

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

SHORT HILLS, N.J., Oct. 24, 2013 /PRNewswire/ -- Investors Bancorp, Inc. (NASDAQ: [ISBC](#)

) ("Company"), the holding company for Investors Bank ("Bank"), reported net income of \$29.3 million

for the three months ended September 30, 2013 compared to net income of \$24.5 million

for the three months ended September 30, 2012. Basic and diluted earnings per share were \$0.27

for the three months ended September 30, 2013 compared to \$0.23

for the three months ended September 30, 2012.

Net income for the nine months ended September 30, 2013 was \$84.5 million compared to net income of \$67.4 million

for the nine months ended September 30, 2012. Basic and diluted earnings per share were \$0.78

for the nine months ended September 30, 2013. Basic and diluted earnings per share were \$0.63

and

\$0.62

, respectively for the nine months ended September 30, 2012. The results for the nine months ended September 30, 2012 included approximately

\$6.1 million

pre-tax one-time expenses related to the Brooklyn Federal acquisition.

Kevin Cummings, President and CEO commented on the results from the quarter, "Our earnings for the third quarter of \$29.3 million represented an increase of 20% over prior year quarter and an 11.57% return on average tangible equity. These results were driven by robust loan growth, improving non-performing loan levels and maintaining a healthy net interest margin. Net loan growth for the quarter represents a 17% annualized rate, primarily in the multi-family and commercial real estate segment."

With respect to the Roma Financial Inc. and Gateway Community Financial Inc. acquisitions, Mr. Cummings stated, "Once regulatory approval is received, I am confident that our team will integrate these acquisitions as quickly as possible."

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The Company announced today that its Board of Directors declared a cash dividend of \$0.05 per share to stockholders of record as of November 8

, payable on

November 22, 2013

. The majority of the outstanding stock of the Company is owned by Investors Bancorp MHC, a mutual holding company, which will receive the dividend payment along with the public shareholders.

The following represents performance highlights and significant events that occurred during the period:

- Net loans increased \$1.07 billion, or 10.4%, to \$11.37 billion at September 30, 2013 from \$10.31 billion at December 31, 2012. During the three months ended September 30, 2013, we originated \$370.1 million in multi-family loans, \$92.5 million in commercial real estate loans, and \$81.5 million in commercial and industrial loans.

- Net interest margin for the three months ended September 30, 2013 was 3.38%. This represents an increase of 3 basis points compared to September 30, 2012 and an increase of 3 basis points compared to the second quarter of 2013.

- Deposits decreased by \$126.5 million from \$8.77 billion at December 31, 2012 to \$8.64 billion at September 30, 2013, however core deposits increased \$220.1 million or 3.8% from December 31, 2012. As of September 30, 2013, core deposits represents approximately 70% of total deposits.

- Efficiency ratio was 50.73% for the three months ended September 30, 2013, as compared with 49.80% for the second quarter of 2013.

Comparison of Operating Results

Interest and Dividend Income

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Total interest and dividend income increased by \$15.5 million, or 12.7%, to \$137.4 million for the three months ended September 30, 2013 from \$121.9 million for the three months ended September 30, 2012. This increase is attributed to the average balance of interest-earning assets increasing \$2.09 billion or 19.0%, to \$13.06 billion for the three months ended September 30, 2013 from \$10.98 billion for the three months ended September 30, 2012 due to organic growth and acquisitions. This was partially offset by the weighted average yield on interest-earning assets decreasing 23 basis points to 4.21% for the three months ended September 30, 2013 compared to 4.44% for the three months ended September 30, 2012.

Interest income on loans increased by \$15.3 million, or 13.7%, to \$127.2 million for the three months ended September 30, 2013 from \$111.9 million for the three months ended September 30, 2012, reflecting a \$1.96 billion or 21.2%, increase in the average balance of net loans to \$11.23 billion for the three months ended September 30, 2013 from \$9.27 billion for the three months ended September 30, 2012. The increase is primarily attributed to the average balance of multi-family loans and commercial real estate loans increasing \$1.22 billion and \$622.4 million, respectively as we continue to focus on diversifying our loan portfolio by adding more multi-family loans and commercial real estate loans. Additionally, the average balance of residential loans increased by \$114.4 million, commercial and industrial loans increased by \$64.0 million, while construction loans decreased \$24.1 million for the three months ended September 30, 2013. The increase also reflects \$4.1 million in loan prepayment fees recorded in interest income for the three months ended September 30, 2013 compared to \$2.1 million

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for the three months ended September 30, 2012. The increase was partially offset by a 30 basis point decrease in the average yield on net loans to 4.53% for the three months ended September 30, 2013 from 4.83% for the three months ended September 30, 2012, as lower rates on new and refinanced loans reflect the current interest rate environment.

