Oritani Financial Corp
Form 10-Q
May 10, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2018

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, New Jersey 07676
(Address of Principal Executive Offices) (Zip Code)

(201) 664-5400
(Registrant's telephone number, including area code)

N/A
(Former name, former address, and former fiscal year, if changed since last report)

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

YES 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 NO

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

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

YES NO

As of May 10, 2018, there were 56,245,065 shares of the Registrant's common stock, par value $0.01 per share, issued and 46,616,646 shares outstanding.

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Part I. Financial Information
Item 1. Financial Statements

Oritani Financial Corp. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share data)

	March 31, 2018 (unaudited)	June 30, 2017 (audited)
Assets		
Cash on hand and in banks	$22,543	$33,252
Federal funds sold and short term investments	966	326
Cash and cash equivalents	23,509	33,578
Loans, net	3,566,193	3,566,703
Securities available for sale, at fair value	48,198	97,930
Securities held to maturity, fair value of $295,236 and $237,204, respectively	302,851	239,631
Bank Owned Life Insurance (at cash surrender value)	97,824	95,946
Federal Home Loan Bank of New York ("FHLB") stock , at cost	25,835	32,504
Accrued interest receivable	11,438	10,620
Real estate owned	636	140
Office properties and equipment, net	13,533	13,909
Deferred tax assets, net	25,584	37,693
Other assets	26,584	9,030
Total Assets	$4,142,185	$4,137,684
Liabilities		
Deposits	$2,954,476	$2,856,478
Borrowings	532,114	642,059
Advance payments by borrowers for taxes and insurance	26,653	23,496
Other liabilities	74,310	56,428
Total Liabilities	3,587,553	3,578,461
Stockholders' Equity		
Common stock, $0.01 par value; 150,000,000 shares authorized; 56,245,065 shares issued; 46,604,276 shares outstanding at March 31, 2018 and 45,992,366 shares outstanding at June 30, 2017.	562	562
Additional paid-in capital	513,679	512,337
Non-vested restricted stock awards	(201)	(458)
Treasury stock, at cost; 9,640,789 shares at March 31, 2018 and 10,252,699 shares at June 30, 2017.	(129,600)	(136,517)
Unallocated common stock held by the employee stock ownership plan	(16,981)	(18,407)
Retained earnings	177,461	198,186
Accumulated other comprehensive income, net of tax	9,712	3,520
Total Stockholders' Equity	554,632	559,223
Total Liabilities and Stockholders' Equity	$4,142,185	$4,137,684

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries
Consolidated Statements of Income
(In thousands, except per share data)

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	(unaudited)			
Interest income:				
Interest on loans	$35,398	$34,407	$107,126	$99,515
Interest on securities available for sale	284	799	1,237	2,451
Interest on securities held to maturity	1,419	909	3,663	2,583
Dividends on FHLB stock	432	469	1,368	1,343
Interest on federal funds sold and short term investments	28	2	139	5
Total interest income	37,561	36,586	113,533	105,897
Interest expense:				
Deposits	7,887	6,244	23,028	17,947
Borrowings	2,721	3,547	8,300	9,626
Total interest expense	10,608	9,791	31,328	27,573
Net interest income before provision for loan losses	26,953	26,795	82,205	78,324
Provision for loan losses	—	—	—	—
Net interest income after provision for loan losses	26,953	26,795	82,205	78,324
Other income:				
Service charges	302	235	799	664
Income from investments in real estate joint ventures	—	193	—	769
Bank-owned life insurance	603	634	1,878	1,979
Net loss on sale of assets	—	20,621	(2)	20,621
Net loss on sale of securities	—	—	(324)	—
Other income	74	87	222	249
Total other income	979	21,770	2,573	24,282
Other expenses:				
Compensation, payroll taxes and fringe benefits	6,627	6,801	20,666	22,366
Advertising	143	143	428	358
Office occupancy and equipment expense	862	834	2,391	2,415
Data processing service fees	499	538	1,463	1,641
Federal insurance premiums	300	300	900	1,050
Other expenses	1,329	1,306	3,637	3,489
Total operating expenses	9,760	9,922	29,485	31,319
Income before income tax expense	18,172	38,643	55,293	71,287
Income tax expense	4,747	14,377	25,902	25,034
Net income	$13,425	$24,266	$29,391	$46,253
Earnings per basic common share	$0.30	$0.56	$0.67	$1.07
Earnings per diluted common share	$0.30	$0.54	$0.65	$1.04

See accompanying notes to unaudited consolidated financial statements.
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Oritani Financial Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
(In thousands)

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	(unaudited)			
Net of tax:				
Net income	$13,425	$24,266	$29,391	$46,253
Other comprehensive income:				
Change in unrealized holding loss on securities available for sale	(261)	(3)	(626)	(1,457)
Reclassification adjustment for security loss included in net income	—	—	184	—
Amortization related to post-retirement obligations	(108)	57	(98)	188
Net change in unrealized gain on interest rate swaps	4,995	536	6,732	9,723
Total other comprehensive income	4,626	590	6,192	8,454
Total comprehensive income	$18,051	$24,856	$35,583	$54,707

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries
Consolidated Statements of Stockholders' Equity
Nine months ended March 31, 2018 and 2017 (unaudited)
(In thousands, except share data)

	Shares Outstanding	Common stock	Additional paid-in capital	Non-vested restricted stock awards	Treasury stock	Unallocated common stock held by ESOP	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Total stockholders' equity
Balance at June 30, 2016	45,247,420	$562	$513,177	$(4,242)	$(146,173)	$(20,481)	$202,429	$(10,072)	$535,200
Net income	—	—	—	—	—	—	46,253	—	46,253
Other comprehensive income , net of tax	—	—	—	—	—	—	—	8,454	8,454
Cash dividends declared ($1.025 per share)	—	—	—	—	—	—	(44,223)	—	(44,223)
Purchase of treasury stock	(98,655)	—	—	—	(1,574)	—	—	—	(1,574)
Issuance of restricted stock awards	10,000	—	—	(133)	133	—	—	—	—
Compensation cost for stock options and restricted stock	—	—	927	—	—	—	—	—	927
ESOP shares allocated or committed to be released	—	—	1,710	—	—	1,728	—	—	3,438
Exercise of stock options	717,301	—	—	—	9,547	—	(1,355)	—	8,192
Vesting of restricted stock awards	—	—	(3,879)	3,892	—	—	(13)	—	—
Balance at March 31, 2017	45,876,066	$562	$511,935	$(483)	$(138,067)	$(18,753)	$203,091	$(1,618)	$556,667

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Consolidated Statements of Stockholders' Equity
Nine months ended March 31, 2018 and 2017 (unaudited)
(In thousands, except share data)

	Shares Outstanding	Common stock	Additional paid-in capital	Non-vested restricted stock awards	Treasury stock	Unallocated common stock held by ESOP	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Total stockholders' equity
Balance at June 30, 2017	45,992,366	$562	$512,337	$(458)	$(136,517)	$(18,407)	$198,186	$3,520	$559,223
Net income	—	—	—	—	—	—	29,391	—	29,391
Other comprehensive income, net of tax	—	—	—	—	—	—	—	5,092	5,092
Cash dividends declared ($1.05 per share)	—	—	—	—	—	—	(46,219)	—	(46,219)
Purchase of treasury stock	(492,458)	—	—	—	(7,834)	—	—	—	(7,834)
Compensation cost for stock options and restricted stock	—	—	138	—	—	—	—	—	138
ESOP shares allocated or committed to be released	—	—	1,414	—	—	1,426	—	—	2,840
Exercise of stock options	1,111,368	—	—	—	14,838	—	(2,837)	—	12,001
Vesting of restricted stock awards	—	—	(210)	170	—	—	40	—	—
Forfeiture of restricted stock awards	(7,000)	—	—	87	(87)	—	—	—	—
Tax Cuts and Jobs Act of 2017, Reclassification from AOCI to Retained Earnings, Tax Effect	—	—	—	—	—	—	(1,100)	1,100	—
Balance at March 31, 2018	46,604,276	$562	$513,679	$(201)	$(129,600)	$(16,981)	$177,461	$9,712	$554,632

See accompanying notes to unaudited consolidated financial statements.

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Oritani Financial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended March 31, 2018	2017
	(unaudited)	
Cash flows from operating activities:		
Net income	$29,391	$46,253
Adjustments to reconcile net income to net cash provided by operating activities:		
ESOP and stock-based compensation expense	2,978	4,365
Tax benefit from stock-based compensation	1,120	1,289
Depreciation of premises and equipment	583	664
Net amortization and accretion of premiums and discounts on securities	873	995
Amortization and accretion of deferred loan fees, net	(1,865)	(1,757)
Decrease (increase) in deferred taxes	10,581	(509)
Loss on sale of real estate owned	2	—
Loss on sale of investment securities	324	—
Writedown of real estate owned	—	215
Gain on sale of real estate joint ventures and real estate investments	—	(20,621)
Increase in cash surrender value of bank owned life insurance	(1,878)	(1,979)
Increase in accrued interest receivable	(818)	(906)
(Increase) decrease in other assets	(10,193)	14,290
Increase in other liabilities	16,843	1,994
Net cash provided by operating activities	47,941	44,293
Cash flows from investing activities:		
Proceeds from sales of securities available for sale	29,505	—
Net decrease (increase) in loans receivable	54,505	(331,560)
Purchase of mortgage loans	(52,766)	(65,925)
Purchase of securities available for sale	—	(66,222)
Purchase of securities held to maturity	(97,980)	(51,150)
Purchase of Federal Home Loan Bank stock	(31,692)	(52,071)
Proceeds from payments, calls and maturities of securities available for sale	18,989	38,114
Proceeds from payments, calls and maturities of securities held to maturity	34,060	28,196
Proceeds from redemption of Federal Home Loan Bank stock	38,361	51,610
Proceeds from sale of real estate owned	138	132
Proceeds from sales of real estate joint ventures and real estate investments	—	25,083
Net increase in real estate joint ventures	—	(155)
Purchase of fixed assets	(207)	(337)
Net cash used in investing activities	(7,087)	(424,285)
Cash flows from financing activities:		
Net increase in deposits	97,998	420,193
Purchase of treasury stock	(7,834)	(1,574)
Dividends paid to shareholders	(46,219)	(44,223)
Exercise of stock options	12,001	8,192
Increase in advance payments by borrowers for taxes and insurance	3,157	3,941
Proceeds from borrowed funds	57,870	119,130
Repayment of borrowed funds	(167,815)	(109,596)

Payment of employee taxes withheld from shared-based awards	(81)	(1,574)
Net cash (used in) provided by financing activities	(50,923)	394,489
Net (decrease) increase in cash and cash equivalents	(10,069)	14,497
Cash and cash equivalents at beginning of period	33,578	16,571
Cash and cash equivalents at end of period	$23,509	$31,068
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$31,186	$27,180
Income taxes	$9,611	$16,712
Noncash transfer		
Loans receivable transferred to real estate owned	$636	$—

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and subsidiaries
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1. Basis of Presentation

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

In the opinion of management, all of the adjustments (consisting of normal and recurring adjustments) necessary for the fair presentation of the consolidated financial condition and the consolidated results of operations for the unaudited periods presented have been included. The results of operations and other data presented for the nine month period ended March 31, 2018 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending June 30, 2018.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the preparation of the Form 10-Q. The consolidated financial statements presented should be read in conjunction with the Company's audited consolidated financial statements and notes to consolidated financial statements included in the Company's June 30, 2017 Annual Report on Form 10-K, filed with the SEC on August 29, 2017.

