

Kearny Financial Corp.
Form 10-Q
January 30, 2015

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, 2014

OR

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

For the transition period from _____ to _____

Commission File 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

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

Large accelerated filer Accelerated filer
Non-accelerated filer 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

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: January 23, 2015.

\$0.10 par value common stock — 67,375,247 shares outstanding

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

INDEX

	Page Number
PART I—FINANCIAL INFORMATION	
Item 1: Financial Statements	
<u>Consolidated Statements of Financial Condition at December 31, 2014 and June 30, 2014 (Unaudited)</u>	1
<u>Consolidated Statements of Income for the Three and Six Months Ended December 31, 2014 and December 31, 2013 (Unaudited)</u>	2
<u>Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended December 31, 2014 and December 31, 2013 (Unaudited)</u>	4
<u>Consolidated Statements of Changes in Stockholders' Equity for the Six Months Ended December 31, 2014 and December 31, 2013 (Unaudited)</u>	5
<u>Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2014 and December 31, 2013 (Unaudited)</u>	7
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	9
Item 2: <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	66
Item 3: <u>Quantitative and Qualitative Disclosure About Market Risk</u>	86
Item 4: <u>Controls and Procedures</u>	92
PART II—OTHER INFORMATION	
Item 1: <u>Legal Proceedings</u>	93
Item 1A: <u>Risk Factors</u>	93
Item 2: <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	93
Item 3: <u>Defaults Upon Senior Securities</u>	93
Item 4: <u>Mine Safety Disclosures</u>	93
Item 5: <u>Other Information</u>	93

SIGNATURES



KEARNY FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In Thousands, Except Share and Per Share Data)

	December 31, 2014 (Unaudited)	June 30, 2014
Assets		
Cash and amounts due from depository institutions	\$ 14,133	\$ 14,403
Interest-bearing deposits in other banks	82,303	120,631
Cash and Cash Equivalents	96,436	135,034
Debt securities available for sale (amortized cost \$423,451 and \$411,228)	420,458	407,898
Debt securities held to maturity (fair value \$218,064 and \$213,472)	219,906	216,414
Loans receivable, including unamortized yield adjustments of \$(1,439) and \$(1,397)	1,814,071	1,741,471
Less allowance for loan losses	(12,584)	(12,387)
Net Loans Receivable	1,801,487	1,729,084
Mortgage-backed securities available for sale (amortized cost \$387,508 and \$432,802)	391,548	437,223
Mortgage-backed securities held to maturity (fair value \$325,709 and \$293,781)	322,529	295,658
Premises and equipment	39,584	40,105
Federal Home Loan Bank of New York ("FHLB") stock	27,382	25,990
Accrued interest receivable	9,059	9,013
Goodwill	108,591	108,591
Bank owned life insurance	90,126	88,820
Deferred income tax assets, net	9,998	10,314
Other assets	10,765	5,865
Total Assets	\$ 3,547,869	\$ 3,510,009
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest-bearing	\$ 208,457	\$ 224,054
Interest-bearing	2,256,388	2,255,887
Total Deposits	2,464,845	2,479,941
Borrowings	563,002	512,257
Advance payments by borrowers for taxes	8,636	9,001
Other liabilities	18,152	14,134
Total Liabilities	3,054,635	3,015,333
Stockholders' Equity		
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; 73,781,587 issued;	7,378	7,378

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67,375,247 and 67,267,865 outstanding, respectively		
Paid-in capital	225,404	231,870
Retained earnings	341,447	336,355
Unearned Employee Stock Ownership Plan shares;		
315,195 shares and 387,924 shares, respectively	(3,152)	(3,879)
Treasury stock, at cost; 6,406,340 shares and 6,513,722 shares, respectively	(73,535)	(74,768)
Accumulated other comprehensive loss	(4,308)	(2,280)
Total Stockholders' Equity	493,234	494,676
Total Liabilities and Stockholders' Equity	\$ 3,547,869	\$ 3,510,009