Interest income on all other interest-earning assets, excluding loans, increased by \$245,000 or 2.5%, to \$10.2 million for the three months ended September 30, 2013 from \$10.0 million for the three months ended September 30, 2012. Income from Federal Home Loan Bank Stock increased by \$228,000 or 16.1% for the three months ended September 30, 2013. The weighted average yield on interest-earning assets, excluding loans, decreased by 11 basis points to 2.23% for the three months ended September 30, 2013 compared to 2.34% for the three months ended September 30, 2012 reflecting the lower interest rate environment. This was partially offset by a \$126.7 million increase in the average balance of all other interest-earning assets, excluding loans, to \$1.83 billion for the three months ended September 30, 2013 from \$1.70 billion for the three months ended September 30, 2012.

Total interest and dividend income increased by \$33.0 million, or 9.0%, to \$399.0 million for the nine months ended September 30, 2013 from \$366.0 million for the nine months ended September 30, 2012. This increase is attributed to the average balance of interest-earning assets increasing \$1.82 billion, or 16.9%, to \$12.59 billion for the nine months ended September 30, 2013 from \$10.76 billion for the nine months ended September 30, 2012. This was partially offset by the weighted average yield on interest-earning assets decreasing 30 basis points to 4.23% for the nine months ended September 30, 2013 compared to 4.53% for the nine months ended September 30, 2012.

Interest income on loans increased by \$35.2 million, or 10.5%, to \$369.7 million for the nine

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months ended September 30, 2013 from
\$334.4 million
for the nine months ended September 30, 2012, reflecting an
\$1.69 billion
, or 18.6%, increase in the average balance of net loans to
\$10.77 billion
for the nine months ended September 30, 2013 from
\$9.08 billion
for the nine months ended September 30, 2012. The increase is primarily attributed to the
average balance of multi-family loans, commercial real estate loans and commercial and
industrial loans increasing
\$1.21 billion
,
\$578.3 million
and
\$55.6 million
respectively, as we continue to focus on diversifying our loan portfolio by adding more
multi-family loans and commercial real estate loans. In addition, we recorded
\$10.8 million
in loan prepayment penalties in interest income for the nine months ended September 30, 2013
compared to
\$5.4 million
for the nine months ended September 30, 2012. This was partially offset by a 33 basis point
decrease in the average yield on net loans to 4.58% for the nine months ended September 30,
2013 from 4.91% for the nine months ended September 30, 2012, as lower rates on new and
refinanced loans reflect the current interest rate environment.

Interest income on all other interest-earning assets, excluding loans, decreased by \$2.2 million,
or 7.1%, to
\$29.3 million
for the nine months ended September 30, 2013 from
\$31.6 million
for the nine months ended September 30, 2012. This decrease reflected the weighted average
yield on interest-earning assets, excluding loans, decreasing by 35 basis points to 2.15% for the
nine months ended September 30, 2013 compared to 2.50% for the nine months ended
September 30, 2012 reflecting the current interest rate environment. This was partially offset by
a
\$132.8
million increase in the average balance of all other interest-earning assets, excluding loans, to
\$1.82 billion
for the nine months ended September 30, 2013 from
\$1.69 billion
for the nine months ended September 30, 2012.

Interest Expense

Total interest expense decreased by \$3.0 million, or 9.9%, to \$27.0 million for the three months ended September 30, 2013 from

\$29.9 million

for the three months ended September 30, 2012. This decrease is attributed to the weighted average cost of total interest-bearing liabilities decreasing 28 basis points to 0.95% for the three months ended September 30, 2013 compared to 1.23% for the three months ended September 30, 2012. This was partially offset by the average balance of total interest-bearing liabilities increasing by

\$1.60 billion

, or 16.5%, to

\$11.36 billion

for the three months ended September 30, 2013 from

\$9.75 billion

for the three months ended September 30, 2012.

Interest expense on interest-bearing deposits decreased \$3.2 million, or 21.2% to \$11.7 million for the three months ended September 30, 2013 from

\$14.9 million

for the three months ended September 30, 2012. This decrease is attributed to a 20 basis point decrease in the average cost of interest-bearing deposits to 0.60% for the three months ended September 30, 2013 from 0.80% for the three months ended September 30, 2012 as deposit rates reflect the lower interest rate environment. This was partially offset by the average balance of total interest-bearing deposits increasing

\$337.5 million

, or 4.5% to

\$7.76 billion

for the three months ended September 30, 2013 from

\$7.42 billion

for the three months ended September 30, 2012. Average balances of core deposit accounts-savings, checking and money market increased

\$636.3 million

over the prior year period.

Interest expense on borrowed funds increased by \$187,000 or 1.2%, to \$15.2 million for the three months ended September 30, 2013 from

\$15.1 million

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for the three months ended September 30, 2012. This increase is attributed to the average balance of borrowed funds increasing

\$1.27 billion

or 54.3%, to

\$3.60 billion

for the three months ended September 30, 2013 from

\$2.33 billion

for the three months ended September 30, 2012. This increase was partially offset by a 89 basis points decrease to the average cost of borrowings to 1.69% for the three months ended September 30, 2013 from 2.58% for the three months ended September 30, 2012 as maturing and new borrowings repriced to lower interest rates.