The consolidated financial statements have been prepared in conformity with 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 March 31, 2018 and June 30, 2017 and in the Consolidated Statements of Income for the three and nine months ended March 31, 2018 and 2017. Actual results could differ significantly from those estimates.

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

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

2. Earnings Per Share ("EPS")

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

Diluted earnings per share is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options were exercised and converted into common stock. These potentially dilutive shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add the assumed proceeds from option exercises and the average unamortized compensation costs related to stock options. We then divide this sum by our average stock price to calculate shares assumed to be repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted EPS.

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

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	(In thousands, except per share data)			
Net income	$13,425	$24,266	$29,391	$46,253
Weighted average common shares outstanding—basic	44,319	43,585	44,105	43,125
Effect of dilutive stock options outstanding	785	1,234	879	1,255
Weighted average common shares outstanding—diluted	45,104	44,819	44,984	44,380
Earnings per share-basic	$0.30	$0.56	$0.67	$1.07
Earnings per share-diluted	$0.30	$0.54	$0.65	$1.04

For the three months ended March 31, 2018 there were 1,730 option shares, that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for those periods. There were no anti-dilutive shares for the three months ended March 31, 2017. Anti-dilutive shares for the nine months ended March 31, 2018 and 2017 were 1,052 and 1,405, respectively.

3. Stock Repurchase Program

On March 4, 2015, the Board of Directors of the Company authorized a fourth stock repurchase plan pursuant to which the Company is authorized to repurchase up to 5% of the outstanding shares, or 2,205,451 shares. At March 31, 2018, there are 1,396,393 shares yet to be purchased under the current plan. At March 31, 2018, a total of 13,770,139 shares had been acquired under repurchase programs at a weighted average cost of $13.39 per share. The timing of the repurchases depend on certain factors, including but not limited to, market conditions and prices, the Company's liquidity and capital requirements, and alternative uses of capital. Repurchased shares will be held as treasury stock and will be available for general corporate purposes.

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4. Equity Incentive Plans

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 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.

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. 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.

There were no options granted during the nine months ended March 31, 2018. The fair value of options granted during the nine months ended March 31, 2017 was estimated using the Black-Scholes options-pricing model with the assumptions in the following table.

	Nine months ended March 31, 2017
Options shares granted	20,000
Expected dividend yield	5.35%
Expected volatility	20.81%
Risk-free interest rate	1.39%
Expected option life	6.5

The following is a summary of the Company's stock option activity and related information as of March 31, 2018 and changes therein during the nine 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, 2017	3,729,034	$ 2.59	$ 11.70	3.4
Exercised	(1,111,368)	2.39	10.80	1.1
Forfeited	(12,000)	1.64	15.89	7.8
Expired	(30,779)	2.26	12.34	3.2
Outstanding at March 31, 2018	2,574,887	$ 2.68	$ 12.06	3.4
Exercisable at March 31, 2018	2,542,486	$ 2.70	$ 12.02	3.4

The Company recorded $8,000 and $17,000 of share based compensation expense related to options for the three months ended March 31, 2018 and 2017, respectively. The Company recorded $30,000 and $298,000 of share based compensation expense related to options for the nine months ended March 31, 2018 and 2017, respectively. Expected future expense related to the non-vested options outstanding at March 31, 2018 is $40,000 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.

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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 March 31, 2018 and changes therein during the nine months then ended:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2017	35,934	$ 15.60
Vested	(13,734)	15.31
Forfeited	(6,000)	15.89
Non-vested at March 31, 2018	16,200	$ 15.73

The Company recorded $29,000 and $60,000 of share based compensation expense related to the restricted stock shares for the three months ended March 31, 2018 and 2017, respectively. The Company recorded $108,000 and $629,000 of share based compensation expense related to the restricted stock shares for the nine months ended March 31, 2018 and 2017, respectively. Expected future expense related to the non-vested restricted shares at March 31, 2018 is $180,000 over a weighted average period of 2.2 years.

5. Post-retirement Benefits

The Company provides several post-retirement benefit plans to directors and to certain active and retired employees. The Company has a nonqualified Directors' Retirement Plan ("Retirement Plan"), a nonqualified Benefit Equalization Plan ("BEP Plan"), which provides benefits to employees who are disallowed certain benefits under the Company's qualified benefit plans, and a Post Retirement Medical Plan ("Medical Plan") for directors and certain eligible employees.

Net periodic benefit costs for the three and nine months ended March 31, 2018 and 2017 are presented in the following tables.

	Retirement Plan		BEP Plan		Medical Plan	
	Three months ended March 31,					
	2018	2017	2018	2017	2018	2017
	(In thousands)					
Service cost	$33	$ 38	$—	$ —	$15	$14
Interest cost	52	45	11	10	52	59
Amortization of unrecognized:						
Net loss	—	—	9	13	—	87
Total	$85	$ 83	$20	$ 23	$67	$160

Nine months ended March 31,

	2018	2017	2018	2017	2018	2017
	(In thousands)					
Service cost	$98	$113	$ —	$ —	$44	$43
Interest cost	156	136	33	30	158	176
Amortization of unrecognized:						
Net loss	—	—	27	39	—	262
Total	$254	$249	$ 60	$ 69	$202	$481

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6. Loans, net

Loans, net are summarized as follows:

	March 31, 2018	June 30, 2017
	(In thousands)	
Residential	$259,134	$253,310
Residential commercial real estate	2,010,717	1,945,297
Grocery/credit retail commercial real estate	516,831	535,567
Other commercial real estate	807,684	866,826
Construction and land loans	9,744	4,210
Total loans	3,604,110	3,605,210
Less:		
Deferred loan fees, net	7,444	8,235
Allowance for loan losses	30,473	30,272
Loans, net	$3,566,193	$3,566,703

The Company's allowance for loan losses is analyzed quarterly and many factors are considered, including changes in the portfolio, delinquencies, nonaccrual loan levels, and other environmental factors. There have been no material changes to the allowance for loan loss methodology as disclosed in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on August 29, 2017.

The activity in the allowance for loan losses for the three and nine months ended March 31, 2018 and 2017 is summarized as follows:

	Three months ended March 31,		Nine months ended March 31,	
	(In thousands)			
	2018	2017	2018	2017
Balance at beginning of period	$30,402	$29,877	$30,272	$29,951
Provisions for loan losses	—	—	—	—
Recoveries of loans previously charged off	166	—	318	2
Loans charged off	(95)	—	(117)	(76)
Balance at end of period	$30,473	$29,877	$30,473	$29,877

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The following table provides the three and nine month activity in the allowance for loan losses allocated by loan category at March 31, 2018 and 2017. 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.

	Three months ended March 31, 2018					
	Residential	Residential commercial real estate	Grocery/credit retail commercial real estate	Other commercial real estate	Construction and land loans	Total
	(In thousands)					
Allowance for loan losses:						
Beginning balance	$1,902	$ 16,475	$ 2,900	$ 8,783	$ 342	$30,402
Charge-offs	(95)	—	—	—	—	(95)
Recoveries	19	—	—	147	—	166
Provisions	77	570	57	(760)	56	—
Ending balance	$1,903	$ 17,045	$ 2,957	$ 8,170	$ 398	$30,473

	Nine months ended March 31, 2018					
	Residential	Residential commercial real estate	Grocery/credit retail commercial real estate	Other commercial real estate	Construction and land loans	Total
	(In thousands)					
Allowance for loan losses:						
Beginning balance	$1,261	$ 15,794	$ 3,000	$ 10,017	$ 200	$30,272
Charge-offs	(117)	—	—	—	—	(117)
Recoveries	139	—	—	147	32	318
Provisions	620	1,251	(43)	(1,994)	166	—
Ending balance	$1,903	$ 17,045	$ 2,957	$ 8,170	$ 398	$30,473

	Three months ended March 31, 2017					
	Residential	Residential commercial real estate	Grocery/credit retail commercial real estate	Other commercial real estate	Construction and land loans	Total
	(In thousands)					
Allowance for loan losses:						
Beginning balance	$1,626	$ 14,424	$ 3,327	$ 10,366	$ 134	$29,877
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provisions	(503)	940	(551)	88	26	—
Ending balance	$1,123	$ 15,364	$ 2,776	$ 10,454	$ 160	$29,877

	Nine months ended March 31, 2017					
	Residential	Residential commercial	Grocery/credit retail	Other commercial	Construction and land	Total

		real estate	commercial real estate	real estate	loans	
	(In thousands)					
Allowance for loan losses:						
Beginning balance	$1,300	$ 12,837	$ 3,646	$ 11,850	$ 318	$29,951
Charge-offs	(75)	—	—	(1)	—	(76)
Recoveries	—	—	—	2	—	2
Provisions	(102)	2,527	(870)	(1,397)	(158)	—
Ending balance	$1,123	$ 15,364	$ 2,776	$ 10,454	$ 160	$29,877

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The following table details the amount of loans receivables that are evaluated individually, and collectively, for impairment, and the related portion of allowance for loan loss that is allocated to each loan portfolio segment at March 31, 2018 and June 30, 2017.

	At March 31, 2018					
	Residential	Residential commercial real estate	Grocery/credit retail commercial real estate	Other commercial real estate	Construction and land loans	Total
	(In thousands)					
Allowance for loan losses:						
Individually evaluated for impairment	$—	$—	$ —	$ —	$ —	$—
Collectively evaluated for impairment	1,903	17,045	2,957	8,170	398	30,473
Total	$1,903	$17,045	$ 2,957	$ 8,170	$ 398	$30,473
Loans receivable:						
Individually evaluated for impairment	$5,045	$—	$ —	$ 5,691	$ —	$10,736
Collectively evaluated for impairment	254,089	2,010,717	516,831	801,993	9,744	3,593,374
Total	$259,134	$2,010,717	$ 516,831	$ 807,684	$ 9,744	$3,604,110

	At June 30, 2017					
	Residential	Residential commercial real estate	Grocery/credit retail commercial real estate	Other commercial real estate	Construction and land loans	Total
	(In thousands)					
Allowance for loan losses:						
Individually evaluated for impairment	$—	$—	$ —	$ 43	$ —	$43
Collectively evaluated for impairment	1,261	15,794	3,000	9,974	200	30,229
Total	$1,261	$15,794	$ 3,000	$ 10,017	$ 200	$30,272
Loans receivable:						
Individually evaluated for impairment	$3,684	$—	$ —	$ 10,173	$ —	$13,857
Collectively evaluated for impairment	249,626	1,945,297	535,567	856,653	4,210	3,591,353
Total	$253,310	$1,945,297	$ 535,567	$ 866,826	$ 4,210	$3,605,210

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The Company continuously monitors the credit quality of its loan portfolio. In addition to internal staff, the Company utilizes the services of a third party loan review firm to evaluate the credit quality ratings 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 may 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 March 31, 2018 and June 30, 2017:

	At March 31, 2018					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$235,047	$ 17,557	$134	$ 6,396	$ —	$259,134
Residential commercial real estate	1,985,768	23,361	1,588	—	—	2,010,717
Grocery/credit retail commercial real estate	513,818	—	3,013	—	—	516,831
Other commercial real estate	687,104	103,200	10,591	6,789	—	807,684
Construction and land loans	9,744	—	—	—	—	9,744
Total	$3,431,481	$ 144,118	$15,326	$ 13,185	$ —	$3,604,110

