Oritani Financial Corp.
Form 10-Q
May 12, 2008

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

FORM 10-Q

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

For the quarterly period ended March 31, 2008

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. 001-33223

Oritani Financial Corp.
(Exact name of registrant as specified in its charter)

United States	**22-3617996**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

(201) 664-5400
(Registrant's telephone number)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days. YES X NO __ .

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

Large accelerated filer [ ]   Accelerated filer [ ]
Non-accelerated filer [X] (Do not check if a smaller reporting company)   Smaller Reporting company [ ]

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

As of May 12, 2008 there were 40,552,162 shares of the Registrant's common stock, par value $0.01 per share, outstanding, of which 27,575,476, or 68%, were held by Oritani Financial Corp., MHC, the Registrant's mutual holding company parent.

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Part I. Financial Information

Item 1. Financial Statements

Oritani Financial Corp. and Subsidiaries

Township of Washington, New Jersey

Consolidated Balance Sheets

March 31, 2008 and June 30, 2007

(in thousands, except share data)

Assets	**March 31, 2008** *(unaudited)*	**June 30, 2007**
Cash on hand and in banks	$ 6,753	$ 7,823
Federal funds sold and short term investments	78,723	55,703
Cash and cash equivalents	85,476	63,526
Loans, net	910,390	758,542
Securities held to maturity, estimated market value of $3,029 and $5,347 at March 31, 2008 and June 30, 2007, respectively	3,000	5,415
Securities available for sale, at market value	28,365	35,443
Mortgage-backed securities held to maturity, estimated market value of $177,732 and $210,505 at March 31, 2008 and June 30, 2007, respectively	178,324	217,406
Mortgage-backed securities available for sale, at market value	114,260	38,793
Bank Owned Life Insurance (at cash surrender value)	26,152	25,365
Federal Home Loan Bank of New York stock, at cost	19,297	10,619
Accrued interest receivable	6,069	4,973
Investments in real estate joint ventures, net	5,793	6,200
Real estate held for investment	2,890	2,492
Office properties and equipment, net	8,473	8,361
Other assets	17,546	17,308
	$ 1,406,035	$ 1,194,443
Liabilities		
Deposits	$ 703,253	$ 695,757
Borrowings	389,512	196,661
Advance payments by borrowers for taxes and insurance	6,337	5,684
Accrued taxes payable	1,806	1,463
Official checks outstanding	2,036	5,050
Other liabilities	19,663	17,258
Total liabilities	1,122,607	921,873
Stockholders' Equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized-none issued or outstanding	—	—

Common stock, $0.01 par value; 80,000,000 shares authorized;				
40,552,162 issued and outstanding at				
March 31, 2008 and June 30, 2007		130		130
Additional paid-in capital		127,933		127,710
Unallocated common stock held by the employee stock				
ownership plan		(14,903)		(15,499)
Retained income		169,733		161,300
Accumulated other comprehensive income (loss), net of tax		535		(1,071)
Total stockholders' equity		283,428		272,570
	$	1,406,035	$	1,194,443

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and Subsidiaries
Township of Washington, New Jersey
Consolidated Statements of Income
Three and Nine Months Ended March 31, 2008 and 2007
(unaudited)

	Three months ended March 31		Nine months ended March 31	
	2008	2007	2008	2007
Interest income:	*(in thousands, except per share data)*			
Interest on mortgage loans	$ 14,173	$ 11,439	$ 40,417	$ 32,397
Interest on securities held to maturity	349	281	934	801
Interest on securities available for sale	373	260	1,418	553
Interest on mortgage-backed securities held to maturity	1,787	2,322	5,766	7,294
Interest on mortgage-backed securities available for sale	1,285	178	3,147	573
Interest on federal funds sold and short term investments	351	3,285	1,401	5,233
Total interest income	18,318	17,765	53,083	46,851
Interest expense:				
Deposits and stock subscription proceeds	5,943	6,276	18,464	17,504
Borrowings	3,651	2,395	9,213	6,837
Total interest expense	9,594	8,671	27,677	24,341
Net interest income before provision for loan losses	8,724	9,094	25,406	22,510
Provision for loan losses	750	350	2,050	775
Net interest income	7,974	8,744	23,356	21,735
Other income:				
Service charges	292	261	836	794
Real estate operations, net	272	170	1,036	703
Income from investments in real estate joint ventures	281	327	879	928
Bank-owned life insurance	264	245	787	728
Net gain on sale of assets	—	514	—	514
Net loss on the write down of securities	(352)	—	(352)	—
Other income	34	195	108	299
Total other income	791	1,712	3,294	3,966
Operating expenses:				
Compensation, payroll taxes and fringe benefits	3,231	2,875	9,815	8,667

Advertising	128	125	376	375
Office occupancy and equipment expense	435	360	1,223	1,134
Data processing service fees	268	263	792	774
Federal insurance premiums	25	23	72	68
Telephone, Stationary, Postage and Supplies	114	104	313	289
Insurance, Legal, Audit and Accounting	395	141	805	505
Contribution to charitable foundation	—	9,110	—	9,110
Other expenses	155	133	495	462
Total operating expenses	4,751	13,134	13,891	21,384
Income (loss) before income tax expense (benefit)	4,014	(2,678)	12,759	4,317
Income tax expense (benefit)	1,649	(1,548)	5,226	999
Net income (loss)	$ 2,365	$ (1,130)	$ 7,533	$ 3,318
Basic income (loss) per common share	$ 0.06	(0.09)	$ 0.19	n/a

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and Subsidiaries
Township of Washington, New Jersey
Consolidated Statements of Stockholders' Equity
Nine Months ended March 31, 2008 and 2007 (unaudited)
(In thousands)

	Common Stock	Additional paid-in capital	Un-allocated common stock held by ESOP	Retained income	Accumu-lated other compre-hensive income (loss), net of tax	Total stock-holders' equity
Balance at June 30, 2006	$ —	$ —	$ —	$ 150,266	$ (130)	$ 150,136
Comprehensive income:						
Net income	—	—	—	3,318	—	3,318
Unrealized holding gain on securities available for sale arising during year, net of tax of $39	—	—	—	—	70	70
Total comprehensive income						3,388
Sale of 12,976,686 shares of common stock in the initial public offering and issuance of 27,575,476 shares to the mutual holding company	130	127,500	—	—	—	127,630
Purchase of common stock by the ESOP	—	—	(15,896)	—	—	(15,896)
ESOP shares allocated or committed to be released	—	107	198	—	—	305
Balance at March 31, 2007	$ 130	$ 127,607	$ (15,698)	$ 153,584	$ (60)	$ 265,563
Balance at June 30, 2007	$ 130	$ 127,710	$ (15,499)	$ 161,300	$ (1,071)	$ 272,570
Comprehensive income:						
Net income	—	—	—	7,533	—	7,533
Unrealized holding gain on securities						

available for sale arising during year, net of tax of $1,062		—		—		—		—		1,537	1,537
Amortization related to post-retirement obligations, net of tax of $46		—		—		—		—		69	69
Total comprehensive income											9,139
Cumulative transition adjustment related to the adoption of FIN 48		—		—		—		900		—	900
ESOP shares allocated or committed to be released		—		223		596		—		—	819
Balance at March 31, 2008	$	130	$	127,933	$	(14,903)	$	169,733	$	535	$ 283,428

