thousands)	
Year ending June 30:		
2015	$420,251	$555,251
2016	51,130	41,130
2017	111,685	61,685
2018	180,000	120,000
2019	75,000	60,000
2020	38,320	38,320
2021	11,794	11,794
2023	49,263	49,263
2024	30,000	30,000
	$967,443	$967,443

At June 30, 2014, borrowings are secured by mortgage-backed securities and investment securities with a book value of $280.7 million and performing mortgage loans with an outstanding balance of $2.02 billion. The fair value of mortgage-backed securities and investment securities pledged as collateral for borrowings were $280.8 million and $297.5 million at June 30, 2014 and 2013, respectively. At June 30, 2014, the Company had additional borrowing capacity of $73.9 million with the FHLB.

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(13) Derivatives and Hedging Activities
Oritani is exposed to certain risks regarding its ongoing business operations. Derivative instruments are used to offset a portion of the Company's interest rate risk. Specifically, the Company has utilized interest rate swaps to partially offset the interest rate risk inherent in the Company's balance sheet. Oritani recognizes interest rate swaps as either assets or liabilities at fair value in the statement of financial condition with an offset recorded in Other Comprehensive Income and any ineffectiveness would be recorded in earnings. The interest rate swaps have been designed as cash flow hedges. The specific balance sheet item that is to be hedged will be determined prior to the effective date of the transactions, though it is currently anticipated that the Company’s short term borrowing position is the item that will be hedged.
Oritani is exposed to credit-related losses in the event of nonperformance by the counterparties to the agreements. Oritani controls the credit risk through monitoring procedures and does not expect the counterparty to fail their obligations. Oritani only deals with primary dealers and believes that the credit risk inherent in these contracts was not significant during and at period end. Oritani has the right to demand that the counterparty post collateral to cover any market value shortfall of the counterparty regarding the transaction.
At June 30, 2014, Oritani had entered into three interest rate swap agreements. These agreements feature an extended period of time where no cash flows are exchanged, an “Effective Date” that indicates the commencement of the exchange of cash flows, followed by a seven year period where Oritani will receive 3 month LIBOR from the counterparty and pay interest to the counterparty at a fixed rate. The first agreement has a notional amount of $50 million at a fixed rate of 2.63% with an effective date of April 11, 2016 and a maturity date of April 11, 2023. The second agreement has a notional amount of $25 million at a fixed rate of 3.56% with an effective date of January 11, 2017 and a maturity date of January 11, 2024. The third agreement has a notional amount of $25 million at a fixed rate of 3.67% with an effective date of July 11, 2017 and a maturity date of July 11, 2024. The following table presents information regarding our derivative financial instruments at June 30, 2014 and 2013.

		At June 30, 2014		2013	
	Balance Sheet Line Item	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives					
Cash flow hedge interest rate swaps-Gross unrealized gain	Other Assets	$50,000	$1,052	$50,000	$2,584
Cash flow hedge interest rate swaps-Gross unrealized loss	Other Assets	$50,000	$(953)	$—	$—

The fair value of securities pledged as collateral for the swaps were $1.5 million.

(14) Employee Benefit Plans
The Company is a participant in the Pentegra Defined Benefit Plan for Financial Institutions (“Pentegra DB Plan”), a tax-qualified defined-benefit pension plan. The Pentegra DB Plan’s Employer Identification Number is 13-5645888 and the Plan Number is 333. The Pentegra DP Plan is a multiple-employer plan. Accordingly, under the Pentegra DB Plan contributions made by a participating employer may be used to provide benefits to participants of other participating employers. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan.
The Pentegra DB Plan was frozen as of December 31, 2008. Full time employees whom attained age 21 and completed one year of service were eligible to participate in this plan. Retirement benefits are based upon a formula

utilizing years of service and average compensation, as defined. Participants were vested 100% upon the completion of 5 years of service.

The funded status (fair value of the plan assets divided by funding target) as of July 1, 2013 and 2012 was 93.7% and 101.6%, respectively. The fair value of plan assets reflects any contributions received through June 30, 2013. The Company's required contributions for the years ended June 30, 2014, 2013 and 2012 were $826,000, $100,000 and $92,000, respectively. The Company's contributions to the Pentegra DB Plan are not more than 5% of the total contributions to the plan.

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The Company has a savings incentive plan covering substantially all employees of the Company. Contributions are currently made by the Company in an amount equal to 50% of the first 6% of employee contributions. The contribution percentage is determined annually by the Board of Directors. Company contributions for the years ended June 30, 2014, 2013 and 2012 were $166,000, $162,000 and $148,000, respectively.

The Company has a nonqualified savings incentive plan covering certain eligible employees whose salary deferrals to the savings incentive plan are limited. Contributions to the nonqualified savings incentive plan are currently made by the Company in an amount equal to 50% of the first 6% of employee contributions to this plan with interest calculated at the greater of 9.00% or the Citibank prime rate of interest. For the years ended June 30, 2014, 2013, and 2012, interest was calculated at 9.00%. Interest expenses for the years ended June 30, 2014, 2013 and 2012 were $557,000, $439,000 and $336,000, respectively. The contribution percentage is determined annually by the Board of Directors. The deferrals and contributions are payable, with interest, at a future date. Until these payments are made, the obligations to the employees are a general liability of the Company. Company contributions for the years ended June 30, 2014, 2013 and 2012 were $132,000, $143,000 and $122,000, respectively. The total obligation under the nonqualified savings incentive plan that existed as of June 30, 2014, and 2013 was $6.8 million and $5.5 million, respectively.

The Company has a nonqualified Benefit Equalization Plan (BEP Plan) which provides benefits to employees who are disallowed certain benefits under the Company's qualified benefit plans. The Company recorded expenses associated with the BEP Plan of $58,000, $61,000 and $317,000 for the years ended June 30, 2014, 2013 and 2012, respectively.