	At June 30, 2017					
	Satisfactory	Pass/Watch	Special Mention	Substandard	Doubtful	Total
	(In thousands)					
Residential	$229,481	$ 17,256	$1,571	$ 5,002	$ —	$253,310
Residential commercial real estate	1,915,526	27,778	1,753	240	—	1,945,297
Grocery/credit retail commercial real estate	532,472	—	3,095	—	—	535,567
Other commercial real estate	725,714	107,249	15,551	18,312	—	866,826
Construction and land loans	4,210	—	—	—	—	4,210
Total	$3,407,403	$ 152,283	$21,970	$ 23,554	$ —	$3,605,210

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The following table provides information about loans past due at March 31, 2018 and June 30, 2017:

	At March 31, 2018						
	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	$1,526	$1,550	$4,736	$7,812	$251,322	$259,134	$ 6,395
Residential commercial real estate	—	—	—	—	2,010,717	2,010,717	—
Grocery/credit retail commercial real estate	—	—	—	—	516,831	516,831	—
Other commercial real estate	9,605	337	1,182	11,124	796,560	807,684	5,492
Construction and land loans	—	—	—	—	9,744	9,744	—
Total	$11,131	$1,887	$5,918	$18,936	$3,585,174	$3,604,110	$ 11,887

	At June 30, 2017						
	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	$1,243	$1,776	$614	$3,633	$249,677	$253,310	$ 1,556
Residential commercial real estate	240	—	—	240	1,945,057	1,945,297	—
Grocery/credit retail commercial real estate	—	—	—	—	535,567	535,567	—
Other commercial real estate	606	—	1,897	2,503	864,323	866,826	8,667
Construction and land loans	—	—	—	—	4,210	4,210	—
Total	$2,089	$1,776	$2,511	$6,376	$3,598,834	$3,605,210	$ 10,223

(1) Included in nonaccrual loans at March 31, 2018 are residential loans totaling $1.4 million that were 60-89 days past due; residential loans totaling $224,000 and other commercial real estate loans totaling $1.1 million that were 30-59 days past due; residential loans totaling $19,000 and other commercial real estate loans totaling $3.2 million that were less than 30 days past due.

(2) Included in nonaccrual loans at June 30, 2017 are residential loans totaling $716,000 that were 30-59 days past due; residential loans totaling $205,000 that were 60-89 days past due; and residential loans totaling $21,000 and other commercial real estate loans totaling $6.8 million that were less than 30 days past due.

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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. At March 31, 2018 impaired loans were primarily collateral-dependent and totaled $10.7 million, and had no related allowance for credit losses. At June 30, 2017 impaired loans were primarily collateral-dependent and totaled $13.9 million, of which $538,000 had a related allowance for credit losses of $43,000 and $13.3 million of which had no related allowance for credit losses.

The following table provides information about the Company's impaired loans at March 31, 2018 and June 30, 2017:

	At March 31, 2018			At June 30, 2017		
	Recorded Investment	Unpaid Principal Balance	Allowance	Recorded Investment	Unpaid Principal Balance	Allowance
	(In thousands)					
With no related allowance recorded:						
Residential	$5,044	$ 5,045	$ —	$3,684	$ 3,684	$ —
Other commercial real estate	5,600	5,691	—	9,635	9,635	—
	10,644	10,736	—	13,319	13,319	—
With an allowance recorded:						
Other commercial real estate	—	—	—	495	538	43
	—	—	—	495	538	43
Total:						
Residential	5,044	5,045	—	3,684	3,684	—
Other commercial real estate	5,600	5,691	—	10,130	10,173	43
	$10,644	$ 10,736	$ —	$13,814	$ 13,857	$ 43

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The following tables present the average recorded investment and interest income recognized on impaired loans for the three and nine months ended March 31, 2018 and 2017:

	Three months ended March 31,					
	2018			2017		
	Average Recorded Investment	Interest Income Recognized		Average Recorded Investment	Interest Income Recognized	
	(In thousands)					
With no related allowance recorded:						
Residential	$4,746	$	12	$3,505	$	34
Other commercial real estate	8,189		105	9,809		142
	12,935		117	13,314		176
With an allowance recorded:						
Residential	—		—	160		2
Other commercial real estate	—		—	490		—
Construction and land loans	—		—	—		—
	—		—	650		2
Total:						
Residential	4,746		12	3,665		36
Other commercial real estate	8,189		105	10,299		142
Construction and land loans	—		—	—		—
	$12,935	$	117	$13,964	$	178
Cash basis interest income		$	108		$	155

	Nine months ended March 31,					
	2018			2017		
	Average Recorded Investment	Interest Income Recognized		Average Recorded Investment	Interest Income Recognized	
	(In thousands)					
With no related allowance recorded:						
Residential	$4,507	$	62	$3,487	$	103
Other commercial real estate	7,744		329	9,210		409
	12,251		391	12,697		512
With an allowance recorded:						
Residential	—		—	162		6
Other commercial real estate	—		—	565		—
Construction and land loans	—		—	4		—
	—		—	731		6
Total:						
Residential	4,507		62	3,649		109
Other commercial real estate	7,744		329	9,775		409
Construction and land loans	—		—	4		—
	$12,251	$	391	$13,428	$	518
Cash basis interest income		$	365		$	446

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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 March 31, 2018 and June 30, 2017, are $3.2 million and $4.6 million, respectively of loans which are deemed TDRs.

The following table presents additional information regarding the Company's TDRs as of March 31, 2018 and June 30, 2017:

	Troubled Debt Restructurings at March 31, 2018		
	Performing	Nonperforming	Total
	(In thousands)		
Residential	$—	$ 175	$175
Other commercial real estate	335	2,715	3,050
Total	$335	$ 2,890	$3,225
Allowance	$—	$ —	$—

	Troubled Debt Restructurings at June 30, 2017		
	Performing	Nonperforming	Total
	(In thousands)		
Residential	$—	$ 178	$178
Other commercial real estate	362	4,070	4,432
Total	$362	$ 4,248	$4,610
Allowance	$—	$ 43	$43

The following tables present information about TDRs for the periods presented:

	Three months ended March 31,					
	2018			2017		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)			(Dollars in thousands)		
Other commercial real estate	—	$ —	$ —	1	$ 658	$ 658

Total	—	$ —	$ —	1	$ 658	$ 658

	Nine months ended March 31,					
	2018			2017		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)			(Dollars in thousands)		
Other commercial real estate	1	$ 271	$ 249	1	$ 658	$ 658
Total	1	$ 271	$ 249	1	$ 658	$ 658

The relationship modified nine months ended March 31, 2018 was restructured from interest only to a principal and interest amortizing loan through maturity.

At March 31, 2018 and 2017, there were no loans that were modified as TDR during the preceding twelve months that subsequently defaulted (90 days or more past due).

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7. Investment Securities

Securities Held to Maturity

The following is a comparative summary of securities held to maturity at March 31, 2018 and June 30, 2017:

	At March 31, 2018			
	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Fair value
	(In thousands)			
Corporate Note				
Due in five to ten years	$10,046	$ 19	$ —	$10,065
U.S. Government and Federal agency obligations				
Due in one to five years	6,750	—	118	6,632
Mortgage-backed securities:				
Residential MBS	208,869	31	4,990	203,910
Commercial MBS	13,145	—	327	12,818
CMO	64,041	—	2,230	61,811
	$302,851	$ 50	$ 7,665	$295,236

	At June 30, 2017			
	Amortized cost	Gross unrecognized gains	Gross unrecognized losses	Fair value
	(In thousands)			
U.S. Government and Federal agency obligations				
Due in one to five years	$6,750	$ —	$ 54	$6,696
Mortgage-backed securities:				
Residential MBS	141,990	81	1,391	140,680
Commercial MBS	13,473	112	83	13,502
CMO	77,418	—	1,092	76,326
	$239,631	$ 193	$ 2,620	$237,204

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

The Company did not sell any securities held to maturity during the three and nine months ended March 31, 2018 and 2017. Securities with fair values of $21.9 million and $27.2 million at March 31, 2018 and June 30, 2017, respectively, were pledged for advances. There were no securities held to maturity pledged for cash flow hedge interest rate swaps at March 31, 2018. The fair value of securities held to maturity pledged for cash flow hedge interest rate swaps was $8.5 million at June 30, 2017. There were no held to maturity securities pledged for municipal deposits at March 31, 2018, as the company arranged for a municipal deposit letter of credit from the FHLBNY to collateralize our municipal deposits in the amount of $218.4 million. Held to maturity securities with fair values of

$132.5 million were pledged for municipal deposits at June 30, 2017. The Company did not record other-than-temporary impairment charges on securities held to maturity during the three and nine months ended March 31, 2018 and 2017.

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Gross unrecognized 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 unrecognized loss position at March 31, 2018 and June 30, 2017 were as follows:

	At March 31, 2018					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses
	(In thousands)					
U.S. Government and Federal agency obligations						
Due in one to five years	$—	$ —	$6,632	$ 118	$6,632	$ 118
Mortgage-backed securities:						
Residential MBS	166,906	3,772	26,065	1,218	192,971	4,990
Commercial MBS	8,454	140	4,364	187	12,818	327
CMO	9,722	242	52,089	1,988	61,811	2,230
	$185,082	$ 4,154	$89,150	$ 3,511	$274,232	$ 7,665

	At June 30, 2017					
	Less than 12 months		Greater than 12 months		Total	
	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses	Fair value	Gross unrecognized losses
	(In thousands)					
U.S. Government and Federal agency obligations						
Due in one to five years	$1,737	$ 13	$4,959	$ 41	$6,696	$ 54
Mortgage-backed securities:						
Residential MBS	128,040	1,265	3,020	126	131,060	1,391
Commercial MBS	7,120	83	—	—	7,120	83
CMO	76,326	1,092	—	—	76,326	1,092
	$213,223	$ 2,453	$7,979	$ 167	$221,202	$ 2,620

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 unrecognized losses on investment 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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Securities Available for Sale

The following is a comparative summary of securities available for sale at March 31, 2018 and June 30, 2017:

	At March 31, 2018			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Equity securities	$601	$ 910	$ —	$1,511
Mortgage-backed securities:				
Residential MBS	107	1	—	108
Commercial MBS	4,111	87	—	4,198
CMO	43,422	4	1,045	42,381
	$48,241	$ 1,002	$ 1,045	$48,198

	At June 30, 2017			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Equity securities	$601	$ 897	$ —	$1,498
Mortgage-backed securities:				
Residential MBS	6,974	9	62	6,921
Commercial MBS	4,220	186	—	4,406
CMO	85,437	152	484	85,105
	$97,232	$ 1,244	$ 546	$97,930

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

The Company did not sell any securities available for sale for the three months ended March 31, 2018. Proceeds from the sale of securities available for sale for the nine months ended March 31, 2018 was $29.5 million on securities with an amortized cost of $29.8 million, resulting in gross losses of $324,000. The Company did not sell any securities available for sale for the three and nine months ended March 31, 2017. The Equity securities caption relates to holdings of shares in financial institutions common stock. Available for sale securities with fair values of $26.4 million and $31.6 million at March 31, 2018 and June 30, 2017, respectively, were pledged for advances. There were no securities available for sale securities pledged for cash flow hedge interest rate swaps at March 31, 2018 and June 30, 2017, respectively. There were no available for sale securities pledged for municipal deposits at March 31, 2018 as the Company arranged for a municipal deposit letter of credit from the FHLBNY to collateralize our municipal deposits in the amount of $218.4 million. Available for sales securities with fair values of $59.5 million were pledged for municipal deposits at June 30, 2017. There were no other-than-temporary impairment charges on available for sale securities for the three and nine months ended March 31, 2018 and 2017.