See notes to unaudited consolidated financial statements

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Data, Unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Interest Income				
Loans	\$18,648	\$16,509	\$37,053	\$32,325
Mortgage-backed securities	4,654	5,505	9,430	11,059
Debt securities:				
Taxable	1,792	1,221	3,527	2,499
Tax-exempt	490	460	975	914
Other interest-earning assets	328	238	625	436
Total Interest Income	25,912	23,933	51,610	47,233
Interest Expense				
Deposits	3,972	3,594	7,818	7,226
Borrowings	2,367	1,864	4,694	3,336
Total Interest Expense	6,339	5,458	12,512	10,562
Net Interest Income	19,573	18,475	39,098	36,671
Provision for Loan Losses	1,732	559	2,590	1,727
Net Interest Income after Provision for				
Loan Losses	17,841	17,916	36,508	34,944
Non-Interest Income				
Fees and service charges	731	630	1,430	1,321
Gain on sale of securities	7	226	7	226
Gain on sale of loans	9	-	9	53
Gain (loss) on sale and write down of real estate owned	5	-	(146)	1
Income from bank owned life insurance	654	707	1,306	1,409
Electronic banking fees and charges	258	296	542	640
Miscellaneous	54	70	150	140
Total Non-Interest Income	1,718	1,929	3,298	3,790
Non-Interest Expense				
Salaries and employee benefits	9,588	8,723	19,664	17,676
Net occupancy expense of premises	1,795	1,607	3,437	3,269
Equipment and systems	2,034	2,055	3,964	3,929
Advertising and marketing	228	308	376	559
Federal deposit insurance premium	607	618	1,196	1,130
Directors' compensation	165	172	361	344
Miscellaneous	2,103	2,074	4,293	3,932
Total Non-Interest Expense	16,520	15,557	33,291	30,839
Income before Income Taxes	3,039	4,288	6,515	7,895

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Income taxes	870	1,301	1,423	2,322
Net Income	\$2,169	\$2,987	\$5,092	\$5,573

See notes to unaudited consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Continued)

(In Thousands, Except Per Share Data, Unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net Income per Common Share (EPS)				
Basic	\$0.03	\$0.05	\$0.08	\$0.08
Diluted	\$0.03	\$0.05	\$0.08	\$0.08
Weighted Average Number of				
Common Shares Outstanding				
Basic	67,042	65,767	67,009	65,851
Diluted	67,055	65,767	67,185	65,851
Dividends Declared Per Common Share	\$-	\$-	\$-	\$-

See notes to unaudited consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In Thousands, Unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2014	2013	December 31, 2014	2013
Net Income	\$2,169	\$2,987	\$5,092	\$5,573
Other Comprehensive Loss:				
Net unrealized gain (loss) on securities available for sale, net of deferred income tax (benefit) expense of:				
2014 \$866, \$(175);				
2013 \$(4,336), \$(3,802)	2,169	(6,993)	139	(6,050)
Net gain on securities transferred from available for sale to held to maturity, net of deferred income tax (benefit) expense of:				
2014 \$0, \$0;				
2013 \$0, \$0	-	-	2	-
Net realized gain on securities available for sale, net of income tax expense of:				
2014 \$(3), \$(3);				
2013 \$(93), \$(93)	(4)	(133)	(4)	(133)
Fair value adjustments on derivatives, net of deferred income tax expense (benefit) of:				
2014 \$(2,551), \$(1,362);				
2013 \$1,059, \$(96)	(3,694)	1,532	(1,972)	(140)
Benefit plan adjustments, net of deferred income tax (benefit) expense of:				
2014 \$8, \$(132);				
2013 \$4, \$337	11	7	(193)	488

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Total Other Comprehensive Loss	(1,518)	(5,587)	(2,028)	(5,835)
Total Comprehensive Income (Loss)	\$651	\$(2,600)	\$3,064	