The Company has a nonqualified Directors' Retirement Plan (the Retirement Plan). The Retirement Plan provides eligible directors an annual retirement benefit based on the monthly meeting fee at the time of the director's retirement, death, disability or a change in control. The Company recorded expenses of $400,000, $549,000 and $495,000 for the years ended June 30, 2014, 2013 and 2012, respectively, related to the Retirement Plan.

During 1999, the Company adopted a Post Retirement Medical Plan (the Medical Plan) for directors and certain eligible employees. The Medical Plan provides a medical retirement benefit at a cost to the Company limited to two times the premium at the time of the participant's retirement. Participants are required to contribute to the plan for excess premiums above the limitation. The Company recorded expenses of $234,000, $337,000 and $316,000 for the years ended June 30, 2014, 2013 and 2012, respectively, related to the Medical Plan.

During 2000, the Company adopted a Deferred Director's Fee Plan (the Deferred Fee Plan) for outside directors of the Company. Under the Deferred Fee Plan, directors may elect to defer the receipt of their board and committee fees. The fees are payable, with interest, at a predetermined future date. Interest is calculated at the greater of 9.00% or the Citibank prime rate of interest. For the years ended June 30, 2014, 2013 and 2012, interest was calculated at 9.00%. Interest expenses for the years ended June 30, 2014, 2013 and 2012 were $520,000, $450,000 and $389,000, respectively. Until these payments are made, the obligations to the directors are a general liability of the Company. The total obligation under the Deferred Fee Plan that existed as of June 30, 2014 and 2013 was $6.2 million and $5.4 million, respectively.

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The following table sets forth information regarding the BEP Plan, the Retirement Plan and the Medical Plan at June 30, 2014 and 2013 (in thousands).

	BEP Plan		Retirement Plan		Medical Plan	
	2014	2013	2014	2013	2014	2013
Change in benefit obligation:						
Projected benefit obligation at beginning of the year	$994	$988	$4,655	$5,033	$3,982	$4,902
Service cost	—	—	129	146	57	75
Interest cost	40	34	211	197	177	174
Actuarial (gain) loss	14	25	(250)	(300)	82	(1,145)
Benefits paid	—	—	(43)	(49)	(20)	(24)
Discount rate change	40	(53)	262	(372)	—	—
Projected benefit obligation at end of the year	$1,088	$994	$4,964	$4,655	$4,278	$3,982
Reconciliation of plan assets						
Fair value of plan assets at beginning of the year	$—	$—	$—	$—	$—	$—
Actual return on plan assets	—	—	—	—	—	—
Employer contributions	—	—	43	49	20	24
Benefits paid	—	—	(43)	(49)	(20)	(24)
Fair value of plan assets at end of the year	$—	$—	$—	$—	$—	$—
Unfunded status at end of year	$1,088	$994	$4,964	$4,655	$4,278	$3,982

The unfunded BEP of $1.1 million and $994,000, Retirement Plan of $5.0 million and $4.7 million and Medical Plan of $4.3 million and $4.0 million at June 30, 2014 and 2013 respectively, are included in other liabilities in our consolidated balance sheet. The components of accumulated other comprehensive income related to pension and other postretirement benefits, on a pre-tax basis, at June 30, 2014 and 2013 are summarized in the following table (in thousands).

	BEP Plan		Retirement Plan		Medical Plan	
	2014	2013	2014	2013	2014	2013
Prior service cost	$—	$—	$60	$119	$—	$—
Net actuarial loss	244	209	281	269	466	384
Total amounts recognized in accumulated other comprehensive income	$244	$209	$341	$388	$466	$384

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Net periodic benefit costs for the years ended June 30, 2014, 2013 and 2012, as well as costs that are expected to be amortized into expense in fiscal 2015, are presented in the following table.

	BEP Plan			Retirement Plan			Medical Plan		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
	(In thousands)								
Service cost	$—	$—	$—	$129	$146	$197	$57	$75	$92
Interest cost	40	34	61	211	197	220	177	174	197
Loss recognized	—	—	241	—	—	—	—	—	—
Amortization of unrecognized:									
Prior service cost	—	—	—	60	60	60	—	—	—
Net loss	18	27	15	—	146	18	—	88	27
Total	$58	$61	$317	$400	$549	$495	$234	$337	$316
Amounts expected to be amortized into net periodic benefit cost in fiscal 2015:									
Prior service cost	$—			$60					
Net loss	24			—					
	$24			$60					

The $241,000 loss recognized in the BEP Plan during the 2012 period was recognized in accordance with settlement accounting. A portion of this plan was settled during the quarter ended December 31, 2011. The loss was due to the actuarial discount utilized in calculation of the settlement versus the assumed discount rate that had been utilized in plan valuation.

The weighted average actuarial assumptions used in the plan determinations at June 30, 2014, 2013 and 2012 were as follows:

	BEP Plan			Retirement Plan			Medical Plan		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Discount Rate	3.61 %	4.04 %	3.47 %	4.11 %	4.58 %	3.94 %	4.28 %	4.74 %	4.12 %
Rate of compensation increase	—	—	—	5.50 %	5.50 %	5.50 %	—	—	—
Medical benefits cost rate of increase	—	—	—	—	—	—	6.00 %	7.00 %	8.00 %

Estimated future benefit payments, which reflect expected future service, are as follows (in thousands):

	BEP Plan	Retirement Plan	Medical Plan
2015	$80	$176	$70
2016	80	230	92
2017	80	230	121
2018	80	229	159
2019	80	228	166
2020-2024	405	1,397	1,128

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% change in the assumed health care cost trend rate would have the following effects on post-retirement benefits (in thousands):