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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 March 31, 2018 and June 30, 2017 were as follows:

	At March 31, 2018					
	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	$23,378	$ 434	$15,816	$ 611	$39,194	$ 1,045
	$23,378	$ 434	$15,816	$ 611	$39,194	$ 1,045

	At June 30, 2017					
	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:						
Residential MBS	$6,521	$ 62	$—	$ —	$6,521	$ 62
CMO	53,880	406	4,877	78	58,757	484
	$60,401	$ 468	$4,877	$ 78	$65,278	$ 546

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 investment 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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8. Deposits

Deposits include checking (non-interest and interest-bearing demand deposits), money market, savings and time deposits. We had brokered deposits totaling $489.3 million and $510.4 million at March 31, 2018 and June 30, 2017, respectively. Total municipal deposits were $376.5 million and $334.1 million at March 31, 2018 and June 30, 2017, respectively. See Note 7. "Investment Securities" for the aggregate amount of securities that were pledged for municipal deposits. As of March 31, 2018 and June 30, 2017, the aggregate amount of outstanding time deposits in amounts greater than $250,000 was $218.0 million and $221.8 million, respectively.

Deposit balances are summarized as follows:

	March 31, 2018	June 30, 2017
	(In thousands)	
Checking accounts	$754,371	$706,554
Money market deposit accounts	794,792	847,888
Savings accounts	189,226	177,896
Time deposits	1,216,087	1,124,140
	$2,954,476	$2,856,478

9. 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 is recorded in earnings. The interest rate swaps have been designed as cash flow hedges. For all cash flow hedges the balance sheet item that has been hedged is brokered deposits.

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 March 31, 2018, Oritani had twenty four interest rate swap agreements with a total notional outstanding of $415.0 million. These agreements all feature exchanges of fixed for variable payments covering various hedging periods maturing between April 2018 and June 2025. The Company is paying fixed rates on these swaps ranging from 0.56% to 1.90%, in exchange for receiving variable payments linked to one month LIBOR.

The following table presents amounts included in the consolidated balance sheets related to the fair value of derivative financial instruments at March 31, 2018 and June 30, 2017 (dollars in thousands):

	At March 31, 2018		At June 30, 2017	
Balance Sheet Line Item	Notional Amount	Fair Value	Notional Amount	Fair Value
Cash flow hedge interest rate swaps				

Gross unrealized gain	Other Assets	$415,000	$14,999	$450,000	$6,437
Gross notional / net fair value		$415,000	$14,999	$450,000	$6,437
Average rate paid		1.46 %		1.26 %	
Average rate received		1.41 %		0.72 %	
Weighted average maturity (years)		4.0		4.4	

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Gains (losses) included in the consolidated statements of income and in comprehensive income, on a pre-tax basis, related to cash flow hedge interest rate swaps are as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
	(in thousands)			
Amount of gain recognized in other comprehensive income	$5,622	$456	$8,268	$15,389
Amount of unrealized loss reclassified from accumulated other comprehensive loss to interest expense	109	(486)	(294)	(1,733)
Net change in unrealized gain on interest rate swaps, before taxes	$5,513	$942	$8,562	$17,122

Ineffectiveness recognized during the three and nine months ended March 31, 2018 and 2017 was immaterial. There were no accumulated net after-tax losses related to effective cash flow hedges included in accumulated other comprehensive loss at March 31, 2018 and June 30, 2017, respectively. Amounts reported in accumulated other comprehensive loss related to cash flow interest rate swaps are reclassified to interest expense as interest payments are made. There were no securities pledged for the swaps at March 31, 2018. The fair value of securities pledged for the swaps at June 30, 2017 was $8.5 million.

10. Income Taxes

The Company files income tax returns in the United States federal jurisdiction and in New Jersey and New York state and local jurisdictions.

The Company is no longer subject to federal and state income tax examinations by tax authorities for years prior to 2013. The Company's federal return for the tax year ended December 31, 2012 was audited during fiscal 2016. The Company's New York state income tax returns for the years ended December 31, 2015 and 2016 are currently under audit. Our New Jersey and New York city tax returns are not currently under audit and have not been subject to an audit during the past five years. The Company did not have any uncertain tax positions at March 31, 2018 and June 30, 2017. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense.

On December 22, 2017, the U.S. Government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Act"). Among numerous provisions included in the Act was the reduction of the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. Because the Company has a fiscal year end of June 30, the reduced corporate tax rate will result in the application of a blended federal statutory tax rate of 28% for its fiscal year 2018. Applying the blended statutory tax rate to the results for the September 30, 2017 quarterly period resulted in a $1.3 million reduction being recognized in the December 31, 2017 quarterly period.

While the Act will lower the Company's future tax rate, in accordance with ASC 740 companies are required to re-measure deferred tax balances using the new enacted tax rates to account for the future impact of lower corporate tax rates on these deferred amounts. The Company re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. The tax expense recorded in the December 31, 2017 quarterly period relating to the remeasurement of the Company's deferred tax balances is $10.2 million. The Company is still analyzing certain aspects of the Act and refining calculations, which could potentially affect the re-measurement of these balances. The future impact of the Act may differ due to, among other things, changes in interpretations, assumptions made, the issuance of additional guidance, and actions we may take as a result of the Act.

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11. Fair Value Measurements

The Company adopted FASB 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 estimated 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 ultimately 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 estimated 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 may be 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. Fair values estimated in this manner do not fully incorporate an exit-price approach to fair value. The Company classifies the estimated 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 selling 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 selling 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 estimated fair value of the asset declines, a write-down is recorded through expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in the economic conditions.

Deposit Liabilities

The estimated 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 estimated 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 estimated fair value of term deposits as Level 2.

Borrowings

The book value of overnight borrowings approximates the estimated fair value. The estimated 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 estimated fair value of term borrowings as Level 2.

Derivatives

The fair value of our interest rate swaps 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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Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present the recorded amount of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 and June 30, 2017 by level within the fair value hierarchy. There were no transfers between levels within the fair value hierarchy during the nine months ended March 31, 2018.

	Fair Value as of March 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Equity Securities	$1,511	$ 1,511	$ —	$ —
Mortgage-backed securities available for sale				
Residential MBS	108	—	108	—
Commercial MBS	4,198	—	4,198	—
CMO	42,381	—	42,381	—
Total securities available for sale	48,198	1,511	46,687	—
Interest rate swaps	14,999	—	14,999	—
Total assets measured on a recurring basis	$63,197	$ 1,511	$ 61,686	$ —

	Fair Value as of June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Equity Securities	$1,498	$ 1,498	$ —	$ —
Mortgage-backed securities available for sale				
Residential MBS	6,921	—	6,921	—
Commercial MBS	4,406	—	4,406	—
CMO	85,105	—	85,105	—

Total securities available for sale	97,930	1,498	96,432	—
Interest rate swaps	6,437	—	6,437	—
Total assets measured on a recurring basis	$ 104,367	$ 1,498	$ 102,869	$ —

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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. GAAP. 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 March 31, 2018 and June 30, 2017 by level within the fair value hierarchy.

	Fair Value as of March 31, 2018	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:				
Other commercial real estate	$2,003	$ —	$ —	$ 2,003
Total impaired loans	2,003	—	—	2,003
Real estate owned				
Other commercial real estate	636	—	—	636
Total real estate owned	636	—	—	636
Total assets measured on a non-recurring basis	$2,639	$ —	$ —	$ 2,639

	Fair Value as of June 30, 2017	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	$59	$ —	$ —	$ 59
Other commercial real estate	2,907	—	—	2,907
Total impaired loans	2,966	—	—	2,966
Real estate owned				
Other commercial real estate	140	—	—	140

Total real estate owned	140	—	—	140
Total assets measured on a non-recurring basis	$3,106	$ —	$ —	$ 3,106

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Estimated Fair Value of Financial Instruments

The following tables present the carrying amount, estimated 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 March 31, 2018 and June 30, 2017. 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, overnight borrowings, and accrued interest.

	March 31, 2018				
	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	$302,851	$295,236	$ —	$295,236	$—
Loans, net (1)	3,566,193	3,503,191	—	—	3,503,191
Financial liabilities:					
Time deposits	1,216,087	1,225,635	—	1,225,635	—
Term borrowings	500,514	490,217	—	490,217	—

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

	June 30, 2017				
	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	$239,631	$237,204	$ —	$237,204	$—
Loans, net (1)	3,566,703	3,532,998	—	—	3,532,998
Financial liabilities:					
Time deposits	1,124,140	1,134,628	—	1,134,628	—
Term borrowings	489,859	487,305	—	487,305	—

(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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12. Other Comprehensive Income

The Company, in accordance with ASU No. 2018-02, has elected to reclassify the income tax effects of the Tax Act from accumulated other comprehensive income (loss) to retained earnings for the nine months ended March 31, 2018.

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

	Three months ended March 31,		Nine months ended March 31,	
	2018	2017	2018	2017
Gross:				
Net income	$18,172	$38,643	$55,293	$71,287
Other comprehensive income:				
Change in unrealized holding loss on securities available for sale	(423)	(6)	(1,065)	(2,561)
Reclassification adjustment for security loss included in net income	—	—	324	—
Amortization related to post-retirement obligations	9	100	27	301
Net change in unrealized gain on interest rate swaps	5,513	942	8,562	17,122
Total other comprehensive income	5,099	1,036	7,848	14,862
Total comprehensive income	23,271	39,679	63,141	86,149
Tax applicable to:				
Net income	4,747	14,377	25,902	25,034
Other comprehensive income:				
Change in unrealized holding loss on securities available for sale	(162)	(3)	(439)	(1,104)
Reclassification adjustment for security loss included in net income	—	—	140	—
Amortization related to post-retirement obligations	117	43	125	113
Net change in unrealized gain on interest rate swaps	518	406	1,830	7,399
Total other comprehensive income	473	446	1,656	6,408
Total comprehensive income	5,220	14,823	27,558	31,442
Net of tax:				
Net income	13,425	24,266	29,391	46,253
Other comprehensive income:				
Change in unrealized holding loss on securities available for sale	(261)	(3)	(626)	(1,457)
Reclassification adjustment for security loss included in net income	—	—	184	—
Amortization related to post-retirement obligations	(108)	57	(98)	188
Net change in unrealized gain on interest rate swaps	4,995	536	6,732	9,723
Total other comprehensive income	4,626	590	6,192	8,454
Total comprehensive income	$18,051	$24,856	$35,583	$54,707

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The following table presents the changes in the components of accumulated other comprehensive income (loss), net of tax, for the nine months ended March 31, 2018 and 2017, including the reclassification of income tax effects due to the adoption of ASU No. 2018-02 for the nine months ended March 31, 2018 (in thousands):

	Unrealized Holding (Loss) Gain on Securities Available for Sale	Post Retirement Obligations	Unrealized Holding Gain (Loss) on Interest Rate Swaps	Accumulated Other Comprehensive Income (Loss), Net of Tax
Balance at June 30, 2017	$ 438	$ (569)	$ 3,651	$ 3,520
Net change	(442)	(98)	6,732	6,192
Balance at March 31, 2018	$ (4)	$ (667)	$ 10,383	$ 9,712
Balance at June 30, 2016	$ 1,529	$ (1,657)	$ (9,944)	$ (10,072)
Net change	(1,457)	188	9,723	8,454
Balance at March 31, 2017	$ 72	$ (1,469)	$ (221)	$ (1,618)

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

Accumulated Other Comprehensive (Loss) Income Component	Affected line item in the Consolidated Statement of Income	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
Reclassification adjustment for security losses included in net income	Net loss on sale of securities available for sale	$—	$—	$324	$—
Amortization related to post-retirement obligations (1)					
Net loss		9	100	27	301
Compensation, payroll taxes and fringe benefits		9	100	27	301
Total before tax		9	100	351	301
Income tax benefit		3	43	151	113
Net of tax		6	57	200	188

(1) These accumulated other comprehensive income (loss) components are included in the computations of net periodic benefit cost. See Note 5. Postretirement Benefits.