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and Subsidiaries
Township of Washington, New Jersey
Consolidated Statements of Cash Flows
Nine months ended March 31, 2008 and 2007 (unaudited)

	Nine months ended March 31,	
	2008	2007
Cash flows from operating activities:	(in thousands)	
Net income	$ 7,533	$ 3,318
Adjustments to reconcile net income to net cash provided by operating activities:		
Contribution of stock to charitable foundation	-	8,110
ESOP shares allocated or committed to be released	819	305
Depreciation of premises and equipment	397	528
Amortization and accretion of premiums and discounts, net	187	347
Provision for losses on loans	2,050	775
Amortization and accretion of deferred loan fees, net	(546)	(511)
Increase in deferred taxes	(98)	(5,456)
Impairment charge on securities	352	-
Gain on sale of fixed assets	-	(514)
Increase in cash surrender value of bank owned life insurance	(787)	(728)
Income from real estate held for investment	(507)	(703)
Income from real estate joint ventures	(879)	(928)
Increase in accrued interest receivable	(1,096)	(575)
(Increase) decrease in other assets	(1,134)	1,278
Decrease in other liabilities	783	4,781
Net cash provided by operating activities	7,074	10,027
Cash flows from investing activities:		
Net increase in loans receivable	(152,002)	(72,600)
Purchase of mortgage loans	(1,350)	(6,960)
Purchase of securities held to maturity	-	(5,000)
Purchase of securities available for sale	(17,718)	(15,000)
Purchase of mortgage-backed securities held to maturity	-	(4,886)
Purchase of mortgage-backed securities available for sale	(82,145)	-
Purchase of Federal Home Loan Bank of New York stock	(8,678)	(2,387)
Principal payments on mortgage-backed securities held to maturity	38,800	46,332
Principal payments on mortgage-backed securities available for sale	8,816	4,267
Proceeds from calls and maturities of securities held to maturity	2,415	-
	25,000	23,000

Proceeds from calls and maturities of securities available for sale				
Additional investment in real estate held for investment		(503)		-
Distributions received from real estate held for investment		426		467
Distributions received from real estate joint ventures		1,324		872
Purchase of fixed assets		(509)		(356)
Proceeds from sale of fixed assets		-		1,973
Net cash used in investing activities		(186,124)		(30,278)
Cash flows from financing activities:				
Net increase in deposits		7,496		15,889
Net proceeds from sale of common stock		-		119,627
Purchase of common stock for ESOP		-		(15,896)
Increase in advance payments by borrowers for taxes and insurance		653		219
Proceeds from borrowed funds		195,000		103,400
Repayment of borrowed funds		(2,149)		(50,276)
Net cash provided by financing activities		201,000		172,963
Net increase in cash and cash equivalents		21,950		152,712
Cash and cash equivalents at beginning of period		63,526		7,274
Cash and cash equivalents at end of period	$	85,476	$	159,986
Supplemental cash flow information:				
Cash paid during the period for:				
Interest	$	26,753	$	23,711
Income taxes	$	5,354	$	2,388
Non cash borrowing activity	$	-	$	(544)

See accompanying notes to unaudited consolidated financial statements.

Oritani Financial Corp. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements are composed of the accounts of Oritani Financial Corp., its wholly owned subsidiaries, Oritani Savings Bank (the Bank), Hampshire Financial, LLC, and Oritani, LLC, and the wholly owned subsidiaries of Oritani Savings Bank, Ormon LLC (Ormon), and Oritani Asset Corporation (a real estate investment trust), collectively, the "Company."

In the opinion of management, all of the adjustments (consisting of normal and recurring adjustments) necessary for the fair presentation of the consolidated financial condition and the consolidated results of operations for the unaudited periods presented have been included. The results of operations and other data presented for the three and nine month periods ended March 31, 2008 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending June 30, 2008.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the preparation of the Form 10-Q. The consolidated financial statements presented should be read in conjunction with the Company's audited consolidated financial statements and notes to consolidated financial statements included in the Company's June 30, 2007 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on September 28, 2007.

2. Earnings Per Share

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, including shares held by Oritani Financial Corp., MHC and allocated or committed to be released Employee Stock Ownership Plan shares.

Diluted earnings per share is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options were exercised and converted into common stock. These potentially dilutive shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method. As of March 31, 2008, no dilutive securities were outstanding.

Oritani Financial Corp. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

3. Loans Receivable, Net and Allowance for Loan Loss

Loans receivable, net are summarized as follows:

	March 31, 2008	June 30, 2007
	(In thousands)	
Conventional one to four family	$ 216,230	$ 188,941
Multifamily and commercial real estate	519,362	451,131
Second mortgage and equity loans	63,193	65,240
Construction loans	121,200	62,704
Other loans	3,291	1,140
Total loans	923,276	769,156
Less:		
Deferred loan fees, net	1,954	1,732
Allowance for loan losses	10,932	8,882
Total loans, net	$ 910,390	$ 758,542

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

	Three months ended March 31, (In thousands)		Nine months ended March 31, (In thousands)	
	2008	2007	2008	2007
Balance at beginning of period	$ 10,182	$ 8,097	$ 8,882	$ 7,672
Provisions charged to operations	750	350	2,050	775
Balance at end of period	$ 10,932	$ 8,447	$ 10,932	$ 8,447

Oritani Financial Corp. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

4. Deposits

Deposits are summarized as follows:

	March 31, 2008	June 30, 2007
	(In thousands)	
Checking accounts	$ 76,683	$ 75,510
Money market deposit accounts	53,391	41,029
Savings accounts	150,260	156,670
Time deposits	422,919	422,548
Total deposits	$ 703,253	$ 695,757

5. Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48 (“FIN 48”). FIN 48 establishes a recognition threshold and measurement for income tax positions recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 also prescribes a two-step evaluation process for tax positions. The first step is recognition and the second is measurement. For recognition, an enterprise judgmentally determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold it is measured and recognized in the financial statements as the largest amount of tax benefit that is greater than 50% likely of being realized. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense.