Total interest expense decreased by \$13.0 million, or 13.7%, to \$81.9 million for the nine months ended September 30, 2013 from

\$94.8 million

for the nine months ended September 30, 2012. This decrease is attributed to the weighted average cost of total interest-bearing liabilities decreasing 32 basis points to 1.00% for the nine months ended September 30, 2013 compared to 1.32% for the nine months ended September 30, 2012. This was partially offset by the average balance of total interest-bearing liabilities increasing by

\$1.36 billion

, or 14.1%, to

\$10.95 billion

for the nine months ended September 30, 2013 from

\$9.60 billion

for the nine months ended September 30, 2012.

Interest expense on interest-bearing deposits decreased \$13.0 million, or 26.1% to \$36.7 million for

the nine months ended September 30, 2013 from

\$49.6 million

for the nine months ended September 30, 2012. This decrease is attributed to a 28 basis point decrease in the average cost of interest-bearing deposits to 0.62% for the nine months ended September 30, 2013 from 0.90% for the nine months ended September 30, 2012 as deposit rates reflect the lower interest rate environment. This was partially offset by the average balance of total interest-bearing deposits increasing

\$475.8 million

, or 6.4% to

\$7.85 billion

for the nine months ended September 30, 2013 from

\$7.38 billion

for the nine months ended September 30, 2012. Average balances of core deposit accounts-

savings, checking and money market increased
\$867.6 million
for the nine months ended September 30, 2013 over the prior year period.

Interest expense on borrowed funds remained flat at \$45.2 million for the nine months ended September 30, 2013 and September 30, 2012. Although the expense was consistent for both periods, the average cost of borrowed funds decreased by 77 basis points to 1.94% for the nine months ended September 30, 2013 from 2.71% for the nine months ended September 30, 2012 as maturing and new borrowings repriced to current interest rates, while the average balance of borrowed funds increased by
\$882.1 million
or 39.7%, to
\$3.10 billion
for the nine months ended September 30, 2013 from
\$2.22 billion
for the nine months ended September 30, 2012.

Net Interest Income

Net interest income increased by \$18.5 million, or 20.1%, to \$110.4 million for the three months ended September 30, 2013 from
\$91.9 million
for the three months ended September 30, 2012. The increase was primarily due to the average balance of interest earning assets increasing
\$2.09 billion to \$13.06 billion
at September 30, 2013 compared to
\$10.98 billion
at September 30, 2012, as well as a 28 basis point decrease in our cost of interest-bearing liabilities to 0.95% for the three months ended September 30, 2013 from 1.23% for the three months ended September 30, 2012. These were partially offset by the average balance of our interest bearing liabilities increasing
\$1.60 billion to \$11.36 billion
at September 30, 2013 compared to
\$9.75 billion
at September 30, 2012, as well as the yield on our interest-earning assets decreasing 23 basis points to 4.21% for the three months ended September 30, 2013 from 4.44% for the three months ended September 30, 2012. The net interest spread increased by 5 basis points to 3.26% for the three months ended September 30, 2013 from 3.21% for the three months ended September 30, 2012 as yield on interest earning assets declined 23 basis points while yield of interest bearing liabilities declined 28 basis points.

Net interest income increased by \$45.9 million, or 16.9%, to \$317.2 million for the nine months ended September 30, 2013 from \$271.2 million for the nine months ended September 30, 2012. The increase was primarily due to the average balance of interest earning assets increasing \$1.82 billion to \$12.59 billion at September 30, 2013 compared to \$10.76 billion at September 30, 2012, as well as a 32 basis point decrease in our cost of interest-bearing liabilities to 1.00% for the nine months ended September 30, 2013 from 1.32% for the nine months ended September 30, 2012. These were partially offset by the average balance of our interest bearing liabilities increasing \$1.36 billion to \$10.95 billion at September 30, 2013 compared to \$9.60 billion at September 30, 2012, as well as the yield on our interest-earning assets decreasing 30 basis points to 4.23% for the nine months ended September 30, 2013 from 4.53% for the nine months ended September 30, 2012. The net interest spread increased by 1 basis point to 3.23% for the nine months ended September 30, 2013 from 3.22% for the nine months ended September 30, 2012.

Non-Interest Income

Total non-interest income decreased by \$3.2 million, or 25.3% to \$9.5 million for the three months ended September 30, 2013 from \$12.7 million for the three months ended September 30, 2012. The decrease is primarily attributed to the gain on the sale of loans decreasing \$5.0 million to \$2.2 million for the three months ended September 30, 2013 as compared to \$7.2 million for the three months ended September 30, 2012 due to lower volume of sales in the secondary market at slightly lower margins. Gain on security transactions decreased by \$240,000 for the three months ended September 30, 2013. These decreases were offset by increases to fees and service charges of \$1.4 million which included a \$446,000 reversal of a previously established valuation reserve on mortgage servicing rights, and net

gains on sales of other real estate owned of
\$277,000

. In addition, other income increased by
\$281,000

as a result of income on non-deposit investment products.