13. Recent Accounting Pronouncements

In December 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-02, "Income Statement - Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" ASU 2018-02 allows the Company to reclassify from accumulated other comprehensive income (loss) to retained earnings for the stranded tax effect resulting from the Tax Act. ASU 2018-02 is required to be adopted by the Company no later than January 1, 2019. The company early adopted ASU 2018-02 on January 1, 2018 and an election was made to reclassify the income tax effects of the Tax Cuts and Jobs Act in the amount of $1.1 million from accumulated other comprehensive income to retained earnings. See Footnote 12, Other Comprehensive Income, for further details.

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities". The purpose of this updated guidance is to better align a company's financial reporting for hedging activities with the economic objectives of those activities. The update is effective for fiscal years beginning after December 15, 2018. The update requires a modified retrospective transition method in which the Company will recognize the cumulative effect of the change on the opening balance of each affected component of equity in the statement of financial position as of the date of adoption. The Company does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, "Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting". This update provides guidance about changes to terms or conditions of a share based payment award which would require modification accounting. In particular, an entity is required to account for the effects of a modification if the fair value, vesting condition or the equity/liability classification of the modified award is not the same immediately before and after a change to the terms and conditions of the award. This update is effective on a prospective basis for fiscal years beginning after December 15, 2017, with early adoption permitted. The Company will adopt the standard effective July 1, 2018 and does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, "Compensation – Retirement Benefits, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-Retirement Benefit Cost." This update will require employers that sponsor defined benefit pension plans to present the service cost component of net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. Other components of the net periodic benefit cost will be presented separately from the service cost component. This update will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory". This update requires that an entity recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective for fiscal years beginning after December 31, 2017, including interim periods within that year. The Company will adopt the standard effective July 1, 2018 and does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cashflows (Topic 230): Classification of Certain Cash Receipts and Cash Payments". This update addresses eight specific cash flow issue with the objective of reducing existing diversity in practice. This update is effective for fiscal years beginning after December 31, 2017, including interim periods within that year. The Company will adopt the standard effective July 1, 2018 and does not expect the update to materially impact the Company's statement of cash flows, although the classification of certain items could shift relative to past presentation.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This update revises the methodology for estimating credit losses on loans receivable, held-to-maturity debt securities, unfunded loan commitments, and certain other financial assets measured at amortized cost. Under ASU 2016-13, the current expected credit losses ("CECL") model is based on lifetime expected losses, rather than incurred losses, and requires the recognition of credit loss expense in the statement of income and a related allowance for credit losses on the balance sheet at the time of origination or purchase of a loan receivable or held-to-maturity debt security. Subsequent changes in this estimate are recorded through credit loss expense and related allowance. The CECL model requires the use of not only relevant historical experience and current conditions, but also reasonable and supportable forecasts of future events and circumstances, thus incorporating a broad range of information in developing credit loss estimates, which could result in significant changes to both the timing and amount of credit loss expense and allowance. Under ASU 2016-13, available-for-sale debt securities are evaluated for impairment if fair value is less than amortized cost. Estimated credit losses are recorded through a credit loss expense and an allowance, rather than a write-down of the investment. Changes in fair value that are not credit-related will continue to be recorded in other comprehensive income. Certain additional disclosures are required, including further disaggregation of credit quality indicators for loans receivable by year of origination. This update is effective for interim and annual reporting periods beginning after December 15, 2019; early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Company is evaluating the impact of this update on its consolidated financial statements, the extent of which is indeterminable at this time as it will be dependent upon various factors at the date of adoption, including but not limited to portfolio composition, credit quality, economic conditions and forecasts at that time.

In March 2016, the FASB issued ASU 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting". This ASU requires that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments in this Update require that an entity that has an available for sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The ASU was effective for all entities in fiscal years, and interim periods in those fiscal years, beginning after December 15, 2016. Early adoption was permitted. The new guidance will be applied prospectively to changes in ownership (or influence) after the adoption date. We adopted this guidance on July 1, 2017 with no significant impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, "Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the Emerging Issues Task Force))". This ASU clarifies that a change in the counterparty to a derivative instrument (novation), that has been designated as a hedging instrument does not, on its own, require dedesignation of that hedge accounting relationship provided that all other hedge accounting criteria continue to be met. This ASU was effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods therein. Early adoption was permitted, including adoption in an interim period. We adopted this guidance on July 1, 2017 with no significant impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". This ASU requires lessees to put most leases on their balance sheets but recognize expenses in the income statement in a manner similar to current accounting treatment. This ASU changes the guidance on sale-leaseback transactions, initial direct costs and lease execution costs, and, for lessors, modifies the classification criteria and the accounting for sales-type and direct financing leases. For public business entities, this ASU is effective for annual periods beginning after December 15, 2018, and interim periods therein. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the impact of the adoption of this guidance on the Company's consolidated financial statements. The Company expects a gross-up of its consolidated balance sheet as a result of recognizing lease liabilities and right of use assets; the extent of such gross-up is under evaluation. The Company does not expect adoption of this pronouncement to have a material impact on the Company's consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities", which is intended to improve the recognition and measurement of financial instruments. The ASU revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The disclosure of fair value of the loan portfolio will be impacted as the fair value will be calculated using an exit price. The ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The Company will adopt the standard effective July 1, 2018 and does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The objective of this amendment is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. This update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are in the scope of other standards. In August 2015, the FASB issued ASU 2015-14 to defer for one year the effective date of the new revenue standard. The requirements are effective for annual periods and interim periods within fiscal years beginning after December 15, 2017. During 2016, the FASB issued further implementation guidance regarding revenue recognition. This additional guidance included clarification on certain principal versus agent considerations within the implementation of the guidance as well as clarification related to identifying performance obligations and licensing, assessing collectibility, presenting sales taxes, measuring noncash consideration, and certain transition matters. The Company's primary revenue source is net interest income on financial instruments and, to a lesser extent, non-interest income. The guidance does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other U.S. GAAP. The Company continues to evaluate the impact of the standard on other components of non-interest income and will adopt the standard effective July 1, 2018. The Company does not expect the adoption of this guidance will have a significant impact on the Company's consolidated financial statements.

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

Forward Looking Statements

This Quarterly Report contains certain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may be identified by reference to a future period or periods, or by use of forward looking terminology, such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms or variations on those terms, or the negative of those terms. Forward looking statements are subject to numerous risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements in addition to those risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2017, include, but are not limited to, those related to the economic environment, particularly in the market areas in which Oritani Financial Corp. (the "Company") operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity.

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

Overview

The Company is a Delaware corporation that was incorporated in March 2010. The Company is the stock holding company of Oritani Bank (the "Bank"). The Company owns 100% of the outstanding shares of common stock of the Bank. The Company has engaged primarily in the business of holding the common stock of the Bank and two limited liability companies that own a variety of real estate investments. In addition, the Company had previously engaged in limited lending to the real estate investment properties in which (either directly or through one of its subsidiaries) it maintained an ownership interest. The Company no longer has any lending activities. The Bank's principal business consists of attracting retail, commercial and municipal bank deposits from the general public and investing those deposits, together with funds generated from operations and borrowed funds, 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. The Bank originates loans primarily for investment and holds such loans in its portfolio. Occasionally, the Bank will also enter into loan participations. The Bank's primary sources of funds are deposits, borrowings, investment maturities and principal and interest payments on loans and securities. The Bank's revenues are derived principally from interest on loans and securities. The Bank also generates revenue from fees and service charges and other income. The Bank's results of operations depend significantly on its net interest income; which is the difference between the interest earned on interest-earning assets and the interest paid on interest-bearing liabilities. The Bank's net interest income is primarily affected by the market interest rate environment, the shape of the U.S. Treasury yield curve, the timing of the re-pricing of interest-earning assets and interest-bearing liabilities, and the prepayment rate on its mortgage-related assets. Provisions for loan losses and asset impairment charges can also have a significant impact on results of operations. Other factors that may affect the Bank's results of operations are general and local economic and competitive conditions, government policies and actions of regulatory authorities.

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

In December 2017, Oritani Bank (the "Bank"), the wholly owned subsidiary of Oritani Financial Corp. (the "Company"), entered into an informal agreement ("Informal Agreement") with the Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Department of Banking and Insurance ("NJDOBI") with regard to Bank Secrecy Act ("BSA") and Anti-Money Laundering ("AML") compliance matters. The Company has incurred expenses associated with the remediation of these matters of $156,000 and $269,000 for the three and nine months ended March 31, 2018, respectively. These costs are included in other expenses and are primarily offset by decreases in the cost of real estate owned operations. The Company currently expects that total costs associated with the remediation of these matters will not exceed approximately $2.0 million. In addition, there will be increases in compensation costs associated with compliance matters.

Comparison of Financial Condition at March 31, 2018 and June 30, 2017

Total Assets. Total assets were essentially stable at $4.14 billion for both periods; the total increased $4.5 million from June 30, 2017 to March 31, 2018. Asset growth is typically driven by loan growth, which was stagnant.

Cash and Cash Equivalents. Cash and cash equivalents (which include fed funds and short-term investments) decreased $10.1 million to $23.5 million at March 31, 2018, from $33.6 million at June 30, 2017.

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Net Loans. Loans, net were essentially stable at $3.57 billion for both periods. The total decreased $510,000 from June 30, 2017 to March 31, 2018. Loan growth has been below expectations and historical levels. The Company's primary strategic business objective remains the organic growth of multifamily and commercial real estate loans. The average balance of the loan portfolio increased $84.3 million, or 2.4%, for the three months ended March 31, 2018 versus the comparable 2017 period. While the Company has demonstrated an ability to execute its primary strategic business objective for an extended period of time, impediments have been encountered throughout fiscal 2018. These hindrances include a lower level of loan volume as well as competitor loan terms and pricing. In addition, prepayments of the existing loan portfolio have continued at an elevated rate. The balance of the loan portfolio at March 31, 2018 is essentially the same as the balance at June 30, 2017, which is below our expectations. Loan originations and payments totaled $92.2 million and $112.2 million, respectively, for the three months ended March 31, 2018. This compares to loan originations and payments of $245.4 million and $98.0 million, respectively, for the comparable 2017 period. There were no loan purchases in either period. The Company previously adjusted its loan pricing practices in an attempt to increase loan origination volume. However, this adjustment has not had a meaningful impact to date. The Company is unwilling to further adjust pricing to generate growth. See "Comparison of Operating Results for the Three months ended March 31, 2018 and 2017, Interest Income," for additional information regarding loans.