Tax positions that meet the more-likely-than-not recognition threshold at the effective date of FIN 48 may be recognized or, continue to be recognized, upon adoption of this Interpretation. The cumulative effect of applying the provisions of FIN 48 shall be reported as an adjustment to the opening balance of retained earnings for that fiscal year. The Company adopted FIN 48 on July 1, 2007. The adoption of FIN 48 resulted in a $900,000 transition adjustment which increased retained income at July 1, 2007. The Company, through its various wholly owned subsidiaries, deploys several tax strategies. Based on the facts surrounding these strategies and applicable laws, the Company believes these strategies are more likely than not of being sustained under examination. The Company believes it will receive 100% of the benefit of the tax positions and has recognized the effects of the tax positions in the financial statements.

The Company files income tax returns in the United States federal jurisdiction and in New Jersey and Pennsylvania state jurisdictions. The Company is no longer subject to federal and state income tax examinations by tax authorities for years prior to 2002. Currently, the Company is not under examination by any taxing authority.

Oritani Financial Corp. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

6. Recent Accounting Pronouncements

In December 2004, Statement of Financial Accounting Standards ("SFAS") No. 123R, *Share-Based Payments*, was issued. SFAS No. 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. This Statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans. This statement was effective for public and nonpublic entities as of the beginning of the first annual reporting period that begins after December 15, 2005. As of March 31, 2008, Oritani Financial Corp. had not adopted a stock-based incentive plan. Management will evaluate the impact on the results of operations or financial condition of this standard if such plan is adopted.

In February 2006, the FASB issued SFAS No. 155, "*Accounting for Certain Hybrid Financial Instruments-an amendment of FASB statements No. 133 and 140.*" This statement permits fair value remeasurement of certain hybrid financial instruments, clarifies the scope of SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*" regarding interest-only and principal-only strips, and provides further guidance on certain issues regarding beneficial interests in securitized financial assets, concentrations of credit risk and qualifying special purpose entities. SFAS No. 155 was effective as of July 1, 2007. The application of SFAS No. 155 did not have an impact on our financial condition or results of operations.

In March 2006, the FASB issued SFAS No. 156, "*Accounting for Servicing of Financial Assets-an amendment of FASB Statement No. 140.*" This statement requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset, and that the servicing assets and servicing liabilities be initially measured at fair value. The statement also permits an entity to choose a subsequent measurement method for each class of separately recognized servicing assets and servicing liabilities. SFAS No. 156 was effective July 1, 2007. The application of SFAS No. 156 did not have a material impact on our financial condition or results of operations.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*." This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies to other accounting pronouncements that require or permit fair value measurements, but does not require any new fair value measurements. The Statement is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company does not expect the adoption of SFAS No. 157 to have a material impact on its financial condition or results of operations.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007 with early adoption permitted as of the beginning of a fiscal year that begins on or before November 15, 2007. The Company does not expect the adoption of statement No. 159 to have a material impact on its financial statements.

Oritani Financial Corp. and Subsidiaries

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 tho terms. Forward looking statements are subject to numerous risks and uncertainties, including, but not limited to, those related to the economic environment, particularly in the market areas in which Oritani Financial Corp. (the "Company") operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity.

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

Termination of merger

On March 19, 2008, the Company and Greater Community Bancorp ("GCB") entered into a Mutual Termination Agreement terminating the agreement and plan of merger by and between GCB and the Company dated November 13, 2007. Under the Mutual Termination Agreement, GCB paid $700,000 to the Company. These funds were intended to offset the Company's estimated costs associated with the merger. Actual costs associated with the merger exceeded the estimated costs by $55,000. This excess was expensed as of March 31, 2008. The charge was included in Other Expenses and was a contributing factor to the increase in insurance, legal, audit and accounting expenses for the March 31, 2008 period.

Executive Summary

Oritani Financial Corp. is the federally chartered mid-tier stock holding company of Oritani Savings Bank. Oritani Financial Corp. owns 100% of the outstanding shares of common stock of Oritani Savings Bank. Since being formed in 1998, Oritani Financial Corp. has engaged primarily in the business of holding the common stock of Oritani Savings Bank and two limited liability companies that own a variety of real estate investments. In addition, Oritani Financial Corp. has engaged in limited lending to the real estate investment properties in which (either directly or through one of its subsidiaries) Oritani Financial Corp. has an ownership interest. Oritani Savings Bank's principal business consists of attracting retail and commercial bank deposits from the general public and investing those deposits, together with funds generated from operations, in multi-family and commercial real estate loans, one- to four-family residential mortgage loans as well as in second mortgage and equity loans, construction loans, business loans, other consumer loans, and investment securities. We originate loans primarily for investment and hold such loans in our portfolio. Occasionally, we will also enter into loan participations. Our primary sources of funds are deposits, borrowings and principal and interest payments on loans and securities. Our revenues are derived principally from interest on loans and securities as well as our investments in real estate and real estate joint ventures. We also generate revenues from fees and service charges and other income. Our results of operations depend primarily on our net interest income which is the difference between the interest we earn on interest-earning assets and the interest paid on our interest-bearing liabilities. Our net interest income is primarily affected by the market interest rate environment, the shape of the U.S. Treasury yield curve, the timing of the placement of interest-earning assets and interest-bearing liabilities, and the prepayment rate on our mortgage-related assets. Other factors that may affect our results of operations are general and local economic and competitive conditions, government policies and actions of regulatory authorities.

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

Comparison of Financial Condition at March 31, 2008 and June 30, 2007

Balance Sheet Summary

Total Assets. Total assets increased $211.6 million, or 17.7%, to $1.41 billion at March 31, 2008, from $1.19 billion at June 30, 2007. The increases were primarily in the captions of loans and MBS AFS, and were primarily funded through increased borrowings and redeployment of funds from the MBS HTM portfolio.

Cash and Cash Equivalents. Cash and cash equivalents (which include fed funds and short term investments) increased $22.0 million to $85.5 million at March 31, 2008, from $63.5 million at June 30, 2007. The Company had a high balance in this category at March 31, 2008 as liquid assets were accumulated in preparation for the cash requirements associated with the anticipated merger with Greater Community Bancorp as well as the loan pipeline. While the funds are no longer needed for the merger, they will be deployed in loans. At March 31, 2008, loan commitments totaled $65.3 million, outstanding commitments to extend credit totaled $79.1 million and there were an additional $39.9 million in loans that were in the process of being underwritten.