	1% increase	1% decrease
Effect on total service cost and interest cost	$51	(39)
Effect on post retirement benefits obligation	$844	(653)

During 2005, the Company adopted an Executive Supplemental Retirement Income Agreement (the SERP) for the President/CEO of the Company. The SERP provides a retirement benefit to the executive with a minimum payment period of 20 years upon his death, disability, normal retirement, early retirement or separation from service after a change in control. The SERP benefit is equal to 70% of the executive's average annual pre-retirement base salary and bonus, reduced by the benefits due to the executive through certain other benefit plans. The Company recorded expenses of $619,000, $579,000 and $812,000 for the years ended June 30, 2014, 2013 and 2012, respectively, related to the SERP. The SERP is unfunded, and an accrued liability of $7.4 million and $6.8 million was recorded for this plan as of June 30, 2014 and 2013, respectively.

The Company invests in bank owned life insurance ("BOLI") to help offset the cost of employee benefits. BOLI involves the purchasing of life insurance by the Company on a chosen group of employees with the Company as owner and beneficiary of the policies. BOLI is recorded at its cash surrender value and is classified as a non-interest earning asset. Increases in the carrying value, other than purchases, are recorded as non-interest income. At June 30, 2014 and 2013, the Company had $68.1 million and $60.0 million, respectively, in BOLI. Income earned on BOLI was $2.0 million, $3.3 million and $1.6 million for each of the years ended June 30, 2014, 2013 and 2012, respectively and is exempt from federal and state income taxes as long as the policies are held until the death of the insured individuals. Included in BOLI income for the year ended June 30, 2013 is $1.5 million of non-recurring insurance proceeds.

The Company has a nonqualified Executive Group Life Insurance Replacement Plan ("Split-Dollar") which provides life insurance benefits to certain eligible employees upon death while employed by the Company and upon death following termination of employment due to disability, retirement or change in control. Participants in the plan are entitled to up to two times their base annual salary, as defined by the plan. The Company recorded expenses of $105,000, $31,000 and $41,000 for the years ended June 30, 2014, 2013 and 2012, respectively, related to the Split-Dollar Plan. The accrued liability recorded for this plan as of June 30, 2014 and 2013 was $521,000 and $415,000, respectively.

(15) Stock Based Compensation

Employee Stock Ownership Plan

During 2006, the Company adopted an Employee Stock Ownership Plan (the ESOP). The ESOP is a tax-qualified plan designed to invest primarily in the Company's common stock. The ESOP provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company's common stock. The ESOP purchased 2,384,466 shares of the Company's common stock in the Company's initial public offering at a price of $6.67 per share. In 2010, the ESOP refinanced the outstanding principal and interest balance on the original ESOP loan and purchased additional shares, in the open market, of 1,654,529 in conjunction with the Company's second step transaction at an average price of $10.36 during June 2010. The refinancing and new stock purchases were funded with a loan from the Company to the ESOP. The outstanding loan balance at June 30, 2014 and 2013 was $27.2 million and $28.4 million, respectively. The shares of Company's common stock purchased are pledged as collateral for the loan. Shares are released from the pledge for allocation to participants as loan payments are made. At June 30, 2014, shares allocated to participants were 1,038,350 since the plan inception and shares committed to be released were 155,788. Shares that are committed to be released will be allocated to participants at the end of the plan year (December 31). ESOP shares that were unallocated or not yet committed to be released totaled 2,844,857 at June 30, 2014 and had a fair value of $43.8 million. ESOP compensation expense for the years ended June 30, 2014, 2013, and 2012 was $2.9 million, $3.0 million and $2.0 million, respectively, representing the fair market value of shares allocated or committed to be released during the year.

The Company has also established an ESOP restoration plan and trust, which are non-qualified plans that provide supplemental benefits to certain executives who are prevented from receiving the full benefits contemplated by the employee stock ownership plan's benefit formula. The supplemental benefits consist of payments representing shares that cannot be allocated to participants under the ESOP due to legal limitations imposed on tax-qualified plans. Compensation expense related to this plan amounts to $1.4 million, $1.4 million, and $485,000, for the years ended June 30, 2014, 2013, and 2012, respectively. The total obligation under the restoration plan as of June 30, 2014 and 2013 was $5.5 million and $4.2 million, respectively. The obligations to the executives are a general liability of the Company.

Equity Incentive Plan

The 2007 Equity Incentive Plan ("the 2007 Equity Plan") was approved by the Company's stockholders on April 22, 2008, which authorized the issuance of up to 4,172,817 shares of Company common stock pursuant to grants of incentive and non-statutory stock options, stock appreciation rights, and restricted stock awards. The 2011 Equity Incentive Plan ("2011 Equity Plan") was approved by the Company's stockholders on July 26, 2011. The 2011 Equity Plan authorized the issuance of up to 5,790,849 shares of the Company's common stock pursuant to grants of stock options, restricted stock awards and restricted stock units, with no more than 1,654,528 of the shares be issued as restricted stock awards or restricted stock units. Employees and outside directors of the Company or Oritani Bank are eligible to receive awards under the Equity Plans.

On August 18, 2011, certain officers and employees of the Company were granted in aggregate 3,033,750 stock options and 1,227,100 shares of restricted stock, and non-employee directors received in aggregate 932,500 stock options and 373,000 shares of restricted stock.

We recognize stock based compensation expense based on the grant-date fair value of those awards and options over the requisite service period in accordance with ASC 718. ASC 718 requires the Company to report as a financing cash flow the benefits of realized tax deductions in excess of the deferred tax benefits previously recognized for compensation expense. Excess tax benefits recognized in 2014, 2013 and 2012 totaled $894,000, $720,000, and $217,000, respectively. The Company classified share-based compensation for employees and outside directors within "compensation and fringe benefits" in the consolidated statements of income to correspond with the same line item as the cash compensation paid.