Delinquency and non performing asset information is provided below:

	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
	(Dollars in thousands)				
Delinquency Totals					
30—59 days past due	$9,772	$ 3,166	$ 987	$ 1,374	$ 1,266
60—89 days past due	472	142	1,656	1,571	371
Nonaccrual	11,887	14,489	9,906	10,223	10,310
Total	$22,131	$ 17,797	$ 12,549	$ 13,168	$ 11,947
Non Performing Asset Totals					
Nonaccrual loans, per above	$11,887	$ 14,489	$ 9,906	$ 10,223	$ 10,310
Real Estate Owned	636	-	-	140	140
Total	$12,523	$ 14,489	$ 9,906	$ 10,363	$ 10,450
Nonaccrual loans to total loans	0.33 %	0.40 %	0.28 %	0.28 %	0.29 %
Delinquent loans to total loans	0.61 %	0.49 %	0.35 %	0.37 %	0.33 %
Non performing assets to total assets	0.30 %	0.35 %	0.24 %	0.25 %	0.25 %

Overall, delinquent loan and non-performing asset totals continue to illustrate minimal credit issues at the Company. However, during the quarter, the total of loans 30-59 days past due increased significantly. This increase is primarily due to one larger loan that has been a slow payer but is well collateralized and does not currently present any valuation concerns.

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Securities available for sale ("AFS"). Securities AFS decreased $49.7 million to $48.2 million at March 31, 2018, from $97.9 million at June 30, 2017. The decrease is primarily due to the sale of $29.5 million of such securities in December, 2017. The securities sold were in a loss position and sold primarily to maximize the tax benefit associated with the loss. Principal payments also contributed to the decrease. No securities AFS have been purchased in the 2018 fiscal year.

Securities Held To Maturity ("HTM"). Securities HTM increased $63.2 million to $302.9 million at March 31, 2018, from $239.6 million at June 30, 2017. The increase is primarily due to purchases of $98.0 million exceeding principal payments.

Federal Home Loan Bank of New York ("FHLB") stock. FHLB stock decreased $6.7 million to $25.8 million at March 31, 2018, from $32.5 million at June 30, 2017. FHLB stock holdings are required depending on several factors, including the level of borrowings with the FHLB. As FHLB borrowings decreased over the period, excess FHLB stock was redeemed.

Deposits. Deposits increased $98.0 million to $2.95 billion at March 31, 2018, from $2.86 billion at June 30, 2017. Strong deposit growth remains a strategic objective of the Company. The average balance of deposits increased $315.8 million, or 12.0%, for the quarter ended March 31, 2018 versus the comparable 2017 period. The growth for the period was boosted by brokered deposits. However, growth for the period excluding the impact of brokered deposits was still strong at 8.0%. Recently, achieving deposit growth has been more challenging as illustrated by a linked quarter comparison. The balance of deposits increased $8.9 million and decreased $6.3 million when measured versus the period end and quarterly average balances at December 31, 2017, respectively. See "Comparison of Operating Results for the Three months ended March 31, 2018 and 2017, Interest Expense" for additional information regarding deposits.

Borrowings. Borrowings decreased $109.9 million to $532.1 million at March 31, 2018, from $642.1 million at June 30, 2017. The average balance of borrowings decreased $299.4 million for the three months ended March 31, 2018 versus the comparable 2017 period. The increase in the average balance of deposits allowed the Company to reduce borrowings.

Stockholders' Equity. Stockholders' equity decreased $4.6 million to $554.6 million at March 31, 2018, from $559.2 million at June 30, 2017. The decrease was primarily due to dividends paid partially offset by net income and the release of treasury shares in conjunction with stock option exercises, as well as the release of ESOP shares. The dividends paid include regular quarterly dividends of $0.25 per share paid on February 23, 2018 and $0.175 per share paid on August 21, 2017 and November 20, 2017, as well as a special dividend of $0.45 per share paid on December 22, 2017. Based on our March 31, 2018 closing price of $15.35 per share, the Company stock was trading at 129.0% of book value.

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Average Balance Sheet for the Three and Nine months ended March 31, 2018 and 2017

The following tables present certain information regarding Oritani Financial Corp.'s financial condition and net interest income for the three and nine months ended March 31, 2018 and 2017. The tables present the annualized average yield on interest-earning assets and the annualized average cost of interest-bearing liabilities. We derived the yields and costs by dividing annualized income or expense by the average balance of interest-earning assets and interest-bearing liabilities, respectively, for the periods shown. We derived average balances from daily balances over the periods indicated. Interest income includes fees that we consider adjustments to yields, including prepayment penalties.

	Average Balance Sheet and Yield/Rate Information For the Three Months Ended (unaudited)					
	March 31, 2018			March 31, 2017		
	Average Outstanding Balance	Interest Earned/Paid	Average Yield/Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/Rate
Interest-earning assets:			(Dollars in thousands)			
Loans [1]	$3,568,280	$ 35,398	3.97 %	$3,484,008	$34,407	3.95 %
Federal Home Loan Bank Stock	26,228	432	6.59 %	39,814	469	4.71 %
Securities available for sale	51,031	284	2.23 %	175,469	799	1.82 %
Securities held to maturity	282,059	1,419	2.01 %	196,969	909	1.85 %
Federal funds sold and short term investments	7,111	28	1.58 %	997	2	0.80 %
Total interest-earning assets	3,934,709	37,561	3.82 %	3,897,257	36,586	3.76 %
Non-interest-earning assets	198,051			201,104		
Total assets	$4,132,760			$4,098,361		
Interest-bearing liabilities:						
Savings deposits	186,459	119	0.26 %	174,142	98	0.23 %
Money market	811,897	2,209	1.09 %	757,164	1,867	0.99 %
Checking accounts	784,017	1,292	0.66 %	696,544	813	0.47 %
Time deposits	1,175,513	4,267	1.45 %	1,014,229	3,466	1.37 %
Total deposits	2,957,886	7,887	1.07 %	2,642,079	6,244	0.95 %
Borrowings	525,159	2,721	2.07 %	824,548	3,547	1.72 %
Total interest-bearing liabilities	3,483,045	10,608	1.22 %	3,466,627	9,791	1.13 %
Non-interest-bearing liabilities	96,104			84,878		
Total liabilities	3,579,149			3,551,505		
Stockholders' equity	553,611			546,856		
Total liabilities and stockholders' equity	$4,132,760			$4,098,361		
Net interest income		$ 26,953			$26,795	
Net interest rate spread [2]			2.60 %			2.63 %
Net interest-earning assets [3]	$451,664			$430,630		
Net interest margin [4]			2.74 %			2.75 %
Average of interest-earning assets to interest-bearing liabilities			112.97 %			112.42 %

(1) Average Outstanding Balance includes nonaccrual loans and interest earned includes prepayment income.

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

(3) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average total interest-earning assets.

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	Average Balance Sheet and Yield/Rate Information For the Nine Months Ended (unaudited)					
	March 31, 2018			March 31, 2017		
	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]	$3,558,872	$ 107,126	4.01 %	3,298,494	$99,515	4.02 %
Federal Home Loan Bank Stock	27,532	1,368	6.63 %	35,312	1,343	5.07 %
Securities available for sale	77,841	1,237	2.12 %	174,954	2,451	1.87 %
Securities held to maturity	253,261	3,663	1.93 %	186,389	2,583	1.85 %
Federal funds sold and short term investments	13,974	139	1.33 %	1,033	5	0.65 %
Total interest-earning assets	3,931,480	113,533	3.85 %	3,696,182	105,897	3.82 %
Non-interest-earning assets	204,433			195,774		
Total assets	$4,135,913			$3,891,956		
Interest-bearing liabilities:						
Savings deposits	180,919	324	0.24 %	170,438	291	0.23 %
Money market	837,081	6,944	1.11 %	734,792	5,647	1.02 %
Checking accounts	749,947	3,376	0.60 %	637,433	2,090	0.44 %
Time deposits	1,166,888	12,384	1.42 %	993,073	9,919	1.33 %
Total deposits	2,934,835	23,028	1.05 %	2,535,736	17,947	0.94 %
Borrowings	544,124	8,300	2.03 %	722,590	9,626	1.78 %
Total interest-bearing liabilities	3,478,959	31,328	1.20 %	3,258,326	27,573	1.13 %
Non-interest-bearing liabilities	94,957			90,087		
Total liabilities	3,573,916			3,348,413		
Stockholders' equity	561,997			543,543		
Total liabilities and stockholders' equity	$4,135,913			$3,891,956		
Net interest income		$ 82,205			$78,324	
Net interest rate spread [2]			2.65 %			2.69 %
Net interest-earning assets [3]	$452,521			$437,856		
Net interest margin [4]			2.79 %			2.83 %
Average of interest-earning assets to interest-bearing liabilities			113.01 %			113.44 %

(1) Average Outstanding Balance includes nonaccrual loans and interest earned includes prepayment income.
(2) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(3) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(4) Net interest margin represents net interest income divided by average total interest-earning assets.

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Comparison of Operating Results for the Three months ended March 31, 2018 and 2017

Net Income. Net income decreased $10.8 million to $13.4 million for the quarter ended March 31, 2018, from $24.3 million for the corresponding 2017 quarter. Results for the 2017 period were positively impacted by the sale of the Company's last remaining investment in real estate joint ventures. The resulting pretax gain on this sale was $20.6 million.

Interest Income. Total interest income increased $975,000 to $37.6 million for the three months ended March 31, 2018, from $36.6 million for the three months ended March 31, 2017. See "Average Balance Sheet for the Three and Nine months ended March 31, 2018 and 2017" for the components of interest income for these periods.

The yield on the loan portfolio increased 2 basis points (including prepayment penalties) and 5 basis points (excluding prepayment penalties) for the quarter ended March 31, 2018 versus the comparable 2017 period. Prepayment penalties totaled $553,000 for the quarter ended March 31, 2018 versus $821,000 for the quarter ended March 31, 2017. Prepayment penalties boosted annualized loan yield by 6 basis points in the 2018 period versus 9 basis points in the 2017 period. On a linked quarter basis, the yield on the loan portfolio increased 4 basis points, excluding prepayment penalties.

The level of investment in FHLB stock is predicated on several factors and administered by FHLB. The yield on this asset has increased as their dividend rate increased. The average balance of securities available for sale decreased $124.4 million for the three months ended March 31, 2018 versus the comparable 2017 period, while the average balance of securities held to maturity increased $85.1 million over the same period. The Company has been classifying the majority of new purchases as held to maturity. These balances were also impacted by purchases and sales.

Interest Expense. Total interest expense increased $817,000 to $10.6 million for the three months ended March 31, 2018, from $9.8 million for the three months ended March 31, 2017. See "Average Balance Sheet for the Three and Nine months ended March 31, 2018 and 2017" for the components of interest expense for these periods.
The overall cost of deposits increased 12 basis points for the quarter ended March 31, 2018 versus the comparable 2017 period. The increases in the costs of money market and checking accounts are primarily attributable to the costs of interest rate swaps that are being reflected as interest expense on these accounts. The situation occurs due to balance sheet transactions executed during the quarters ended June 30, 2017, June 30, 2016 and December 31, 2015. The restructure executed during the quarter ended June 30, 2017 only impacted the results for the quarter ended March 31, 2018, while the other two restructures impact both periods. The balance sheet restructures are discussed in the Company's Form 10-K for the annual periods ended June 30, 2017 and 2016. A portion of the increase in cost of checking accounts is due to market pressures. This category includes municipal deposits. The increase in the cost of time deposits is primarily due to the impact of market pressures. On a linked quarter basis, the cost of deposits increased 2 basis points, also primarily due to the impact of market pressures. Market pressures are expected to continue to increase the cost of deposits.