Net Loans. Loans, net increased $151.8 million, or 20.0%, to $910.4 million at March 31, 2008, from $758.5 million at June 30, 2007. The Company continued its emphasis on loan originations, particularly multifamily and commercial real estate loans. Loan originations for the nine months ended March 31, 2008 totaled $230.7 million.

The allowance for loan losses increased $2.05 million to $10.9 million at March 31, 2008 from $8.9 million at June 30, 2007. The increase in allowance primarily reflects the overall growth in the loan portfolio, particularly in the multi-family and commercial real estate portfolios. The allowance for loan losses also reflects the overall inherent credit risk in our loan portfolio, the level of our non-performing loans and our charge-off experience. There were no recoveries or charge-offs during the period. Delinquencies had been minimal; however, as detailed in the chart below, there was an increase in delinquencies as of March 31, 2008. The increase in delinquencies was a factor in the increase in the allowance for loan losses, which resulted in larger provisions in the March 31, 2008 period.

Oritani Financial Corp. and Subsidiaries

Delinquency Totals

	03/31/08	12/31/07	09/30/07	06/30/07
		(in thousands)		
30 - 59 days past due	$ 24,189	$ 343	$ 1,553	$ 594
60 - 89 days past due	14,034	-	-	-
90 or more days past due	384	-	555	-
Total	$ 38,607	$ 343	$ 2,108	$ 594

There are three large loans in the 30-59 day category that comprise $22.6 million of the balance of that category. Two of these three loans are to the same borrower. Oritani remains in close contact with these borrowers and expects that the borrowers will soon be able to resume timely payments. Payments have been received on all three of these loans subsequent to March 31, 2008 and one of the loans is now current. These loans are protected by strong loan to value ratios. Two of the loans in the 60-89 day category at March 31, 2008 total $13.8 million and are also to one borrower (but a different borrower than the one described above). The loans are secured by a condominium construction project and raw land with all building approvals. Oritani has an additional loan of $316,000 to this borrower that is current. The borrower is also experiencing difficulties with other lenders on unrelated projects. Oritani is presently negotiating a workout with this borrower whereby Oritani may advance additional funds which, if agreed upon, is expected to strengthen Oritani's loan position. These negotiations are ongoing and payments have not been received on these two loans. As of April 30, 2008, these two loans were greater than 90 days delinquent and placed on nonaccrual. There were two loans in the greater than 90 day category at March 31, 2008. As of April 2008, one of these loans had paid in full and the other is now current.

Securities Available for Sale. Securities available for sale decreased $7.1 million, or 20.0%, to $28.4 million at March 31, 2008 from $35.4 million at June 30, 2007. This decrease was due to security maturities and calls, partially offset by purchases during the period.

Mortgage-Backed Securities Held to Maturity. Mortgage-backed securities held to maturity decreased $39.1 million, or 18.0%, to $178.3 million at March 31, 2008 from $217.4 million at June 30, 2007. This decrease was due to principal repayments received on this portfolio.

Mortgage-Backed Securities Available for Sale. Mortgage-backed securities available for sale increased $75.5 million to $114.3 million at March 31, 2008 from $38.8 million at June 30, 2007. This increase was due to purchases of $82.1 million during the period partially offset by principal repayments received on this portfolio.

Federal Home Loan Bank of New York ("FHLB-NY") Stock. FHLB-NY stock increased $8.7 million, or 81.7%, to $19.3 million at March 31, 2008, from $10.6 million at June 30, 2007. Additional purchases of this stock were required due to additional advances obtained from FHLB-NY.

Deposits. Deposits increased $7.5 million, or 1.1%, to $703.3 million at March 31, 2008, from $695.8 million at June 30, 2007. On a linked quarter comparison, deposits increased $16.1 million, or 2.3%, from $687.2 million at December 31, 2007.

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Borrowings. Borrowings increased $192.9 million, or 98.1%, to $389.5 million at March 31, 2008, from $196.7 million at June 30, 2007. Borrowings have been utilized by the Company to assist in interest rate risk management and to fund asset growth, as deposit growth has been limited.

Stockholders' equity. Stockholders' equity increased $10.9 million, or 4.0%, to $283.4 million at March 31, 2008, from $272.6 million at June 30, 2007. The increase was due to net income for the nine month period augmented by an increase of $900,000 to retained income as a result of the adoption of Financial Interpretation Number 48 on July 1, 2007, as well as an increase in the value of securities classified as available for sale and amortizations related to the ESOP stock.

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Average Balance Sheets for the Three and Nine Months ended March 31, 2008 and 2007

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, 2008 and 2007. 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.

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

	March 31, 2008			March 31, 2007		
	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	$ 885,223	$ 14,173	6.40%	$ 709,215	$ 11,439	6.45%
Securities available for sale	31,419	373	4.75	19,182	260	5.42
Securities held to maturity	20,075	349	6.95	17,676	281	6.36
Mortgage backed securities available for sale	99,854	1,285	5.15	14,229	178	5.00
Mortgage backed securities held to maturity	185,414	1,787	3.86	240,214	2,322	3.87
Federal funds sold and short term investments	44,737	351	3.14	244,699	3,285	5.37
Total interest-earning assets	1,266,722	18,318	5.78	1,245,215	17,765	5.71
Non-interest-earning assets	73,147			60,603		
Total assets	$ 1,339,869			$ 1,305,818		
Interest-bearing liabilities:						
Savings deposits & stock subscription proceeds	149,229	587	1.57%	286,778	914	1.27%
Money market	48,793	439	3.60	40,561	329	3.24
NOW accounts	73,862	203	1.10	70,737	204	1.15
Time deposits	418,681	4,714	4.50	427,894	4,829	4.51
Total deposits	690,565	5,943	3.44	825,970	6,276	3.04
Borrowings	340,138	3,651	4.29	221,543	2,395	4.32
	1,030,703	9,594	3.72	1,047,513	8,671	3.31

Total interest-bearing liabilities						
Non-interest-bearing liabilities	27,751			22,659		
Total liabilities	1,058,454			1,070,172		
Stockholders' equity	281,415			235,646		
Total liabilities and stockholders' equity	$ 1,339,869			$ 1,305,818		
Net interest income		$ 8,724			$ 9,094	
Net interest rate spread (1)			2.06%			2.40%
Net interest-earning assets (2)	$ 236,019			$ 197,702		
Net interest margin (3)			2.75%			2.92%
Average of interest-earning assets to interest-bearing liabilities			1.23 X			1.19 X