Total non-interest income decreased by \$4.5 million, or 13.4% to \$29.1 million for the nine months ended September 30, 2013 from
\$33.6 million

for the nine months ended September 30, 2012. The decrease is primarily attributed to gain on the sale of loans decreasing \$8.6 million to
\$7.3

million for the nine months ended September 30, 2013 as compared to
\$15.9 million

for the nine months ended September 30, 2012 due to lower volume of sales in the secondary market at slightly lower margins. This decrease was offset by increases to fees and service charges of

\$1.6 million

which included a

\$1.6 million

reversal of a previously established valuation reserve on mortgage servicing rights,
\$420,000

on gains from securities sold during the nine months ended September 30, 2013 and net gains on sale of other real estate owned of
\$810,000

. Other income increased by
\$970,000

as a result of income on non-deposit investment products.

Non-Interest Expenses

Total non-interest expenses increased by \$12.6 million, or 26.2%, to \$60.8 million for the three months ended September 30, 2013 from
\$48.2 million

for the three months ended September 30, 2012. Compensation and fringe benefits increased
\$6.4 million

for the three months ended September 30, 2013 primarily as a result of the staff additions to support our continued growth, a
\$1.8 million

one time charge related to medical insurance, as well as normal merit increases. Professional

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fees increased

\$1.1 million

for the three months ended September 30, 2013 attributed to increased legal and consulting services for the period. The Company has continued to increase its branch network and enter new markets through acquisitions as well as organic growth. As a result, there has been an increase in occupancy expense, data processing fees and advertising of

\$2.5 million

,

\$1.4 million

and

\$171,000

, respectively for the three months ended September 30, 2013. In addition, occupancy expense for the three months ended September 30, 2013 includes a reserve of approximately

\$1.0 million

for the early termination of certain leased facilities. Other operating expense also increased \$508,000

for the three months ended September 30, 2013 related to higher recruiting, training and insurance expenses. FDIC insurance premium increased by

\$330,000

for the three months ended September 30, 2013 compared to September 30, 2012.

Total non-interest expenses increased by \$26.3 million, or 17.8%, to \$173.9 million for the nine months ended September 30, 2013 from

\$147.5 million

for the nine months ended September 30, 2012. Compensation and fringe benefits increased \$14.2 million

for the nine months ended September 30, 2013 primarily as a result of the staff additions to support our continued growth including employees from the acquisition of Marathon Bank in the fourth quarter of 2012, a

\$1.8 million

one time charge related to medical insurance, as well as normal merit increases. The Company has continued to increase its branch network and enter new markets through acquisitions as well as organic growth. As a result, there has been an increase to occupancy expense, data processing service fees and advertising expense of

\$3.8 million

,

\$1.2 million

and

\$940,000

for the nine months ended September 30, 2013. For the nine months ended September 30, 2013, occupancy expense includes a reserve of approximately

\$1.0 million

for the early termination of certain leased facilities. In addition, our FDIC insurance premium increased by

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\$3.7 million

for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012. This increase is a result of the FDIC final rules for determining deposit insurance assessment, effective

March 1

, 2013. Other operating expense increased by

\$1.8 million

for the nine months ended September 30, 2013 related to higher recruiting, training and insurance expenses. The nine months ended September 30, 2012 included

\$6.1 million

in one time charges associated with the acquisition of Brooklyn Federal as well as

\$3.0 million

for the early termination of certain leased facilities.

Income Taxes

Income tax expense was \$16.1 million for the three months ended September 30, 2013, representing a 35.41% effective tax rate compared to income tax expense of

\$15.9 million

for the three months ended September 30, 2012 representing a 39.42% effective tax rate.

Income tax expense was \$46.7 million for the nine months ended September 30, 2013, representing a 35.57% effective tax rate compared to income tax expense of

\$41.9 million

for the nine months ended September 30, 2012 representing a 38.35% effective tax rate.

Provision for Loan Losses

Our provision for loan losses was \$13.8 million for the three months ended September 30, 2013 compared to

\$16.0 million for the three months ended September 30, 2012. For the three months ended September 30, 2013, net charge-offs were

\$1.4 million

compared to

\$13.2 million

for the three months ended September 30, 2012. For the nine months ended September 30, 2013, our provision for loan losses was

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\$41.3 million

compared to

\$48.0 million

for the nine months ended September 30, 2012. For the nine months ended September 30, 2013, net charge-offs were

\$16.6 million

compared to

\$34.0 million

for the nine months ended September 30, 2012. Included in the three and nine months ended September 30, 2012 is a

\$6.2 million

charge off pertaining to additional write down of residential loans in the process of foreclosure as a result of further deterioration in real estate values due to the extended period of time it was taking to obtain possession of properties collateralizing these loans. Our provision for the three and nine months ended September 30, 2013 is a result of continued growth in the loan portfolio, specifically the multi-family and commercial real estate portfolios and commercial and industrial; the inherent credit risk in our overall portfolio, particularly the credit risk associated with commercial real estate lending and commercial and industrial lending; the level of non-performing loans and delinquent loans caused by the adverse economic and real estate conditions in our lending area.

Our past due loans and non-accrual loans discussed below exclude certain purchased credit impaired (PCI) loans, primarily consisting of loans recorded in the acquisition of Marathon. Under U.S. GAAP, the PCI loans (acquired at a discount that is due, in part, to credit quality) are not subject to delinquency classification in the same manner as loans originated by Investors. The following table sets forth non-accrual loans and accruing past due loans (excluding PCI loans of \$2.6 million) on the dates indicated as well as certain asset quality ratios.