The cost of borrowings increased 35 basis points for the three months ended March 31, 2018 versus the comparable 2017 period. The cost of borrowings was affected by the balance sheet restructures referenced above. The cost of borrowings has also been impacted by the increased cost of overnight and short-term borrowings. The cost of overnight borrowings has increased as the federal discount rate has increased. Despite the increased cost of such borrowings, they remain a lower cost of funding than longer term borrowings. The Company has decreased its usage of overnight borrowings. The decreased usage of such lower cost funds has contributed to the overall increase in cost of borrowings. On a linked quarter basis, the average balance of borrowings increased $11.4 million and the cost of borrowings was stable.

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Net Interest Income Before Provision for Loan Losses. Net interest income increased by $158,000 to $27.0 million for the three months ended March 31, 2018, from $26.8 million for the three months ended March 31, 2017. The Company's net interest income, spread and margin over the period are detailed in the chart below.

Quarter Ended	Net Interest Income Before Provision	Prepayment Penalty Income	Net Interest Income Before Provision, Excluding Prepayment Penalties	Including Prepayment Penalties Spread	Including Prepayment Penalties Margin	Excluding Prepayment Penalties Spread	Excluding Prepayment Penalties Margin
	(Dollars in thousands)						
March 31, 2018	$26,953	$ 553	$ 26,400	2.60%	2.74 %	2.54%	2.68 %
December 31, 2017	27,608	1,638	25,970	2.67%	2.81 %	2.50%	2.64 %
September 30, 2017	27,644	1,289	26,355	2.68%	2.82 %	2.55%	2.68 %
June 30, 2017	26,287	236	26,051	2.54%	2.68 %	2.52%	2.66 %
March 31, 2017	26,795	821	25,974	2.63%	2.75 %	2.54%	2.67 %

The Company's spread and margin have been significantly impacted by prepayment penalties. Due to this situation, the chart above details results with and without the impact of prepayment penalties. Net interest income before provision for loan losses, excluding prepayment penalties, is a non-GAAP financial measure since it excludes a component (prepayment penalty income) of net interest income and therefore differs from the most directly comparable measure calculated in accordance with GAAP. The Company believes the presentation of this non-GAAP financial measure is useful because it provides information to assess the underlying performance of the loan portfolio since prepayment penalty income can be expected to change as interest rates change. While prepayment penalty income is expected to continue, fluctuations in the level of prepayment income are also expected. The level of prepayment income is generally expected to decrease as external interest rates increase since borrowers would have less of an incentive to refinance existing loans. However, the time period when these events could occur may not align, and the specific behavior of borrowers is difficult to predict. The level of loan prepayments and prepayment income has increased during fiscal 2018 despite a period of generally increasing interest rates.

The Company's spread and margin have been under pressure due to several factors. These factors were discussed in the Company's Form 10-K for the annual period ended June 30, 2017, and in other prior public releases. The Company has executed balance sheet restructures partially to counter some of the spread and margin compression. The impact of the restructure executed in June, 2017 can be seen in the spread and margin expansion (excluding prepayment penalties) that was realized in the September 30, 2017 quarterly period. While spread and margin compression returned in the December, 2017 period (excluding prepayment penalties), the most recent period displays expansion. The yield on the loan portfolio increased 4 basis points on a linked quarter basis. In addition, the balance of federal funds sold (a low yielding asset) decreased significantly. These balances were essentially redeployed into loans, our highest yielding asset. Although loan growth has been disappointing, a $24.8 million increase in the average balance of the loan portfolio was realized on a linked quarter comparison. These factors offset an increase in cost of funds and contributed to the expansion of spread and margin.

The Company's net interest income and net interest rate spread were both negatively impacted due to the reversal of accrued interest income on loans delinquent more than 90 days. The total of such income reversed was $4,000 and $68,000 for the three months ended March 31, 2018 and 2017, respectively.

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Provision for Loan Losses. The Company recorded no provision for loan losses for the three months ended March 31, 2018 and March 31, 2017. A rollforward of the allowance for loan losses for the three months ended March 31, 2018 and 2017 is presented below:

	Three months ended March 31,	
	2018	2017
	(Dollars in thousands)	
Balance at beginning of period	$30,402	$29,877
Provisions charged to operations	—	—
Recoveries of loans previously charged off	166	—
Loans charged off	(95)	—
Balance at end of period	$30,473	$29,877
Allowance for loan losses to total loans	0.85 %	0.84 %
Net charge-offs (annualized) to average loans outstanding	(0.01)%	0.00 %

See additional information regarding the allowance for loan losses in Note 6 of the consolidated financial statements and "Comparison of Financial Condition at March 31, 2018 and June 30, 2017-Net Loans."

Other Income. Other income decreased $20.8 million to $979,000 for the three months ended March 31, 2018, from $21.8 million for the three months ended March 31, 2017. The 2017 period includes a pretax gain of $20.6 million realized on the sale of its last remaining investment in real estate joint ventures, as well as income from the operations of real estate joint ventures.

Other Expenses. Other expenses decreased $162,000 to $9.8 million for the three months ended March 31, 2018, from $9.9 million for the three months ended March 31, 2017. Compensation, payroll taxes and fringe benefits decreased $174,000 to $6.6 million for the three months ended March 31, 2018, from $6.8 million for the three months ended March 31, 2017. The decrease was primarily due to decreased benefit expenses partially offset by increased health insurance costs. The accrual costs associated with several benefit plans decreased, including costs associated with the ESOP. The decreased cost associated with the ESOP was primarily due to a decreased trading price of the Company's common stock.

Income Tax Expense. Income tax expense for the three month period ended March 31, 2018 was $4.7 million resulting in effective tax rate of 26.1%. Income tax expense for the 2018 period was impacted by the "Tax Cuts and Jobs Act" (the "Act") that was signed into law on December 22, 2017. Due to the Act, the Company's estimated effective tax rate for the three month period ended March 31, 2018 decreased to 30.5%. The actual rate was positively affected by the vesting of stock awards and the exercise of stock options. Income tax expense for the three month period ended March 31, 2017 was $14.4 million (effective rate of 37.2%). The 2017 period also received some benefit from the exercise of nonqualified stock options.

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Comparison of Operating Results for the Nine months ended March 31, 2018 and 2017

Net Income. Net income decreased $16.9 million to $29.4 million for the nine months ended March 31, 2018, from $46.3 million for the corresponding 2017 period. Results for the 2018 period were impacted by the Act. The Act required the Company to revalue its deferred tax assets and deferred tax liabilities to account for the future impact of lower federal corporate tax rates on these deferred amounts. This revaluation, in addition to other factors, resulted in a net charge of $8.9 million that was recognized as of December 31, 2017. Also due to the Act, the Company's estimated effective tax rate for the fiscal year ending June 30, 2018 decreased from 37.2% to 30.5%. Results for the 2017 period were positively impacted by the sale of the Company's last remaining investment in real estate joint ventures. The resulting pretax gain on this sale was $20.6 million.

Interest Income. Total interest income increased $7.6 million to $113.5 million for the nine months ended March 31, 2018, from $105.9 million for the nine months ended March 31, 2017. See "Average Balance Sheet for the Three and Nine months ended March 31, 2018 and 2017" for the components of interest income for these periods.
The explanations provided in "Comparison of Operating Results for the Three Months Ended March 31, 2018 and 2017, Interest Income" regarding changes for the three month period comparison are also largely applicable to the nine-month period comparison. Loan originations, purchases and payments for the nine months ended March 31, 2018 totaled $349.0 million, $52.8 million and $403.5 million, respectively. Loan originations, purchases and payments for the nine months ended March 31, 2017 totaled $623.9 million, $65.9 million and $292.4 million, respectively. Prepayment penalties totaled $3.5 million for the nine months ended March 31, 2018 and $2.7 million for the nine months ended March 31, 2017. Prepayment penalties boosted annualized loan yield by 13 basis points in the 2018 period versus 10 basis points in the 2017 period.

Interest Expense. Total interest expense increased $3.8 million to $31.3 million for the nine months ended March 31, 2018, from $27.5 million for the nine months ended March 31, 2017. See "Average Balance Sheet for the Three and Nine months ended March 31, 2018 and 2017" for the components of interest expense for these periods.

The explanations provided in "Comparison of Operating Results for the Three months ended March 31, 2018 and 2017, Interest Expense" for the three month period comparison regarding deposits and borrowings are also applicable to the nine month period comparison.

Net Interest Income Before Provision for Loan Losses. Net interest income increased by $3.9 million to $82.2 million for the nine months ended March 31, 2018, from $78.3 million for the nine months ended March 31, 2017. The Company's spread and margin have been significantly impacted by prepayment penalties. See "Comparison of Operating Results for the Three months ended March 31, 2018 and 2017, Net Interest Income Before Provision for Loan Losses" for an explanation of the factors impacting these results.

The Company's net interest income and net interest rate spread were both negatively impacted due to the reversal of accrued interest income on loans delinquent more than 90 days. The total of such income reversed was $210,000 and $264,000 for the nine months ended March 31, 2018 and 2017, respectively.

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Provision for Loan Losses. The Company recorded no provisions for loan losses for both the nine months ended March 31, 2018 and March 31, 2017. A rollforward of the allowance for loan losses for the nine months ended March 31, 2018 and 2017 is presented below:

	Nine months ended March 31,	
	2018	2017
	(Dollars in thousands)	
Balance at beginning of period	$30,272	$29,951
Provisions charged to operations	—	—
Recoveries of loans previously charged off	318	2
Loans charged off	(117)	(76)
Balance at end of period	$30,473	$29,877
Allowance for loan losses to total loans	0.85 %	0.84 %
Net charge-offs (annualized) to average loans outstanding	(0.01)%	—

See discussion of the allowance for loan losses in "Comparison of Financial Condition at March 31, 2018 and June 30, 2017-Net Loans" and footnote 6 of the consolidated financial statements.

Other Income. Other income decreased $21.7 million to $2.6 million for the nine months ended March 31, 2018 from $24.3 million for the nine months ended March 31, 2017. The nine-month period was impacted by the joint venture related items referenced in the "Comparison of Operating Results for the Three months ended March 31, 2018, Other Income."

Other Expenses. Other expenses decreased $1.8 million to $29.5 million for the nine months ended March 31, 2018, from $31.3 million for the nine months ended March 31, 2017. See "Comparison of Operating Results for the Three months ended March 31, 2018, Other Expense" for factors that impacted results. Compensation, payroll taxes and fringe benefits were affected in the nine-month period by the factors that impacted the three-month period. The decrease was more pronounced in the nine-month period. In addition to the items impacting the three month period, the 2017 period included a portion of the amortization expense related to the Company's 2011 Equity Plan. The cost for the majority of the stock awards and stock options granted in conjunction with this plan fully amortized in August 2016. The 2018 period had significantly less expenses related to the amortization of this plan.