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

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

(3) 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

	March 31, 2008			March 31, 2007		
	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	$ 829,967	$ 40,417	6.49%	$ 680,284	$ 32,397	6.35%
Securities available for sale	36,641	1,418	5.16%	13,468	553	5.47%
Securities held to maturity	18,753	934	6.64%	19,873	801	5.37%
Mortgage backed securities available for sale	79,163	3,147	5.30%	15,468	573	4.94%
Mortgage backed securities held to maturity	199,225	5,766	3.86%	252,323	7,294	3.85%
Federal funds sold and short term investments	41,622	1,401	4.49%	129,524	5,233	5.39%
Total interest-earning assets	1,205,371	53,083	5.87%	1,110,940	46,851	5.62%
Non-interest-earning assets	69,018			61,640		
Total assets	$ 1,274,389			$ 1,172,580		
Interest-bearing liabilities:						
Savings deposits & stock subscription proceeds	152,576	1,885	1.65%	236,161	2,446	1.38%
Money market	44,128	1,317	3.98%	32,633	843	3.44%
NOW accounts	73,662	640	1.16%	73,289	648	1.18%
Time deposits	419,109	14,622	4.65%	418,280	13,567	4.32%
Total deposits	689,475	18,464	3.57%	760,363	17,504	3.07%
Borrowings	280,181	9,213	4.38%	210,052	6,837	4.34%
Total interest-bearing liabilities	969,656	27,677	3.81%	970,415	24,341	3.34%
Non-interest-bearing liabilities	27,025			22,582		
Total liabilities	996,681			992,997		
Stockholders' equity	277,708			179,583		
Total liabilities and stockholder's equity	$ 1,274,389			$ 1,172,580		
Net interest income		$ 25,406			$ 22,510	
Net interest rate spread [(1)]			2.06%			2.28%

Net interest-earning assets [2]	$ 235,715		$ 140,525	
Net interest margin [3]		2.81%		2.70%
Average of interest-earning assets to interest-bearing liabilities		1.24X		1.14X

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

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

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

Comparison of Operating Results for the Three Months Ended March 31, 2008 and 2007.

Net Income. Net income increased $3.5 million to $2.4 million for the quarter ended March 31, 2008, from a net loss of $1.1 million for the corresponding 2007 quarter. The results for the 2007 period were impacted by several non-recurring transactions, notably a $9.1 million contribution to the OritaniSavingsBank Charitable Foundation. The 2007 period was also positively impacted by a pre-tax gain of $514,000 regarding a previous transfer of the Company's former headquarters and the reinvestment of the proceeds related to the subscription stock offering, including oversubscriptions. Results for the 2008 quarter were negatively impacted by a $352,000 pre tax impairment charge related to three equity investments. Our annualized return on average assets was 0.71% and our annualized return on average equity was 3.36% for the quarter ended March 31, 2008.

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Total Interest Income. Total interest income increased by $553,000 or 3.1%, to $18.3 million for the three months ended March 31, 2008, from $17.8 million for the three months ended March 31, 2007. The largest increase occurred in interest on loans, which increased $2.7 million, or 23.9%, to $14.2 million for the three months ended March 31, 2008, from $11.4 million for the three months ended March 31, 2007. Over that same period, the average balance of loans increased $176.0 million while the yield on the portfolio decreased 5 basis points. Interest on mortgage-backed securities available for sale ("MBS AFS") increased by $1.1 million to $1.3 million for the three months ended March 31, 2008, from $178,000 for the three months ended March 31, 2007. The average balance of MBS AFS increased $85.6 million and the yield on the portfolio increased 15 basis points over that same period. The changes in the average balance and yield were primarily due to purchases that totaled $109.2 million during the twelve months ended March 31, 2008. All investment purchases that have occurred over that period were classified as available for sale in order to provide balance sheet management flexibility. Interest on mortgage-backed securities held to maturity ("MBS HTM") decreased by $535,000 to $1.8 million for the three months ended March 31, 2008, from $2.3 million for the three months ended March 31, 2007. The average balance of MBS HTM decreased $54.8 million and the yield on the portfolio decreased by 1 basis point over that same period. The decreased average balance was due to principal paydowns received on the portfolio that were reinvested in other interest-earning assets. Interest on federal funds sold and short term investments decreased by $2.9 million for the three months ended March 31, 2008, to $351,000 from $3.3 million for the three months ended March 31, 2007. The results for the 2007 period were boosted by the deployment of the funds received in the subscription offering. The average balance of this portfolio decreased $200.0 million and the yield decreased 223 basis points over the period. The portfolio primarily consists of overnight investments. The decrease in the yield is due to a decrease in the market yield for this type of investment.

Total Interest Expense. Total interest expense increased by $923,000, or 10.6%, to $9.6 million for the three months ended March 31, 2008, from $8.7 million for the three months ended March 31, 2007. Interest expense on deposits decreased by $333,000, or 5.3%, to $5.9 million for the three months ended March 31, 2008, from $6.3 million for the three months ended March 31, 2007. The average balance of interest bearing deposits decreased $135.4 million and the average cost of these funds increased 40 basis points over this period. The decrease in the average balance of deposits was impacted by the stock subscription offering. The stock subscription offering caused deposit balances to be inflated and cost of funds to be understated, particularly during the quarter ended March 31, 2007. The average balance of such funds for the quarter ended March 31, 2007 was $123.7 million and the interest rate paid on these funds was 1.00%. Market rates also affected the Company's cost of funds. On a linked quarter comparison, however, the Company's interest-bearing deposit balances increased while the costs decreased. The average balance of deposits increased $6.2 million for the quarter ended March 31, 2008 as compared to the quarter ended December 31, 2007; and the average cost decreased 20 basis points over this same period. Interest expense on borrowings increased by $1.3 million to $3.7 million for the three months ended March 31, 2008, from $2.4 million for the three months ended March 31, 2007. The average balance of borrowings increased $118.6 million and the cost decreased 3 basis points over these periods.

Net Interest Income Before Provision for Loan Losses. Net interest income decreased by $370,000, or 4.1%, to $8.7 million for the three months ended March 31, 2008, from $9.1 million for the three months ended March 31, 2007. The Company's net interest rate spread decreased to 2.06% for the three months ended March 31, 2008, from 2.40% for the three months ended March 31, 2007. The increased spread in the 2007 quarter is partially attributable to the proceeds related to the subscription stock offering. On a linked quarter comparison (quarter ended March 31, 2008 versus quarter ended December 31, 2007), the Company's net interest rate spread increased 4 basis points, from 2.02%.