September 30,

2013

June 30,

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2013

March 31,

2013

December 31,

2012

September 30,

2012

of loans

amount

of loans

amount

of loans

amount

of loans

amount

of loans

amount

(Dollars in millions)

Accruing past due loans:

30 to 59 days past due:

Residential and consumer

52

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\$

15.1

55

\$

17.9

76

\$

20.0

114

\$

34.3

71

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\$

23.6

Construction

—

—

—

—

—

—

—

—

1

0.4

Multi-family

4

9.2

1

0.1

2

4.5

1

0.2

2

3.1

Commercial real estate

2

3.2

—

—

1

0.5

6

16.5

1

0.3

Commercial and industrial

2

0.2

1

0.1

2

1.1

3

0.6

—

—

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Total 30 to 59 days past due

60

\$

27.7

57

\$

18.1

81

\$

26.1

124

\$

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51.6

75

\$

27.4

60 to 89 days past due:

Residential and consumer

26

7.3

37

10.3

36

9.7

45

11.9

43

11.9

Construction

—

—

—

—

—

—

—

—

—

—

Multi-family

2

3.6

—

—

2

0.6

3

4.0

1

1.2

Commercial real estate

2

0.3

—

—

1

0.3

4

3.0

—

—

Commercial and industrial

1

0.3

1

0.1

4

0.8

2

2.6

1

0.1

Total 60 to 89 days past due

31

11.5

38

10.4

43

11.4

54

21.5

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45

13.2

Total accruing past due loans

91

\$

39.2

95

\$

28.5

124

\$

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37.5

178

\$

73.1

120

\$

40.6

Non-accrual:

Residential and consumer

305

75.1

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286

72.0

328

84.1

354

82.5

335

81.2

Construction

7

14.2

10

24.1

9

24.1

9

25.8

9

26.6

Multi-family

9

16.8

9

14.9

7

14.5

5

11.1

6

12.0

Commercial real estate

3

1.6

3

2.0

6

10.2

4

0.8

1

0.8

Commercial and industrial

8

1.9

6

1.5

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6

2.8

2

0.4

1

0.1

Total Non-accrual Loans

332

\$

109.6

314

\$

114.5

356

\$

135.7

374

\$

120.6

352

\$

120.7

Accruing troubled debt restructured loans

36

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\$

24.5

28

\$

19.1

18

\$

9.0

22

\$

15.8

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18

\$

14.8

Non-accrual loans to total loans

0.95

%

1.04

%

1.28

%

1.16

%

1.28

%

Allowance for loan loss as a percent of non-accrual loans

152.18

%

134.9

%

110.21

%

117.92

%

108.79

%

Allowance for loan losses as a percent of total loans

1.45

%

1.40

%

1.41

%

1.36

%

1.39

%

Total non-accrual loans decreased by \$11.0 million to \$109.6 million at September 30, 2013 compared to \$120.6 million at December 31, 2012 as we continue to diligently resolve our troubled loans. Our allowance for loan loss as a percent of total loans is 1.45%. At September 30, 2013, there were \$50.1 million of loans deemed troubled debt restructuring, of which \$24.5 million were accruing and \$25.6 million were on non-accrual.

The allowance for loan losses increased by \$24.6 million to \$166.8 million at September 30, 2013 from \$142.2 million at December 31, 2012. The increase in our allowance for loan losses is due to the growth of the loan portfolio and the increased credit risk in our overall portfolio, particularly the inherent credit risk associated with commercial real estate lending. Future increases in the allowance for loan losses may be necessary based on the growth and composition of the loan portfolio, the level of loan delinquency and the impact of the deterioration of the real estate and economic environments in our lending area.

Balance Sheet Summary

Total assets increased by \$1.08 billion, or 8.5%, to \$13.81 billion at September 30, 2013 from \$12.72 billion at December 31, 2012. This increase was largely the result of net loans, including loans held for sale, increasing \$1.05 billion to \$11.38 billion at September 30, 2013 from \$10.34 billion at December 31, 2012. In addition, stock in FHLB increased \$42.4 million to \$192.9 million at September 30, 2013 from

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\$150.5 million
at December 31, 2012.

Net loans, including loans held for sale, increased by \$1.05 billion, or 10.1%, to \$11.38 billion at September 30, 2013 from \$10.34 billion at December 31, 2012. At September 30, 2013, total loans were \$11.53 billion which included \$5.13 billion in residential loans, \$3.56 billion in multi-family loans, \$2.20 billion in commercial real estate loans, \$218.4 million in construction loans, \$224.0 million in consumer and other loans and \$195.2 million in commercial and industrial loans. For the nine months September 30, 2013, we originated \$980.7 million in multi-family loans, \$317.5 million in commercial real estate loans, \$158.6 million in commercial and industrial loans, \$60.2 million in consumer and other loans and \$50.5 million in construction loans. This increase in loans reflects our continued focus on generating multi-family and commercial real estate loans, which was partially offset by pay downs and payoffs of loans. The loans we originate and purchase are on properties located primarily in New Jersey and New York.