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

The fair value of the options issued during the twelve months ended June 30, 2014 and 2013 was estimated using the Black-Scholes options-pricing model with the following assumptions:

	Twelve months ended June 30,			
	2014		2013	
Option shares granted	56,000		100,000	
Expected dividend yield	6.25	%	5.38	%
Expected volatility	31.50	%	35.25	%
Risk-free interest rate	1.98	%	0.99	%
Expected option life	6.5		6.5	

The Company recorded $2.2 million, $2.2 million and $1.8 million of share based compensation expense related to the options shares for the years ended June 30, 2014, 2013 and 2012, respectively. Expected future expense related to the non-vested options outstanding at June 30, 2014 is $4.7 million over a weighted average period of 2.2 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 Company's stock option activity and related information for its options plan as of June 30, 2014 and changes therein during the twelve months then ended:

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding at June 30, 2013	6,422,891	$2.55	$11.39	6.9
Granted	56,000	2.37	15.92	10.0
Exercised	(460,046)	2.32	10.51	4.9
Forfeited	(22,800)	2.71	11.95	7.9
Expired	(12,371)	2.29	10.43	4.3
Outstanding at June 30, 2014	5,983,674	$2.57	$11.50	6.8
Exercisable at June 30, 2014	3,551,123	2.47	11.09	5.3

Restricted stock shares vest over a five-year service period on the anniversary date of the grant. Vesting of the restricted stock shares accelerate upon death or disability, retirement or a change in control. The product of the number of shares granted and the grant date market price of the Company's common stock determines the fair value of restricted shares under the Company's restricted stock plan. The Company recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period.

The following is a summary of the status of the Company's restricted stock shares as of June 30, 2014 and changes therein during the twelve months then ended:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2013	1,301,480	$12.02
Granted	28,000	15.92
Vested	(321,620)	11.99
Forfeited	(10,800)	11.95
Non-vested at June 30, 2014	997,060	$12.14

The Company recorded $3.9 million and $3.9 million of share based compensation expense related to the restricted stock shares for the years ended June 30, 2014 and 2013, respectively Expected future expense related to the non-vested restricted shares at June 30, 2014 is $8.7 million over a weighted average period of 2.3 years.

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(16) Commitments and Contingencies
In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include operating leases for premises and equipment. Certain facilities are occupied under long-term operating leases which expire on various dates. Certain leases also provide for renewal options. Total rent expense was $790,000, $728,000 and $679,000 for the years ended June 30, 2014, 2013 and 2012, respectively. Aggregate minimum lease payments for the remainder of the leases are as follows (in thousands):

Year ending June 30:	
2015	$659
2016	463
2017	347
2018	307
2019	195
Thereafter	330
	$2,301

There were no outstanding commitments to purchase securities at June 30, 2014 and 2013.
In the normal course of business, the Company may be a party to various outstanding legal proceedings and claims. In the opinion of management, the financial position of the Company will not be materially affected by the outcome of such legal proceedings and claims.

(17) Regulatory Capital Requirements
Deposits at the Bank are insured up to standard limits of coverage provided by the Deposit Insurance Fund (DIF) of the FDIC. The Bank is a New Jersey state chartered savings bank and is subject to comprehensive regulation, supervision and periodic examinations by the FDIC and by the NJDOBI. The Company is regulated by the FRB.
FDIC regulations require banks to maintain minimum levels of regulatory capital. Under the regulations in effect at June 30, 2014, the Bank and the Company are required to maintain (a) a minimum leverage ratio of Tier 1 capital to total adjusted assets of 4.0%, and (b) minimum ratios of Tier 1 and total capital to risk-weighted assets of 4.0% and 8.0%, respectively.
Under its prompt corrective action regulations, the FDIC is required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized institution. Such actions could have a direct material effect on the institution’s financial statements. The regulations establish a framework for the classification of savings institutions into five categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Generally, an institution is considered well capitalized if it has a leverage (Tier 1) capital ratio of at least 5%; a Tier 1 risk-based capital ratio of at least 6%; and a total risk-based capital ratio of at least 10%.
In July 2013, the Federal Deposit Insurance Corporation and the other federal bank regulatory agencies issued a final rule that will revise their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), adopted uniform minimum leverage capital ratio of 4%, increases the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and

to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised and requires more stringent treatment of mortgage servicing assets and certain deferred tax assets. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital

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to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements. The final rule becomes effective for Oritani Bank on January 1, 2015. The capital conservation buffer requirement will be phased in beginning January 1, 2016 and ending January 1, 2019, when the full capital conservation buffer requirement will be effective.

The foregoing capital ratios are based in part on specific quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the FDIC about capital components, risk weightings and other factors. Management believes that, as of June 30, 2014, the Bank meets all capital adequacy requirements to which it is subject. Further, the most recent FDIC notification categorized the Bank as a well-capitalized institution under the prompt corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank’s capital classification.

The following is a summary of the Company’s actual capital amounts and ratios as of June 30, 2014 and 2013, compared to the FRB minimum capital adequacy requirements.

	Actual			FRB – for capital adequacy purposes		
	Amount	Rate		Amount	Rate	
	(Dollars in thousands)					
Company:						
As of June 30, 2014:						
Total capital (to risk-weighted assets)	$555,499	20.19	%	$220,090	8.00	%
Tier 1 capital (to risk-weighted assets)	524,098	19.05		110,045	4.00	
Tier 1 capital (to average assets)	524,098	17.11		122,504	4.00	
As of June 30, 2013:						
Total capital (to risk-weighted assets)	$545,031	22.16	%	$196,772	8.00	%
Tier 1 capital (to risk-weighted assets)	514,280	20.91		98,386	4.00	
Tier 1 capital (to average assets)	514,280	18.30		112,428	4.00	

The following is a summary of the Bank’s actual capital amounts and ratios as of June 30, 2014 and 2013, compared to the FDIC minimum capital adequacy requirements and the FDIC requirements for classification as a well-capitalized institution.

