

Kearny Financial Corp.
Form 10-Q
February 11, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended

December 31, 2012

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 Number 000-51093

KEARNY FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

UNITED STATES
(State or other jurisdiction of
incorporation or organization)

22-3803741
(I.R.S. Employer
Identification
Number)

120 Passaic Ave., Fairfield, New Jersey
(Address of principal executive offices)

07004-3510
(Zip Code)

Registrant's telephone number, including area code 973-244-4500

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 filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller

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reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer []

Non-accelerated filer []

Accelerated filer [X]

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]

The number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: February 8, 2013.

\$0.10 par value common stock - 66,751,340 shares outstanding

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

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KEARNY FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In Thousands, Except Share and Per Share Data)

	December 31, 2012 (Unaudited)	June 30, 2012
Assets		
Cash and amounts due from depository institutions	\$28,497	\$38,028
Interest-bearing deposits in other banks	158,494	117,556
Cash and Cash Equivalents	186,991	155,584
Debt securities available for sale (amortized cost \$14,202 and \$14,613)	12,761	12,602
Debt securities held to maturity (fair value \$147,306 and \$34,838)	147,225	34,662
Loans receivable, including unamortized yield adjustments of \$(1,240) and \$(1,654)	1,302,012	1,284,236
Less allowance for loan losses	(10,594)	(10,117)
Net Loans Receivable	1,291,418	1,274,119
Mortgage-backed securities available for sale (amortized cost \$991,726 and \$1,188,373)	1,030,906	1,230,104
Mortgage-backed securities held to maturity (fair value \$1,010 and \$1,159)	941	1,090
Premises and equipment	37,813	38,677
Federal Home Loan Bank of New York ("FHLB") stock	14,140	14,142
Interest receivable	7,876	8,395
Goodwill	108,591	108,591
Bank owned life insurance	49,894	48,615
Other assets	9,051	10,425
Total Assets	\$2,897,607	\$2,937,006
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest-bearing	\$167,400	\$165,118
Interest-bearing	1,973,065	2,006,679
Total Deposits	2,140,465	2,171,797
Borrowings	242,145	249,777
Advance payments by borrowers for taxes	6,301	5,974
Deferred income tax liabilities, net	6,295	7,276
Other liabilities	10,614	10,565
Total Liabilities	2,405,820	2,445,389
Stockholders' Equity		

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Preferred stock \$0.10 par value, 25,000,000 shares authorized; none issued and outstanding	-	-
Common stock \$0.10 par value, 75,000,000 shares authorized; 72,737,500 shares issued; 66,764,740 and 66,936,040 shares outstanding, respectively	7,274	7,274
Paid-in capital	215,609	215,539
Retained earnings	322,498	319,661
Unearned Employee Stock Ownership Plan shares; 606,141 shares and 678,878 shares, respectively	(6,062)	(6,789)
Treasury stock, at cost; 5,972,760 shares and 5,801,460 shares, respectively	(69,299)	(67,664)
Accumulated other comprehensive income	21,767	23,596
 Total Stockholders' Equity	 491,787	 491,617
 Total Liabilities and Stockholders' Equity	 \$2,897,607	 \$2,937,006
See notes to consolidated financial statements.		

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KEARNY FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Data, Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Interest Income				
Loans	\$15,165	\$16,216	\$30,941	\$32,684
Mortgage-backed securities	6,162	7,933	13,165	15,915
Securities:				
Taxable	274	334	500	826
Tax-exempt	6	11	12	55
Other interest-earning assets	195	182	390	377
Total Interest Income	21,802	24,676	45,008	49,857
Interest Expense				
Deposits	3,773	5,223	8,050	10,815
Borrowings	2,035	2,035	4,089	4,077
Total Interest Expense	5,808	7,258	12,139	14,892
Net Interest Income	15,994	17,418	32,869	34,965
Provision for Loan Losses	1,393	1,323	1,732	2,388
Net Interest Income after Provision for Loan Losses	14,601	16,095	31,137	32,577
Non-Interest Income				
Fees and service charges	617	639	1,246	1,265
Gain on sale of loans	-	123	-	309
Gain (loss) on sale of securities	1,097	(5)	1,097	(5)
Loss on sale and write down of real estate owned	(239)	(2,020)	(533)	(2,056)
Income from bank owned life insurance	393	185	776	375
Electronic banking fees and charges	285	236	574	471
Miscellaneous	132	81	325	156
Total Non-Interest Income (Loss)	2,285	(761)	3,485	515
Non-Interest Expenses				
Salaries and employee benefits	8,791	8,383	17,603	16,544
Net occupancy expense of premises	1,655	1,596	3,253	3,181
Equipment and systems	1,896	1,774	3,873	3,743
Advertising and marketing	275	321	561	622
Federal deposit insurance premium	549	496	1,101	981

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Directors' compensation	175	158	342	324
Miscellaneous	1,850	1,964	3,731	3,736
Total Non-Interest Expenses	\$15,191	\$14,692	\$30,464	\$29,131

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KEARNY FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Continued)
(In Thousands, Except Per Share Data, Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Income Before Income Taxes	\$1,695	\$642	\$4,158	\$3,961
Income Taxes	518	172	1,321	1,473
Net Income	\$1,177	\$470	\$2,837	\$2,488
Net Income per Common Share (EPS):				
Basic and Diluted	\$0.02	\$0.01	\$0.04	\$0.04
Weighted Average Number of Common Shares Outstanding:				
Basic and Diluted	66,188	66,498	66,222	66,733
Dividends Declared Per Common Share	\$-	\$0.05	\$-	\$0.10

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands, Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Net income	\$ 1,177	\$ 470	\$ 2,837	\$ 2,488
Other Comprehensive Income (Loss):				
Realized gain on securities available for sale, net of deferred income tax expense of 2012 \$(452), \$(452) and 2011 \$ -, \$ -	(651)	-	(651)	-
Unrealized gain (loss) on securities available for sale, net of deferred income tax (benefit) expense of 2012 \$(3,305), \$(371) and, 2011 \$(361), \$2,629	(4,860)	(504)	(507)	3,828
Benefit plans, net of deferred income tax (benefit) expense of 2012 \$10, \$(464) and, 2011 \$4, \$124	15	6	(671)	179
Total Other Comprehensive Income (Loss)	(5,946)	(498)	(1,829)	4,007
Total Comprehensive Income (Loss)	\$ (4,319)	\$ (28)	\$ 1,008	\$ 6,495

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 Six Months Ended December 31, 2011
 (In Thousands, Except Per Share Data, Unaudited)

	Common Stock		Paid-In	Retained	Unearned	Treasury	Accumulated	
	Shares	Amount	Capital	Earnings	ESOP	Stock	Other	Comprehensive
					Shares		Income	Total
Balance - June 30, 2011	67,851	\$ 7,274	\$ 215,258	\$ 317,35				