We originate residential mortgage loans through our mortgage subsidiary, Investors Home Mortgage Co. For the nine months ended September 30, 2013, Investors Home Mortgage Co. originated \$1.27 billion in residential mortgage loans of which \$334.7 million were for sale to third party investors and

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\$933.3 million

were added to our portfolio. We also purchased mortgage loans from correspondent entities including other banks and mortgage bankers. Our agreements with these correspondent entities require them to originate loans that adhere to our underwriting standards. During the nine months September 30, 2013, we purchased loans totaling

\$793.2 million

from these entities.

Securities, in the aggregate, decreased by \$77.8 million, or 5.0%, to \$1.49 billion at September 30, 2013. The decrease in the portfolio was primarily due to normal pay downs or maturities during the nine months ended September 30, 2013 and the decrease in market value of available for sale securities of

\$19.0 million

from

December 31

, 2012. During the second quarter of 2013, the Company reclassified

\$524.0 million

of securities available for sale to securities held to maturity as the Company has the intent and ability to hold these securities until maturity.

Deposits decreased by \$126.5 million or 1.4% from \$8.77 billion at December 31, 2012 to \$8.64 billion

at September 30, 2013. This was attributed to a decrease in certificates of deposit of

\$346.6 million

, offset by an increase in core deposits of

\$220.1 million

or 3.8%. Core deposits represents approximately 70% of our total deposit portfolio.

Borrowed funds increased \$1.09 billion, or 40.3%, to \$3.80 billion at September 30, 2013 from \$2.71 billion

at December 31, 2012 due to the funding of our asset growth.

Stockholders' equity increased \$59.8 million to \$1.13 billion at September 30, 2013 from \$1.07 billion

at December 31, 2012. The increase is primarily attributed to the

\$84.5 million

of net income for the nine months ended September 30, 2013 offset by a

\$16.3 million

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

increase to other comprehensive loss. Stockholders' equity was also impacted by \$0.15 per common share of a cash dividend for the nine month period that resulted in a decrease of \$16.8 million

.

About the Company

Investors Bancorp, Inc. is the holding company for Investors Bank, which as of September 30, 2013 operates from its corporate headquarters in Short Hills, New Jersey and 101 offices located throughout New Jersey and New York

.

Earnings Conference Call October 25, 2013 at 11:00 a.m. (ET)

The Company, as previously announced, will host an earnings conference call Friday, October 25, 2013 at 11:00 a.m. (ET)

. The toll-free dial-in number is: (888) 317-6016. Callers who pre-register will bypass the live operator and may avoid any delays in joining the conference call. Participants will immediately receive an online confirmation, an email, and a calendar invitation for the event.

Conference Call Pre-registration link: <http://dpreregister.com/10034772>

A telephone replay will be available beginning on October 25, 2013 from 1:00 p.m. (ET) through 9:00

a.m. (ET)

on

January 24

, 2014. The replay number is (877) 344-7529 password 10034772. The conference call will also be simultaneously webcast on the Company's website

www.myinvestorsbank.com

and archived for one year.

Forward Looking Statements

Certain statements contained herein are "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 the use of forward looking terminology, such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms or variations on those terms, or the negative of those terms. Forward looking statements are subject to numerous risks and uncertainties, as described in our SEC filings, including, but not limited to, those related to the real estate and economic environment, particularly in the market areas in which 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.

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Consolidated Balance Sheets

September 30, 2013 and December 31, 2012

September 30, 2013

December 31, 2012

Assets

(In thousands)

Cash and cash equivalents

\$

168,329

155,153

Securities available-for-sale, at estimated fair value

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

816,496

1,385,328

Securities held-to-maturity, net (estimated fair value of \$687,130 and \$198,893 at September 30, 2013 and

670,958

179,922

Loans receivable, net

11,374,012

10,306,786

Loans held-for-sale

9,130

28,233

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Federal Home Loan Bank stock

192,883

150,501

Accrued interest receivable

45,431

45,144

Other real estate owned

5,119

8,093

Office properties and equipment, net

101,929

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

91,408

Net deferred tax asset

173,679

150,006

Bank owned life insurance

116,122

113,941

Intangible assets

100,342

99,222

Other assets

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

32,957

8,837

Total Assets

\$

13,807,387

12,722,574

Liabilities and Stockholders' Equity

Liabilities:

Deposits

\$

8,642,335

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

8,768,857

Borrowed funds

3,796,112

2,705,652

Advance payments by borrowers for taxes and insurance

75,020

52,707

Other liabilities

167,272

128,541

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Total liabilities

12,680,739

11,655,757

Stockholders' equity:

Preferred stock, \$0.01 par value, 50,000,000 authorized shares; none issued

—

—

Common stock, \$0.01 par value, 200,000,000 shares authorized; 118,020,280 issued; 112,155,719

532

532

Additional paid-in capital

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

538,164

533,858

Retained earnings

712,671

644,923

Treasury stock, at cost; 5,864,561 and 6,104,398 shares at September 30, 2013 and December 31,