	Actual			For capital adequacy purposes			To be well capitalized under prompt corrective action		
	Amount	Rate		Amount	Rate		Amount	Rate	
	(Dollars in thousands)								
Bank:									
As of June 30, 2014:									
Total capital (to risk-weighted assets)	$476,614	17.54	%	$217,408	8.00	%	$271,760	10.00	%
Tier 1 capital (to risk-weighted assets)	445,403	16.39		108,704	4.00		163,056	6.00	
Tier 1 capital (to average assets)	445,403	14.34		124,250	4.00		155,312	5.00	
As of June 30, 2013:									
Total capital (to risk-weighted assets)	$465,301	19.19	%	$194,023	8.00	%	$242,529	10.00	%
Tier 1 capital (to risk-weighted assets)	434,975	17.93		97,012	4.00		145,518	6.00	

Tier 1 capital (to average assets)	434,975	15.55	111,908	4.00	139,885	5.00

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(18) Fair Value Measurements

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

Basis of Fair Value Measurement:

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

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

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

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

Following are descriptions of the valuation methodologies and key inputs used to measure assets recorded at fair value, as well as a description of the methods and significant assumptions used to estimate fair value disclosures for financial instruments not recorded at fair value in their entirety on a recurring basis. The descriptions include an indication of the level of the fair value hierarchy in which the assets or liabilities are classified.

Cash and Cash Equivalents

Due to their short-term nature, the carrying amount of these instruments approximates fair value.

Securities

The Company records securities held to maturity at amortized cost and securities available for sale at fair value on a recurring basis. The majority of the Company's securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. The fair values for securities are obtained from an independent nationally recognized third-party pricing service. Our independent pricing service provides us with prices which are primarily categorized as Level 2, as quoted prices in active markets for identical assets are generally not available for the majority of securities in our portfolio. Pricing services may employ modeling techniques in determining pricing. Inputs to these models include market spreads, dealer quotes, prepayment speeds, credit information and the instrument's terms and conditions, among other things. Management compares the pricing to a second independent pricing source for reasonableness. Equity securities are reported at Level 1 based on quoted market prices for identical securities in active markets.

FHLB of New York Stock

FHLB of New York Stock is recorded at cost (par value) and evaluated for impairment based on the ultimate recoverability of the par value. There is no active market for this stock and no significant observable market data is available for this instrument. The Company considers the profitability and asset quality of FHLB, dividend payment history and recent redemption experience, when determining the ultimate recoverability of the par value. The Company believes its investment in FHLB stock is recoverable at par. The carrying amount of FHLB stock approximates fair value, since this is the amount for which it could be redeemed.

Loans

The Company does not record loans at fair value on a recurring basis. However, periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements. The fair value for significant nonperforming loans and impaired loans are valued utilizing independent appraisals of the collateral securing such loans that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments to comparable assets based on the appraisers' market knowledge and experience. The appraisals are adjusted downward by management (0-20% adjustment rate and 0-10% risk premium rate), as necessary, for changes in relevant valuation factors subsequent to the appraisal date and the timing of anticipated cash flows (0-8% discount rate). The Company classifies impaired loans as Level 3.

Fair value for loans held for investment is estimated using portfolios of loans with similar financial characteristics. Loans are segregated by type such as residential, multifamily, commercial real estate, construction, land and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and nonperforming/impaired categories. Fair value of performing loans is estimated using a discounted cash flow model that employs a discount rate that reflects the current market pricing for loans with similar characteristics and remaining maturity, adjusted by an amount for estimated credit losses inherent in the portfolio at the balance sheet date. The rates take into account the expected yield curve. The Company classifies the fair value of loans held for investment as Level 3.

Real Estate Owned

Assets acquired through foreclosure or deed in lieu of foreclosure are recorded at fair value less estimated liquidation costs when acquired, thus establishing a new cost basis. Subsequently, real estate owned is carried at the lower of cost or fair value, less estimated liquidation costs. 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. When an asset is acquired, the excess of the loan balance over fair value, less estimated liquidation costs (5-20% discount rate), is charged to the allowance for loan losses. If the 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.

Deposit Liabilities

The fair value of deposits with no stated maturity, such as checking, savings, and money market accounts, is equal to the amount payable on demand at the balance sheet date. The fair value of term deposits 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. The Company classifies the fair value of term deposits as Level 2.

Borrowings

The carrying amount of overnight borrowings approximates the fair value. The fair value of term 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. The Company classifies the fair value of term borrowings as Level 2.

Derivatives

The fair value of our interest rate swap was estimated using Level 2 inputs. The fair value was determined using third party prices that are based on discounted cash flow analyses using observed market interest rate curves and volatilities.

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 fair value of off-balance-sheet commitments approximates book value.

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Notes to Consolidated Financial Statements

Assets Recorded at Fair Value on a Recurring Basis
The following tables present the recorded amount of assets measured at fair value on a recurring basis as of June 30, 2014 and June 30, 2013 by level within the fair value hierarchy. There were no transfers between levels within the fair value hierarchy during the twelve months ended June 30, 2014.