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Provision for Loan Losses. The Company recorded a provision for loan losses of $750,000 for the three months ended March 31, 2008 as compared to $350,000 for the three months ended March 31, 2007. The Company's allowance for loan losses is analyzed quarterly and many factors are considered. The primary reason for the provision recorded was to address loan growth that occurred during the periods, particularly in the multifamily and commercial real estate loan portfolios. There were no recoveries or charge-offs in any of the periods. Delinquencies had been minimal; however, there was an increase in delinquencies as of March 31, 2008. The increase in delinquencies was a factor in the increase in the allowance for loan losses, which resulted in larger provisions in the March 31, 2008 periods. See discussion of the allowance for loan losses in "Comparison of Financial Condition at March 31, 2008 and June 30, 2007."

Other Income. Other income decreased by $921,000 to $791,000 for the three months ended March 31, 2008, from $1.7 million for the three months ended March 31, 2007. There were several non-recurring items contributing to this decrease. Results for the quarter ended March 31, 2007 were positively impacted by a $514,000 gain recognized on the previous sale of the Company's former headquarters in Hackensack, NJ. Results for the 2007 period were also positively impacted by the float earnings on the oversubscription funds returned to subscribers. This was the principle reason for the $161,000 decrease in the "other" portion of other income between the 2008 and 2007 quarters. In addition, results for the quarter ended March 31, 2008 were reduced due to the recognition of a $352,000 impairment charge taken regarding three equity securities in the Bank's securities AFS portfolio.

Operating Expense. Operating expenses decreased by $8.4 million to $4.8 million for the three months ended March 31, 2008, from $13.1 million for the three months ended March 31, 2007. The 2007 period included a $9.1 million contribution to the OritaniSavingsBank Charitable Foundation that was donated in conjunction with the initial stock offering. There was no such contribution in 2008. This decrease was partially offset by increases in the captions of compensation, payroll taxes and fringe benefits; and insurance, legal, audit and accounting. The compensation related caption increased $356,000, or 12.4%, over the periods. This increase was primarily due to increases in compensation, director fees and nonqualified benefit plans. The insurance related caption increased $254,000 over the periods. This increase was primarily due to increases in legal fees of $87,000, external audit fees of $113,000 and internal audit/consulting fees of $30,000. A portion of the increases in external audit fees and internal audit/consulting fees is due to the implementation and certification of controls related to compliance with Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX").

Income Tax Expense. Income tax expense for the three months ended March 31, 2008 was $1.6 million, due to pre-tax income of $4.0 million, resulting in an effective tax rate of 41.1%. For the three months ended March 31, 2007, income tax benefit was $1.5 million, due to a pre-tax loss of $2.7 million, resulting in an effective tax rate of 57.8%. Various factors contribute to differences between pre-tax book income and taxable income. The contribution to OritaniSavingsBank Charitable Foundation created a substantial difference between pre-tax book income and taxable income. The tax deduction generated by this contribution was much larger than the associated book expense, and caused the unusual effective rates in the 2007 periods.

Comparison of Operating Results for the Nine Months Ended March 31, 2008 and 2007.

Net Income. Net income increased $4.2 million to $7.5 million for the nine months ended March 31, 2008, from net income of $3.3 million for the corresponding 2007 period. Our annualized return on average assets was 0.79% and our annualized return on average equity was 3.62% for the nine month period ended March 31, 2008, versus 0.38% and 2.46% for the nine month period ended March 31, 2007, respectively.

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Total Interest Income. Total interest income increased by $6.2 million, or 13.3%, to $53.1 million for the nine months ended March 31, 2008, from $46.9 million for the nine months ended March 31, 2007. The increase in total interest income is more pronounced in the nine month period comparison because the effect of the reinvestment of the proceeds related to the subscription stock offering primarily occurred during the quarter ended March 31, 2007. The largest increase in the nine month comparison of total interest income occurred in interest on loans, which increased $8.0 million, or 24.8%, to $40.4 million for the nine months ended March 31, 2008, from $32.4 million for the nine months ended March 31, 2007. Over that same period, the average balance of loans increased $149.7 million and the yield on the portfolio increased 14 basis points. Interest on securities available for sale increased by $865,000, to $1.4 million for the nine months ended March 31, 2008, from $553,000 for the nine months ended March 31, 2007. The average balance increased $23.2 million and the yield decreased 31 basis points over the period. Interest on mortgage-backed securities held to maturity decreased by $1.5 million, to $5.8 million for the nine months ended March 31, 2008, from $7.3 million for the nine months ended March 31, 2007. The average balance decreased $53.1 million and the yield increased 1 basis point over the period. The average balance decrease was due to paydowns in the portfolio as no new investment purchases of this type were made. Interest on MBS AFS increased by $2.6 million to $3.1 million for the nine months ended March 31, 2008, from $573,000 for the nine months ended March 31, 2007. The average balance of MBS AFS increased $63.7 million and the yield on the portfolio increased 36 basis points over that same period. Interest on federal funds sold and short term investments decreased by $3.8 million for the nine months ended March 31, 2008, to $1.4 million from $5.2 million for the nine months ended March 31, 2007. The average balance of this portfolio decreased $87.9 million and the yield decreased 90 basis points over the period.

Total Interest Expense. Total interest expense increased by $3.3 million, or 13.7%, to $27.7 million for the nine months ended March 31, 2008, from $24.3 million for the nine months ended March 31, 2007. The factors described above for the three month period also affected the nine month period. Interest expense on deposits increased by $960,000, or 5.5%, to $18.5 million for the nine months ended March 31, 2008, from $17.5 million for the nine months ended March 31, 2007. The average balance of interest bearing deposits decreased $70.9 million and the average cost of these funds increased 50 basis points over this period. Interest expense on borrowings increased by $2.4 million, or 34.8%, to $9.2 million for the nine months ended March 31, 2008, from $6.8 million for the nine months ended March 31, 2007. The average balance of borrowings increased $70.1 million and the cost increased 4 basis points over this period.

Net Interest Income Before Provision for Loan Losses. Net interest income increased by $2.9 million, or 12.9%, to $25.4 million for the nine months ended March 31, 2008, from $22.5 million for the nine months ended March 31, 2007. The Company's net interest rate spread decreased to 2.06% for the nine months ended March 31, 2008, from 2.28% for the nine months ended March 31, 2007.