(70,676)

(73,692)

Unallocated common stock held by the employee stock ownership plan

(30,133)

(31,197)

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Accumulated other comprehensive loss

(23,910)

(7,607)

Total stockholders' equity

1,126,648

1,066,817

Total liabilities and stockholders' equity

\$

13,807,387

12,722,574

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

For the Three Months

For the Nine Months

Ended September 30,

Ended September 30,

2013

2012

2013

2012

(Dollars in thousands, except per share data)

Interest and dividend income:

Loans receivable and loans held-for-sale

\$

127,186

111,909

369,682

334,438

Securities:

Government-sponsored enterprise obligations

1

1

3

12

Mortgage-backed securities

7,123

7,111

20,336

23,530

Equity securities available-for-sale

18

4

41

10

Municipal bonds and other debt

1,406

1,426

4,401

3,940

Interest-bearing deposits

20

9

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

41

30

Federal Home Loan Bank stock

1,643

1,415

4,521

4,069

Total interest and dividend income

137,397

121,875

399,025

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

366,029

Interest expense:

Deposits

11,730

14,882

36,668

49,621

Secured borrowings

15,243

15,056

45,183

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

45,180

Total interest expense

26,973

29,938

81,851

94,801

Net interest income

110,424

91,937

317,174

271,228

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Provision for loan losses

13,750

16,000

41,250

48,000

Net interest income after provision for loan losses

96,674

75,937

275,924

223,228

Non-interest income

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Fees and service charges

5,003

3,586

14,330

12,769

Income on bank owned life insurance

694

678

2,182

1,893

Gain on loan transactions, net

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

2,226

7,191

7,302

15,874

Gain on securities transactions

15

255

706

286

Gain (loss) on sales of other real estate owned, net

226

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

(51)

688

(122)

Other income

1,327

1,046

3,910

2,940

Total non-interest income

9,491

12,705

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

29,118

33,640

Non-interest expense

Compensation and fringe benefits

31,592

25,221

90,472

76,242

Advertising and promotional expense

2,023

1,852

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

6,234

5,294

Office occupancy and equipment expense

10,386

7,892

29,026

25,241

Federal insurance premiums

3,800

3,470

11,050

7,370

Stationery, printing, supplies and telephone

866

607

2,444

2,062

Professional fees

2,789

1,707

7,885

7,591

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Data processing service fees

4,694

3,295

12,786

11,554

Other operating expenses

4,681

4,173

13,955

12,194

Total non-interest expenses

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

60,831

48,217

173,852

147,548

Income before income tax expense

45,334

40,425

131,190

109,320

Income tax expense

16,053

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

15,936

46,666

41,924

Net income

\$

29,281

\$

24,489

\$

84,524

\$

67,396

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Basic earnings per share

\$

0.27

\$

0.23

\$

0.78

\$

0.63

Diluted earnings per share

\$

0.27

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

\$

0.23

\$

0.78

\$

0.62

Weighted average shares outstanding:

Basic

108,044,731

107,409,451

107,802,817

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

107,347,608

Diluted

109,440,074

108,276,407

109,051,320

107,937,805

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Average Balance Sheet and Yield/Rate Information

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

For Three Months Ended

September 30, 2013

September 30, 2012

Average Outstanding Balance

Interest Earned/Paid

Average Yield/Rate

Average Outstanding Balance

Interest Earned/Paid

Average Yield/Rate

(Dollars in thousands)

Interest-earning assets:

Interest-earning cash accounts

\$

128,921

20

0.06

%

92,862

9

0.04

%

Securities available-for-sale

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

835,736

3,837

1.84

%

1,278,525

5,413

1.69

%

Securities held-to-maturity

681,811

4,711

2.76

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

203,206

3,129

6.16

%

Net loans

11,232,829

127,186

4.53

%

9,270,611

111,909

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

4.83

%

Federal Home Loan Bank stock

185,093

1,643

3.55

%

130,243

1,415

4.35

%

Total interest-earning assets

13,064,390

137,397

4.21

%

10,975,447

121,875

4.44

%

Non-interest earning assets

535,867

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

477,704

Total assets

\$

13,600,257

\$

11,453,151

Interest-bearing liabilities:

Savings

1,747,149

1,520

0.35

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

1,592,999

2,049

0.51

%

Interest-bearing checking

1,756,696

1,478

0.34

%

1,519,683

1,616

0.43

%

Money market accounts

1,562,549

1,671

0.43

%

1,317,460

1,940

0.59

%

Certificates of deposit

2,691,650

7,061

1.05

%

2,990,445

9,277

1.24

%

Interest bearing deposits

7,758,044

11,730

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

0.60

%

7,420,587

14,882

0.80

%

Borrowed funds

3,599,311

15,243

1.69

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

2,332,309

15,056

2.58

%

Total interest-bearing liabilities

11,357,355

26,973

0.95

%

9,752,896

29,938

1.23

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

Non-interest bearing liabilities

1,131,433

660,110

Total liabilities

12,488,788

10,413,006

Stockholders' equity

1,111,469

1,040,145

Total liabilities and stockholders' equity

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

\$

13,600,257

\$

11,453,151

Net interest income

\$

110,424

\$

91,937

Net interest rate spread

3.26

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

3.21

%

Net interest earning assets

\$

1,707,035

\$

1,222,551

Net interest margin

3.38

%

3.35

%

Ratio of interest-earning assets to total interest- bearing liabilities

1.15

X

1.13

X

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Average Balance Sheet and Yield/Rate Information