	Fair Value as of June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Securities available for sale:				
U.S. Government and federal agency obligations	$5,087	$—	$5,087	$—
Equity Securities	1,971	1,971	—	—
Mortgage-backed securities available for sale				
FHLMC	7,150	—	7,150	—
FNMA	69,095	—	69,095	—
CMO	300,834	—	300,834	—
Total securities available for sale	384,137	1,971	382,166	—
Interest rate swap	99	—	99	—
Total assets measured on a recurring basis	$384,236	$ 1,971	$382,265	$—

	Fair Value as of June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Securities available for sale:				
U.S. Government and federal agency obligations	$10,245	$—	$10,245	$—
Equity Securities	1,774	1,774	—	—
Mortgage-backed securities available for sale				
FHLMC	9,019	—	9,019	—
FNMA	44,756	—	44,756	—
CMO	252,496	—	252,496	—
Total securities available for sale	318,290	1,774	316,516	—
Interest rate swap	2,584	—	2,584	—
Total assets measured on a recurring basis	$320,874	$ 1,774	$319,100	$—

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Assets Recorded at Fair Value on a Nonrecurring Basis
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-fair value accounting or write downs of individual assets. The following tables present the recorded amount of assets measured at fair value on a nonrecurring basis as of June 30, 2014 and 2013 by level within the fair value hierarchy.

	Fair Value as of June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Impaired loans:				
Residential	$1,548	$—	$—	$1,548
Multifamily	474	—	—	474
Commercial real estate	5,727	—	—	5,727
Total impaired loans	7,749	—	—	7,749
Real estate owned				
Multifamily	3,000	—	—	3,000
Commercial real estate	850	—	—	850
Total real estate owned	3,850	—	—	3,850
Total assets measured on a nonrecurring basis	$11,599	$—	$—	$11,599

	Fair Value as of June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Impaired loans:				
Residential	$1,890	$—	$—	$1,890
Multifamily	3,897	—	—	3,897
Commercial real estate	3,752	—	—	3,752
Construction and land loans	1,664	—	—	1,664
Total impaired loans	11,203	—	—	11,203
Real estate owned				
Commercial real estate	672	—	—	672
Construction and land loans	1,070	—	—	1,070
Total real estate owned	1,742	—	—	1,742
Total assets measured on a nonrecurring basis	$12,945	$—	$—	$12,945

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Notes to Consolidated Financial Statements

Fair Value of Financial Instruments
The following tables present the carrying amount, fair value, and placement in the fair value hierarchy of financial instruments not recorded at fair values in their entirety on a recurring basis on the Company’s balance sheet at June 30, 2014 and 2013. These tables exclude financial instruments for which the carrying amount approximates fair value. Financial instruments for which the carrying amount approximates fair value include cash and cash equivalents, FHLB stock, non-maturity deposits, and overnight borrowings.

	At June 30, 2014				
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)				
Financial assets:					
Securities held to maturity	$32,422	$32,539	$—	$32,539	$—
Loans, net (1)	2,503,894	2,510,776	—	—	2,510,776
Financial liabilities:					
Term deposits	547,013	552,579	—	552,579	—
Term borrowings	630,443	656,459	—	656,459	—

(1)Comprised of loans (including impaired loans), net of deferred loan fees and the allowance for loan losses.

	At June 30, 2013				
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)				
Financial assets:					
Securities held to maturity	$41,873	$41,855	$—	$41,855	$—
Loans, net (1)	2,275,782	2,333,382	—	—	2,333,382
Financial assets:					
Term deposits	471,072	473,652	—	473,652	—
Term borrowings	600,372	635,520	—	635,520	—

(1)Comprised of loans (including impaired loans), net of deferred loan fees and the allowance for loan losses.

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.

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Notes to Consolidated Financial Statements

(19) Parent Company Only Financial Statements
The following condensed financial information for Oritani Financial Corp. (parent company only) reflect the investment in its wholly-owned subsidiaries, Oritani Bank, Oritani, LLC and Hampshire Financial, LLC, using the equity method of accounting.

Balance Sheets

	June 30,	
	2014	2013
	(In thousands)	
Assets:		
Cash	$108	$71
Fed Funds Sold	19,327	19,184
Mortgage Loans, net	28,038	27,757
ESOP loan	27,204	28,380
Securities available for sale, at market value	1,971	1,774
Accrued Interest Receivable	913	954
Investment in Subsidiaries	449,077	441,199
Other assets	—	26
Total Assets	$526,638	519,345
Liabilities and Equity		
Total Liabilities	346	635
Total Equity	526,292	518,710
Total Liabilities and Equity	$526,638	$519,345

Statements of Income

	Year Ended June 30,		
	2014	2013	2012
	(In thousands)		
Interest on mortgage loans	$1,318	$1,441	$1,823
Interest on ESOP loan	1,668	1,747	1,807
Interest income on fed funds	57	67	127
Impairment charge on securities	—	—	(262)
Other income	35	48	46
Equity in undistributed earnings of subsidiary	39,690	38,336	30,007
Total income	42,768	41,639	33,548
Other expenses	609	840	660
Income before income tax expense	42,159	40,799	32,888
Income tax expense	1,100	1,255	1,238
Net income	$41,059	$39,544	$31,650

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Notes to Consolidated Financial Statements

Statements of Cash Flows

	Year Ended June 30, 2014	2013	2012
	(In thousands)		
Cash flows from operating activities:			
Net income	$41,059	$39,544	$31,650
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment charge on securities	—	—	262
Dividends/distributions from subsidiaries	39,420	24,893	41,270
Equity in undistributed earnings of subsidiary	(39,690)	(38,336)	(30,007)
Decrease in accrued interest receivable	41	70	41
Increase decrease in other assets	(68)	(153)	(49)
(Decrease) increase in other liabilities	(270)	605	99
Net cash provided by operating activities	40,492	26,623	43,266
Cash flows from investing activities			
Additional investments in subsidiaries	(80)	(378)	—
Principal collected on ESOP loan	1,176	1,396	598
(Increase) decrease in mortgage loans, net	(281)	2,839	460
Net cash provided by investing activities	815	3,857	1,058
Cash flows from financing activities			
Dividends paid to shareholders	(40,438)	(43,074)	(21,849)
Purchase of treasury stock	(5,533)	(1,524)	(134,308)
Stock issued upon exercise of stock options	4,844	2,799	160
Purchase of restricted stock	—	—	(19,266)
Cash used in financing activities	(41,127)	(41,799)	(175,263)
Net change in cash and equivalents	180	(11,319)	(130,939)
Cash at beginning of period	19,255	30,574	161,513
Cash at end of period	$19,435	$19,255	$30,574

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Notes to Consolidated Financial Statements

(20) Selected Quarterly Financial Data (Unaudited)
The following tables are a summary of certain quarterly financial data for the fiscal years ended June 30, 2014 and 2013.