Provision for Loan Losses. The Company recorded a provision for loan losses of $2.1 million for the nine months ended March 31, 2008 as compared to $775,000 for the nine months ended March 31, 2007. The Company's allowance for loan losses is analyzed quarterly and many factors are considered. The primary reason for the provision recorded was to address loan growth that occurred during the periods, particularly in the multifamily and commercial real estate loan portfolios. There were no recoveries or charge-offs in any of the periods. Delinquencies had been minimal; however, there was an increase in delinquencies as of March 31, 2008. The increase in delinquencies was a factor in the increase in the allowance for loan losses, which resulted in larger provisions in the March 31, 2008 periods. See discussion of the allowance for loan losses in "Comparison of Financial Condition at March 31, 2008 and June 30, 2007."

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Other Income. Other income decreased by $672,000, or 16.9%, to $3.3 million for the nine months ended March 31, 2008, from $4.0 million for the nine months ended March 31, 2007. The nine month periods were affected by the items described above for the three month periods. These items were partially offset in the nine month period by net increases in the real estate investment captions of net real estate operations and income from investments in real estate joint ventures. On a combined basis, these real estate captions increased by $284,000, or 17.4%, to $1.9 million for the nine months ended March 31, 2008, from $1.6 million for the nine months ended March 31, 2007. The income reported in these captions is dependent upon the operations of various properties and is subject to fluctuation.

Operating Expense. Operating expense decreased by $7.5 million to $13.9 million for the nine months ended March 31, 2008, from $21.4 million for the nine months ended March 31, 2007. The primary reason for the decrease was due to the $9.1 million charitable contribution that occurred in the 2007 period. The decrease was partially offset by an increase in compensation, payroll taxes and fringe benefits. This caption increased by $1.1 million to $9.8 million for the nine months ended March 31, 2008, from $8.7 million for the nine months ended March 31, 2007. This increase was primarily comprised of a $636,000 increase in compensation, $514,000 in costs associated with the ESOP, a $255,000 increase in nonqualified benefit plans, a $103,000 increase in employee insurance expenses and a $45,000 increase in directors’ fees; partially reduced by a decrease in pension cost of $498,000.

Income Tax Expense. Income tax expense for the nine months ended March 31, 2008, was $5.2 million, due to pre-tax income of $12.8 million, resulting in an effective tax rate of 41.0%. For the nine months ended March 31, 2007, income tax expense was $1.0 million, due to pre-tax income of $4.3 million, resulting in an effective tax rate of 23.2%. Various factors contribute to differences between pre-tax book income and taxable income. The contribution to OritaniSavingsBank Charitable Foundation created a substantial difference between pre-tax book income and taxable income. The tax deduction generated by this contribution was much larger than the associated book expense, and caused the unusual effective rates in the 2007 periods.

Liquidity and Capital Resources

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

At March 31, 2008 and at June 30, 2007, the Company had no overnight borrowings from the FHLB. The Company utilizes the overnight line from time to time to fund short-term liquidity needs. The Company had total borrowings of $389.5 million at March 31, 2008, an increase from $196.7 million at June 30, 2007. This increase was primarily the result of funding the strong loan growth and purchases of mortgage backed securities as well as the opportunity to commit to various advances under terms considered to be favorable. In the normal course of business, the Company routinely enters into various commitments, primarily relating to the origination of loans. At March 31, 2008, outstanding commitments to originate loans totaled $65.3 million and outstanding commitments to extend credit totaled $79.1 million. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

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Time deposits scheduled to mature in one year or less totaled $356.7 million at March 31, 2008. Based upon historical experience, management estimates that a significant portion of such deposits will remain with the Company.

As of March 31, 2008 the Company exceeded all regulatory capital requirements as follows:

	Actual		Required	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
Total capital (to risk-weighted assets)	$ 293,763	31.0%	$ 75,707	8.0%
Tier I capital (to risk-weighted assets)	282,831	29.9	37,853	4.0
Tier I capital (to average assets)	282,831	21.1	53,595	4.0

Critical Accounting Policies

We consider accounting policies that require management to exercise significant judgment or discretion or to make significant assumptions that have, or could have, a material impact on the carrying value of certain assets or on income, to be critical accounting policies. We consider the following to be our critical accounting policies.

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

The allowance for loan losses has been determined in accordance with U.S. generally accepted accounting principles, under which we are required to maintain an allowance for probable losses at the balance sheet date. We are responsible for the timely and periodic determination of the amount of the allowance required. We believe that our allowance for loan losses is adequate to cover specifically identifiable losses, as well as estimated losses inherent in our portfolio for which certain losses are probable but not specifically identifiable.

Management performs a quarterly evaluation of the adequacy of the allowance for loan losses. The analysis of the allowance for loan losses has two components: specific and general allocations. Specific allocations are made for loans that are classified. Management will identify loans that have demonstrated issues that cause concern regarding full collectibility in the required time frame. Delinquency is a key indicator of such issues. Management classifies such loans within the following industry standard categories: Special Mention; Substandard; Doubtful or Loss. In addition, a classified loan may be considered impaired. Impairment is measured by determining the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses. The general allocation is determined by segregating the remaining loans by type of loan, risk weighting (if applicable) and payment history. We also analyze historical loss experience, delinquency trends, general economic conditions, geographic concentrations, industry and peer comparisons. This analysis establishes factors that are applied to the loan groups to determine the amount of the general allocation. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results.

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Management has also engaged the services of a loan review consulting firm. The current scope of loan reviews by this firm is 65% of the total balance of non-residential loans on an annual basis . This firm also classifies the reviewed loans in the same industry standard categories as management.

On a quarterly basis, the Chief Financial Officer reviews the current status of various loan assets in order to evaluate the adequacy of the allowance for loan losses. In this evaluation process, specific loans are analyzed to determine their potential risk of loss. This process includes all loans, concentrating on non-accrual and classified loans. Each non-accrual or classified loan is evaluated for potential loss exposure. Any shortfall results in a recommendation of a specific allowance if the likelihood of loss is evaluated as probable. To determine the adequacy of collateral on a particular loan, an estimate of the fair market value of the collateral is based on the most current appraised value available. This appraised value is then reduced to reflect estimated liquidation expenses.

The results of this quarterly process are summarized along with recommendations and presented to executive management for their review. Based on these recommendations, loan loss allowances are approved by executive management. A summary of loan loss allowances is presented to the Board of Directors on a quarterly basis.