For Nine Months Ended

September 30, 2013

September 30, 2012

Average Outstanding Balance

Interest Earned/Paid

Average Yield/Rate

Average Outstanding Balance

Interest Earned/Paid

Average Yield/Rate

(Dollars in thousands)

Interest-earning assets:

Interest-earning cash accounts

\$

120,512

41

0.05

%

89,622

30

0.04

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Securities available-for-sale

1,180,638

14,572

1.65

%

1,239,135

17,358

1.87

%

Securities held-to-maturity

353,855

10,209

3.85

%

235,236

10,134

5.74

%

Net loans

10,765,130

369,682

4.58

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

9,075,804

334,438

4.91

%

Federal Home Loan Bank stock

164,999

4,521

3.65

%

123,176

4,069

4.40

%

Total interest-earning assets

12,585,134

399,025

4.23

%

10,762,973

366,029

4.53

%

Non-interest earning assets

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

549,418

472,733

Total assets

\$

13,134,552

\$

11,235,706

Interest-bearing liabilities:

Savings

1,745,593

4,739

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

0.36

%

1,496,073

6,011

0.54

%

Interest-bearing checking

1,731,471

4,558

0.35

%

1,398,196

4,965

0.47

%

Money market accounts

1,565,205

5,013

0.43

%

1,280,361

6,099

0.64

%

Certificates of deposit

2,810,768

22,358

1.06

%

3,202,657

32,546

1.35

%

Interest bearing deposits

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

7,853,037

36,668

0.62

%

7,377,287

49,621

0.90

%

Borrowed funds

3,101,562

45,183

1.94

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

2,219,414

45,180

2.71

%

Total interest-bearing liabilities

10,954,599

81,851

1.00

%

9,596,701

94,801

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

1.32

%

Non-interest bearing liabilities

1,085,824

627,981

Total liabilities

12,040,423

10,224,682

Stockholders' equity

1,094,129

1,011,024

Total liabilities and stockholders' equity

\$

13,134,552

\$

11,235,706

Net interest income

\$

317,174

\$

271,228

Net interest rate spread

3.23

%

3.22

%

Net interest earning assets

\$

1,630,535

\$

1,166,272

Net interest margin

3.36

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

3.36

%

Ratio of interest-earning assets to total interest- bearing liabilities

1.15

X

1.12

X

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Selected Performance Ratios

For the Three Months Ended

September 30,

2013

2012

Return on average assets

0.86

%

0.86

%

Return on average equity

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

10.54

%

9.42

%

Return on average tangible equity

11.57

%

9.96

%

Interest rate spread

3.26

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

%

3.21

%

Net interest margin

3.38

%

3.35

%

Efficiency ratio

50.73

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

46.08

%

Non-interest expense to average total assets

1.79

%

1.68

%

Average interest-earning assets to average interest-bearing liabilities

1.15

1.13

For the Nine Months Ended

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

September 30,

2013

2012

Return on average assets

0.86

%

0.80

%

Return on average equity

10.30

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

8.89

%

Return on average tangible equity

11.33

%

9.41

%

Interest rate spread

3.23

%

3.22

%

Net interest margin

3.36

%

3.36

%

Efficiency ratio

50.20

%

48.40

%

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

Non-interest expense to average total assets

1.76

%

1.75

%

Average interest-earning assets to average interest-bearing liabilities

1.15

1.12

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Selected Financial Ratios and Other Data

September 30, 2013

December 31, 2012

Asset Quality Ratios:

Non-performing assets as a percent of total assets

1.01

%

1.14

%

Non-performing loans as a percent of total loans

1.16

%

1.31

%

Allowance for loan losses as a percent of non-accrual loans

152.18

%

117.92

%

Allowance for loan losses as a percent of total loans

1.45

%

1.36

%

Capital Ratios:

Total risk-based capital (to risk weighted assets) (1)

11.08

%

11.24

%

Tier 1 risk-based capital (to risk weighted assets) (1)

9.82

%

9.98

%

Tier 1 leverage (core) capital (to adjusted tangible assets) (1)

7.33

%

7.59

%

Equity to total assets (period end)

8.16

%

8.39

%

Average equity to average assets

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

8.33

%

8.92

%

Tangible capital (to tangible assets)

7.49

%

7.67

%

Book value per common share

\$

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

10.32

\$

9.81

Other Data:

Number of full service offices

101

101

Full time equivalent employees

1,283

1,193

(1) Ratios are for Investors Bank and do not include capital retained at the holding company level.

Investors Bancorp, Inc. Announces Third Quarter Financial Results and Cash Dividend

Written by Australian Business

SOURCE Investors Bancorp, Inc.