	Fiscal 2014 Quarter Ended			
	September 30	December 31	March 31	June 30
	(Dollars in thousands)			
Selected Operating Data:				
Interest income	$32,139	$32,136	$32,194	$31,757
Interest expense	7,546	7,824	7,732	8,001
Net interest income	24,593	24,312	24,462	23,756
Provision for loan losses	300	200	200	—
Net interest income after provision for loan losses	24,293	24,112	24,262	23,756
Other income	1,563	1,564	1,102	1,373
Other expense	9,570	10,076	9,833	9,999
Income before income tax expense	16,286	15,600	15,531	15,130
Income tax expense	5,912	5,617	4,792	5,167
Net income	$10,374	$9,983	$10,739	$9,963
Basic Earnings per common share	$0.24	$0.23	$0.25	$0.23
Diluted Earnings per common share	$0.24	$0.23	$0.25	$0.23

	Fiscal 2013 Quarter Ended			
	September 30	December 31	March 31	June 30
	(Dollars in thousands)			
Selected Operating Data:				
Interest income	$31,822	$31,607	$32,580	$31,219
Interest expense	7,632	7,536	7,284	7,346
Net interest income	24,190	24,071	25,296	23,873
Provision for loan losses	1,500	1,500	600	250
Net interest income after provision for loan losses	22,690	22,571	24,696	23,623
Other income	1,225	887	1,005	2,703
Other expense	9,233	9,506	9,905	9,233
Income before income tax expense	14,682	13,952	15,796	17,093
Income tax expense	5,471	5,206	5,879	5,423
Net income	$9,211	$8,746	$9,917	$11,670
Basic Earnings per common share	$0.22	0.21	0.23	0.28
Diluted Earnings per common share	$0.22	0.20	0.23	0.27

(21) Earnings Per Share

The following is a summary of the Company’s earnings per share calculations and reconciliations of basic to diluted earnings per share.

	For the Years Ended June 30,		
	2014	2013	2012
	(in thousands, except for per share data)		
Net income	$41,059	$39,544	$31,650
Weighted average common shares outstanding—basic	42,618	42,097	43,882
Effect of dilutive non-vested shares and stock options outstanding	1,090	884	536
Weighted average common shares outstanding—diluted	43,708	42,981	44,418
Earnings per share-basic	$0.96	$0.94	$0.72
Earnings per share-diluted	$0.94	$0.92	$0.71

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Notes to Consolidated Financial Statements

(22) Other Comprehensive Income
The components of comprehensive income, both gross and net of tax, are presented for the periods below (in thousands):

	Years ended June 30, 2014	2013	2012
Gross:			
Net income	$62,547	$61,523	$50,107
Other comprehensive (loss) income			
Change in unrealized holding gain on securities available for sale	(1,328)	(3,873)	3,662
Reclassification adjustment for security losses included in net income	49	—	262
Change in unrealized gain on interest rate swaps	(2,484)	2,584	—
Amortization related to post-retirement obligations	78	321	120
Change in funded status of retirement obligations	(148)	1,844	(1,767)
Reclassification adjustment for retirement obligation losses included in net income	—	—	241
Total other comprehensive (loss) income	(3,833)	876	2,518
Total comprehensive income	58,714	62,399	52,625
Tax applicable to:			
Net income	21,488	21,979	18,457
Other comprehensive (loss) income			
Change in unrealized holding gain on securities available for sale	(541)	(1,588)	1,498
Reclassification adjustment for security losses included in net income	21	—	107
Change in unrealized gain on interest rate swaps	(1,048)	1,065	—
Amortization related to post-retirement obligations	32	132	50
Change in funded status of retirement obligations	(61)	759	(745)
Reclassification adjustment for retirement obligation losses included in net income	—	—	96
Total other comprehensive (loss) income	(1,597)	368	1,006
Total comprehensive income	19,891	22,347	19,463
Net of tax:			
Net income	41,059	39,544	31,650
Other comprehensive (loss) income			
Change in unrealized holding gain on securities available for sale	(787)	(2,285)	2,164
Reclassification adjustment for security losses included in net income	28	—	155
Change in unrealized gain on interest rate swaps	(1,436)	1,519	—
Amortization related to post-retirement obligations	46	189	70
Change in funded status of retirement obligations	(87)	1,085	(1,022)
	—	—	145

Reclassification adjustment for retirement obligation losses included in net income			
Total other comprehensive (loss) income	(2,236)	508	1,512
Total comprehensive income	$38,823	$40,052	$33,162

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The following table presents the changes in the components of accumulated other comprehensive income (loss), net of tax, for the twelve months ended June 30, 2014 and 2013 (in thousands):

	Unrealized Holding Gains on Securities Available for Sale	Post Retirement Obligations	Unrealized Holding Gains on Interest Rate Swaps	Accumulated Other Comprehensive Income, Net of Tax
Balance at June 30, 2013	$3,487	$(576)	$1,519	$4,430
Net change	(759)	(41)	(1,436)	(2,236)
Balance at June 30, 2014	$2,728	$(617)	$83	$2,194
Balance at June 30, 2012	$5,772	$(1,850)	$—	$3,922
Net change	(2,285)	1,274	1,519	508
Balance at June 30, 2013	$3,487	$(576)	$1,519	$4,430

The following table sets forth information about the amount reclassified from accumulated other comprehensive income (loss) to the consolidated statement of income and the affected line item in the statement where net income is presented (in thousands).