We have a concentration of loans secured by real property located in New Jersey. As a substantial amount of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions for appraisal valuations are instrumental in determining the value of properties. Overly optimistic assumptions or negative changes to assumptions could significantly impact the valuation of a property securing a loan and the related allowance. The assumptions supporting such appraisals are reviewed by management to determine that the resulting values reasonably reflect amounts realizable on the related loans. Based on the composition of our loan portfolio, we believe the primary risks are increases in interest rates, a decline in the economy generally, and a decline in real estate market values in New Jersey. Any one or combination of these events may adversely affect our loan portfolio resulting in increased delinquencies, loan losses and future levels of loan loss provisions. We consider it important to maintain the ratio of our allowance for loan losses to total loans at an adequate level. Factors such as current economic conditions, interest rates, and the composition of the loan portfolio will effect our determination of the level of this ratio for any particular period.

Our allowance for loan losses in recent years reflects probable losses resulting from the actual growth in our loan portfolio. We believe the ratio of the allowance for loan losses to total loans of 1.18% at March 31, 2008 adequately reflects our portfolio credit risk, given our emphasis on multi-family and commercial real estate lending and current market conditions.

Although we believe we have established and maintained the allowance for loan losses at adequate levels, additions may be necessary if future economic and other conditions differ substantially from the current operating environment. Although management uses the best information available, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. In addition, the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance, as an integral part of their examination process, will periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on its judgments about information available to them at the time of their examination.

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

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

Our available-for-sale securities portfolio is carried at estimated fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive income or loss in stockholders' equity. Our held-to-maturity securities portfolio, consisting of debt securities for which we have a positive intent and ability to hold to maturity, is carried at amortized cost. We conduct a periodic review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. If such decline is deemed other-than-temporary, we would adjust the cost basis of the security by writing down the security to fair market value through a charge to current period operations. The market values of our securities are affected by changes in several factors, notably interest rates. When significant changes in interest rates occur, we evaluate our intent and ability to hold the security to maturity or for a sufficient time to recover our recorded investment balance.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of mortgage loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and reduce the exposure of our net interest income to changes in market interest rates. Accordingly, our Board of Directors has the authority and responsibility for monitoring interest rate risk. Oritani Savings Bank has established an Asset/Liability Management Committee, comprised of its President, Senior Vice President, Chief Financial Officer, Executive Vice President-Commercial Lending, Vice President-Mortgage Lending and Vice President-Branch Administration, 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 to the Board on a quarterly basis.

Oritani Financial Corp. and Subsidiaries

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

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

(ii) investing in shorter duration securities and mortgage-backed securities; and

(iii) obtaining general financing through longer-term Federal Home Loan Bank advances with call options that are considered unlikely.

Shortening the average maturity of our interest-earning assets by increasing our investments in shorter-term loans and securities, as well as loans and securities with variable rates of interest, helps to better match the maturities and interest rates of our assets and liabilities, thereby reducing the exposure of our net interest income to changes in market interest rates. By following these strategies, we believe that we are well-positioned to react to increases in market interest rates.

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.

Oritani Financial Corp. and Subsidiaries

The table below sets forth, as of March 31, 2008, 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.

	Net Portfolio Value			NPV as a Percent of Present Value of Assets (3)		Net Interest Income		
Change in Interest Rates (basis points) (1)	Estimated NPV (2)	Estimated Increase (Decrease) Amount	Estimated Increase (Decrease) Percent	NPV Ratio (4)	Increase (Decrease) (basis points)	Estimated Net Interest Income	Increase (Decrease) in estimated Net interest income Amount	Increase (Decrease) in estimated Net interest income Percent
	(dollars in thousands)							
+200bp	240,324	$ (29,920)	(11.07)%	18.06%	(124)	37,337	$ (1,844)	(4.71)%
+100bp	261,026	$ (9,218)	(3.41)%	19.06%	(24)	38,583	$ (598)	(1.53)%
0bp	270,244	$ -	-	19.30%	-	39,181	$ -	0.00%
-100bp	281,108	$ 10,864	4.02%	19.56%	26	36,258	$ (2,923)	(7.46)%
-200bp	270,631	$ 387	0.14%	18.56%	75	32,312	$ (6,869)	(17.53)%

(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, 2008, in the event of a 100 basis point increase in interest rates, we would experience a 3.4% decrease in net portfolio value. In the event of a 200 basis point increase in interest rates, we would experience a 11.1% decrease in net portfolio value. These changes in net portfolio value are within the limitations established in our asset and liability management policies.

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

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

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

Part II - Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in the "Risk Factors" disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2007 and the Quarterly Report on Form 10-Q for the quarter ended December 31, 2007 filed with the Securities and Exchange Commission.

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

a) There were no sales by the registrant of unregistered securities during the past three years.

b) Not applicable

c) There were no issuer repurchases of securities during the past three years.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

A Special Meeting of Stockholders of the Company (the "Meeting") was held on April 22, 2008. There were outstanding and entitled to vote at the Meeting 40,552,162 shares of Common Stock of the Company, including 27,575,475 shares held by Oritani Financial Corp., MHC, the mutual holding company parent of the Company, that held 68.0% of the outstanding stock. The shares of Oritani Financial Corp., MHC were only eligible to vote for purposes of determining a quorum. There were present at the meeting or by proxy the holders of 36,728,227 shares of Common Stock representing 90.6% of the total votes. The proposal considered and voted on by the Company's stockholders at the Meeting and the vote of the stockholders eligible to vote (excluding the 27,575,475 shares of Oritani Financial Corp., MHC) was as follows:

Proposal 1. Approval of the 2007 Equity Incentive Plan.

For	Against	Abstain
8,439,933	661,174	51,645

Item 5. Other Information

Not applicable

Oritani Financial Corp. and Subsidiaries

Item 6. Exhibits

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

3.1	Charter of Oritani Financial Corp. *
3.2	Bylaws of Oritani Financial Corp. *
4	Form of Common Stock Certificate of Oritani Financial Corp. *
10.1	Employment Agreement between Oritani Financial Corp. and Kevin J. Lynch*
10.2	Form of Employment Agreement between Oritani Financial Corp. and executive officers*
10.3	Oritani Savings Bank Director Retirement Plan*
10.4	Oritani Savings Bank Benefit Equalization Plan*
10.5	Oritani Bancorp, Inc. Executive Supplemental Retirement Income Agreement*
10.6	Form of Employee Stock Ownership Plan*
10.7	Director Deferred Fee Plan*
10.8	Oritani Financial Corp. 2007 Equity Incentive Plan**
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

** Filed as part of the Company's definitive proxy statement, with the Securities and Exchange Commission on March 20, 2008.

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 12, 2008	/s/ Kevin J. Lynch Kevin J. Lynch President and Chief Executive Officer
Date: May 12, 2008	/s/ John M. Fields, Jr. John M. Fields, Jr. Executive Vice President and Chief Financial Officer