Income Tax Expense. Income tax expense for the nine months ended March 31, 2018, was $25.9 million, resulting in an effective tax rate of 46.8%. Income tax expense for the 2018 periods was significantly impacted by the Act. See "Comparison of Operating Results for the three months ended March 31, 2018 and 2017, Net Income," for more information. For the nine months ended March 31, 2017, income tax expense was $25.0 million, due to pre-tax income of $71.3 million, resulting in an effective tax rate of 35.1%. The 2017 periods also received some benefit from the exercise of nonqualified stock options.

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Liquidity and Capital Resources

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

At March 31, 2018 and June 30, 2017, the Company had $31.6 million and $152.2 million in overnight borrowings, respectively. The Company had total borrowings of $532.1 million at March 31, 2018 and $642.1 million at June 30, 2017. The Company's total borrowings at March 31, 2018 include $500.5 million in longer term borrowings, $466.1 million with the FHLB and $34.5 million with other financial institutions. In the normal course of business, the Company routinely enters into various commitments, primarily relating to the origination of loans. At March 31, 2018, outstanding commitments to originate loans totaled $25.8 million and outstanding commitments to extend credit totaled $15.3 million. The Company expects to have sufficient funds available to meet current commitments in the normal course of business. In the second quarter of 2018, the Company enhanced its liquidity position by arranging for a municipal deposit letter of credit from the FHLBNY to collateralize our municipal deposits. The amount at March 31, 2018 was $218.4 million.

Time deposits scheduled to mature in one year or less totaled $682.4 million at March 31, 2018. Based upon historical experience, management estimates that a large portion of such deposits will remain with the Company. The portion that remains will be significantly impacted by the renewal rates offered by the Company.

The management of liquidity described in the above paragraphs primarily pertains to Oritani Bank. The Company, on an unconsolidated basis, also has liquidity sources and uses. The Company's primary, recurring source of funds has been dividends from Oritani Bank. As a wholly owned subsidiary of the Company, the Bank will typically distribute its net income to the Company as a dividend. 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. Additionally, 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 a violation of a law, regulation or order or if the institution will be undercapitalized after the dividend. An inability of Oritani Bank to pay dividends may restrict the Company's ability to pay dividends.

The Company's primary use of funds has been dividends to shareholders and repurchases of common stock. The declarations of such dividends are at the discretion of the Company and the dividend amount could be reduced or eliminated if the payment of a dividend to shareholders would result in a liquidity concern. The Company's loan portfolio was an additional source and use of funds. The majority of the Company's loans were directly or indirectly related to entities in the Company's investment in real estate joint ventures and real estate held for investment portfolios. The Company has now fully divested its investment in these assets and the related loans have been repaid in full. The repayment of these loans provided a significant source of liquidity for the Company (on an unconsolidated basis). The Company (on an unconsolidated basis) does not currently anticipate originating loans. In addition, the Company secured external financing, from another financial institution. At June 30, 2017, the Company had $12.5 million in borrowings outstanding from another financial institution. The Company subsequently repaid this borrowing in full. At March 31, 2018 and June 30, 2017, the Company, on an unconsolidated basis, had cash and cash equivalents of $24.5 million, respectively.

In July 2013, the Federal Reserve Board and the FDIC issued final rules implementing the Basel III regulatory capital framework and related Dodd-Frank Act changes. The rules revise minimum capital requirements and adjust prompt corrective action thresholds. Under the final rules, minimum requirements will increase for both the quantity and quality of capital held by the Company and the Bank. The rules include a new common equity Tier 1 capital to risk-weighted assets ratio of 4.5% and a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets. The final rules also raise the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0% and require a minimum leverage ratio of 4.0%. The final rule became effective January 1, 2015, subject to a transition period for various components of the rule that require full compliance for the Company by January 1, 2019, including a capital conservation buffer of 2.5% of risk-weighted assets for which the transitional period began on January 1, 2016.

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As of March 31, 2018 and June 30, 2017, the Company and Bank exceeded all regulatory capital requirements, including the currently applicable capital conservation buffer of 1.88%, as follows:

	March 31, 2018			
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Company:				
Common Equity Tier 1 (CET1) (to risk-weighted assets)	$544,920	14.69%	$166,885	4.50%
Tier 1capital (to risk-weighted assets)	544,920	14.69%	222,513	6.00%
Total capital (to risk-weighted assets)	575,393	15.52%	296,684	8.00%
Tier 1 leverage capital (to average assets)	544,920	13.21%	164,951	4.00%
Capital Conservation Buffer	278,709	7.52 %	69,535	1.88%

	June 30, 2017			
	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Company:				
Common Equity Tier 1 (CET1) (to risk-weighted assets)	$555,703	15.02%	$166,443	4.50%
Tier 1 capital (to risk-weighted assets)	555,703	15.02%	221,924	6.00%
Total capital (to risk-weighted assets)	585,975	15.84%	295,898	8.00%
Tier 1 leverage capital (to average assets)	555,703	13.51%	164,562	4.00%
Capital Conservation Buffer	290,077	7.84 %	46,234	1.25%

	March 31, 2018					
	Actual		Required		Well-Capitalized	
	Amount	Rate	Amount	Rate	Amount	Rate
	(Dollars in thousands)					
Bank:						
Common Equity Tier 1 ("CET1") (to risk weighted assets)	$499,932	13.48%	$166,877	4.50%	$241,044	6.50 %
Tier 1 capital (to risk-weighted assets)	499,932	13.48%	222,502	6.00%	296,670	8.00 %
Total capital (to risk-weighted assets)	530,405	14.30%	296,670	8.00%	370,837	10.00%
Tier 1 Leverage capital (to average assets)	499,932	12.13%	164,923	4.00%	206,153	5.00 %
Capital conservation buffer	233,735	6.30 %	69,532	1.88%		

	June 30, 2017					
	Actual		Required		Well-Capitalized	
	Amount	Rate	Amount	Rate	Amount	Rate
	(Dollars in thousands)					
Bank:						
Common Equity Tier 1 ("CET1") (to risk weighted assets)	$521,414	14.10%	$166,440	4.50%	$240,413	6.50 %
Tier 1 capital (to risk-weighted assets)	521,414	14.10%	221,919	6.00%	295,893	8.00 %
Total capital (to risk-weighted assets)	551,686	14.92%	295,893	8.00%	369,866	10.00%
Tier 1 Leverage capital (to average assets)	521,414	12.68%	164,533	4.00%	205,666	5.00 %
Capital conservation buffer	255,793	6.92 %	46,233	1.25%		

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Critical Accounting Policies

Note 1 to the Company's Audited Consolidated Financial Statements for the year ended June 30, 2017, included in the Company's Annual Report on Form 10-K, as supplemented by this report, contains a summary of significant accounting policies. Various elements of these accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. Certain assets and liabilities are carried in the consolidated Balance Sheets at fair value or the lower of cost or fair value. Policies with respect to the methodologies used to determine the allowance for loan losses and judgments regarding the valuation of securities and derivatives as well as the valuation allowance against deferred tax assets are the most critical accounting policies because they are important to the presentation of the Company's financial condition and results of operations, involve a higher degree of complexity, and require management to make difficult and subjective judgments which often require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could result in material differences in the results of operations or financial condition. These critical accounting policies and their application are reviewed periodically and, at least annually, with the Audit Committee of the Board of Directors. For a further discussion of the critical accounting policies of the Company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K, for the year ended June 30, 2017.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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

(i) originating multifamily and commercial real estate loans that generally tend to have shorter interest duration and generally have interest rates that reset in five years or less. The chart below provides maturity/repricing information for the entire loan portfolio, the majority of which is comprised of multifamily and commercial real estate loans;
(ii) investing in shorter duration securities and mortgage-backed securities;
(iii) obtaining general financing through FHLB advances with a fixed long term; and
(iv) utilizing interest rate swaps or other derivative instruments

Loan Portfolio by Reprice/Maturity Date
At March 31, 2018
(Dollars in thousands)
Repricing or Maturing Within: Amount

		Weighted Average Rate	% of Total Loans	Cumulative % of Total Loans
1 Year or less	$555,552	3.76 %	15.41 %	15.41 %
1 - 3 years	1,437,128	3.53 %	39.87 %	55.28 %
3 - 5 years	910,229	3.81 %	25.27 %	80.55 %
5 - 7 years	197,993	4.04 %	5.49 %	86.04 %
7 to 10 years	166,325	4.54 %	4.61 %	90.65 %
Greater than 10 years	336,883	4.49 %	9.35 %	100.00 %
Total	$3,604,110	3.80 %	100.00%	

At March 31, 2018, 55.28 % of the loan portfolio matures or reprices in 3 years or less, and 80.55% matures or reprices in 5 years or less.

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 a 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 changes in market interest rates.

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

The table below sets forth, as of March 31, 2018, 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.

		Estimated Increase (Decrease) in NPV		NPV as a Percentage of Present Value of Assets (3)	
Change in Interest Rates (basis points) (1)	Estimated NPV (2)	Amount	Percent	NPV Ratio (4)	Increase (Decrease) basis points
	(Dollars in thousands)				
+200	$512,885	$(82,085)	(13.8)%	13.0%	(148)
+100	555,182	(39,788)	(6.7)%	13.8%	(70)
—	594,970	—	—%	14.5%	—
(100)	625,088	30,118	5.1%	15.0%	48

(1) Assumes an instantaneous uniform change in interest rates at all maturities.
(2) NPV is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4) NPV Ratio represents NPV divided by the present value of assets.

The table above indicates that at March 31, 2018, in the event of a 100 basis point decrease in interest rates, we would experience a 5.1% increase in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 13.8% decrease in net portfolio value. These changes in net portfolio value are within the limitations established in our asset and liability management policies.

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

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Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

There were no changes made in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting during the period covered by this report.

Part II – Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes from those risk factors previously disclosed in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on August 29, 2017.

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

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

(b) Use of Proceeds. Not applicable.

(c) Repurchase of Our Equity Securities. The following table shows the Company's repurchases of its common stock for each calendar month in the three months ended March 31, 2018 and the stock repurchase plan 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 Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan
January 31, 2018	—	$ —	—	1,884,064
February 28, 2018	—	—	—	1,884,064
March 31, 2018	487,671	15.90	487,671	1,396,393
	487,671		487,671	

On March 4, 2015, the Board of Directors of the Company authorized a fourth stock repurchase plan pursuant to which the Company is authorized to repurchase up to 5% of the outstanding shares, or 2,205,451 shares. As of May 10, 2018, the Company has repurchased, under the repurchase plans approved since the second step transaction, 13,770,139 shares of its stock at an average price of $13.39 per share.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. Exhibits

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

3.1	Certificate of Incorporation of Oritani Financial Corp. *
3.2	Bylaws of Oritani Financial Corp. *
4	Form of Common Stock Certificate of Oritani Financial Corp. *
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 Financial 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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference to the Registration Statement on Form S-1 of Oritani Financial Corp. (file no. 333-165226), as amended, filed with the Securities and Exchange Commission on April 16, 2010.

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SIGNATURES

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

ORITANI FINANCIAL CORP.

Date:	May 10, 2018	/s/ Kevin J. Lynch Kevin J. Lynch President and Chief Executive Officer
Date:	May 10, 2018	/s/ John M. Fields, Jr. John M. Fields, Jr. Executive Vice President and Chief Financial Officer