Accumulated Other Comprehensive Income (Loss) Component	Affected line item in the Consolidated Statement of Income	Twelve months ended June 30, 2014	2013
Reclassification adjustment for security losses included in net income	Net gain (loss) on sale and write down of securities	$49	$—
Amortization related to post-retirement obligations (1)			
Prior service cost		60	60
Net loss (gain)		18	261
	Compensation, payroll taxes and fringe benefits	78	321
	Total before tax	127	321
	Income tax benefit	53	132
	Net of tax	74	189

(1) These accumulated other comprehensive income (loss) components are included in the computations of net periodic benefit cost. See Note 14, Postretirement Benefits.

(23) Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-04, "Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force), which clarifies that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either

(1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the

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Notes to Consolidated Financial Statements

residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amendments in this Update are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014 (July 1, 2015 for the Company). Early adoption is permitted. The adoption of this amendment is not expected to have a significant impact on the Company's Consolidated Financial Statements.

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)", which provides guidance on the presentation of unrecognized tax benefits and the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU is effective for fiscal years, and interim reporting periods within those years, beginning after December 31, 2013 (July 1, 2014 for the Company). The adoption of this amendment is not expected to have a significant impact on the Company's Consolidated Financial Statements.

In July 2013, the FASB issued ASU No. 2013-10, "Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the FASB Emerging Issues Task Force). The guidance permits the Fed Funds Effective Swap Rate to be used as a benchmark interest rate for hedge accounting purposes, in addition to interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate (“LIBOR”). We adopted this guidance on July 17, 2013 with no significant impact on the Company’s Consolidated Financial Statements.

In February 2013, the FASB issued ASU No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income", which requires an entity to separately present the amount reclassified out of accumulated other comprehensive income ("AOCI") for each component of AOCI and to disclose, for each affected line item in the income statement, the amount of AOCI that has been reclassified into that line item. If the reclassification doesn't go directly to an income statement line it is acceptable to cross reference that amount to another footnote that provides the required disclosure. Public companies are required to comply with the requirements of ASU 2013-02 prospectively for fiscal years and interim periods within those fiscal years, beginning after December 15, 2012 (July 1, 2013 for the Company). Early adoption is permitted. We adopted the applicable requirements on July 1, 2013 and have provided the related disclosures as required with no significant impact on the Company’s Consolidated Financial Statements.

(a)(2) Financial Statement Schedules
None.

(a)(3) Exhibits

3.1 Certificate of Incorporation of Oritani Financial Corp.*
3.2 Bylaws of Oritani Financial Corp.*
4 Form of Common Stock Certificate of Oritani Financial Corp.*
10.1 Employment Agreement between Oritani Financial Corp. and Kevin J. Lynch**, *****
10.2 Form of Employment Agreement between Oritani Financial Corp. and executive officers**, *****
10.3 Oritani Bank Director Retirement Plan**, *****
10.4 Oritani Bank Benefit Equalization Plan**, *****
10.5 Oritani Bank Executive Supplemental Retirement Income Agreement**, *****
10.6 Form of Employee Stock Ownership Plan**, *****
10.7 Director Deferred Fee Plan**, *****
10.8 Oritani Financial Corp. 2007 Equity Incentive Plan*, *****
10.9 Oritani Financial Corp. 2011 Equity Incentive Plan***, *****
14 Code of Ethics****
21 Subsidiaries of Registrant**
23 Consent of Independent Registered Public Accounting Firm
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
101 Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements

* Incorporated by reference to the Registration Statement on Form S-1 of Oritani Financial Corp. (file no. 333-165226), originally filed with the Securities and Exchange Commission on March 5, 2010.
** Incorporated by reference to the Registration Statement on Form S-1 of Oritani Financial Corp. (file no. 333-137309), originally filed with the Securities and Exchange Commission on September 14, 2006.
*** Incorporated by reference to the Company's Proxy Statement for the 2011 Special Meeting of Stockholders filed with the Securities and Exchange Commission on June 27, 2011 (file No. 001-34786).
**** Available on our website www.oritani.com
***** Management contract, compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: September 15, 2014 By: /s/ Kevin J. Lynch
Kevin J. Lynch
Chief Executive Officer and President
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Kevin J. Lynch Kevin J. Lynch	Director, Chief Executive Officer and President (Principal Executive Officer)	September 15, 2014
/s/ John M. Fields, Jr. John M. Fields, Jr.	Executive Vice President and Chief Financial Officer	September 15, 2014
/s/ Michael A. DeBernardi Michael A. DeBernardi	Director, Executive Vice President and Chief Operating Officer	September 15, 2014
/s/ Ann Marie Jetton Ann Marie Jetton	Sr. Vice President and Principal Accounting Officer	September 15, 2014
/s/ Nicholas Antonaccio Nicholas Antonaccio	Director	September 15, 2014
/s/ James J. Doyle, Jr. James J. Doyle, Jr.	Director	September 15, 2014
/s/ Robert S. Hekemian, Jr. Robert S. Hekemian, Jr.	Director	September 15, 2014
/s/ Harvey R. Hirschfeld Harvey R. Hirschfeld	Director	September 15, 2014
/s/ John J. Skelly, Jr. John J. Skelly, Jr.	Director	September 15, 2014