



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Kearny Federal Savings Bank
Charter Number: 702319

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Fairfield, New Jersey 07004

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Kearny Federal Savings Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A substantial majority of home mortgage loans and small loans to businesses are originated within the assessment areas (AAs);
- The geographic distribution of small business loans is good and the overall distribution of small loans to businesses is excellent;
- The level of community development lending is adequate and has a positive impact on the lending test;
- Kearny has a significant level of community development investments and is responsive to the identified credit needs in the AAs;
- Retail services are accessible to individuals of different income levels in the AAs; and
- The bank provides a good level of community development services in the AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Kearny Federal Saving Bank (Kearny) is a federally chartered stock savings bank headquartered in Essex County, New Jersey. It is wholly owned by Kearny Financial Corporation, a Mutual Holding Company (MHC). Kearny is an intrastate bank operating in the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area (MSA) with branches only in New Jersey. The retail branch network consists of 41 branches and ATMs operating in Bergen, Essex, Hudson, Middlesex, Morris, Monmouth, Union, Passaic, and Ocean counties. Hence, the CRA rating is also the state rating. As of June 30, 2012, total bank assets were \$2.9 billion. Total net loans were approximately \$1.3 billion, and total deposits were approximately \$2.2 billion.

Kearny's previous Public Evaluation (PE) was dated August 24, 2009 and the overall rating was Satisfactory. Since the previous PE, total assets grew by 38 percent from \$2.1 billion mainly through acquisition. Kearny acquired the Central Jersey Bank in November 2010. This added 13 branches to the existing 27 and extended the bank's operations into Monmouth County. The bank also opened an additional branch in Monmouth County in 2011.

As June 30, 2012, net loans and leases represented 44 percent of total assets. The loan portfolio is comprised of residential mortgages (61 percent), commercial loans (7.2 percent), and consumer loans (0.3 percent). Net tier one capital was \$336 million as of September 30, 2012. Investments (including interest-bearing bank balances) totaled \$1.38 billion representing 47.3 percent of total assets.

Loan Category	Amount (\$000)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$786,081	61.2%	26.9%
Non-Residential Mortgage	\$401,452	31.3%	13.7%
Commercial Non-Mortgage	\$92,337	7.2%	3.2%
Consumer Loans	\$4,366	0.3%	0.1%
Total	\$1,284,236	100%	44%

Kearny operates in a very competitive banking market. Competitors include large federal banks, local community and state chartered banks, credit unions, mortgage companies and non-bank financial institutions. The deposit market is dominated by large financial institutions such as JP Morgan Chase, The Bank of New York Mellon, Bank of America, Citibank and HSBC Bank USA. These top five banks control 61.7 percent of the deposit market share.

Description of Assessment Area

Kearny's AA consist of nine contiguous New Jersey Counties located in three, distinct Metropolitan Divisions (MD). Middlesex, Monmouth, and Ocean counties are three of four counties located in the Edison-New Brunswick, NJ MD #20764. Essex, Morris, and Union are three of five counties located in the Newark-Union, NJ-PA MD #35084. Bergen, Hudson, and Passaic are the three New Jersey counties located in the New York- White Plains-Wayne, NY-NJ MD #35644. Since all three MDs are contained within the New York- Northern New Jersey- Long Island, NY- NJ- PA Metropolitan Statistical Area (MSA) #35620, they are evaluated as one assessment area. This aggregated AA contains 1,257

geographies. Table 2 illustrates demographic data on population, families and housing units within the assessment area (AA)

Demographic Data	2000 Census
Population	5,664,907
Total Families	1,448,076
1-4 Family Units	1,706,636
Multi-family Units	475,417
% Owner-Occupied Units	58.14%
% Rental-Occupied Units	36.05%
% Vacant Housing Units	5.81%

Table 3 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family homes located within those geographies. Low- and moderate-income geographies are 30 percent of the AA hence the majority of geographies in the assessment area are upper- and middle-income. Of the 1.4 million families in the AA 23.8 percent reside in low- to moderate-income tracts and approximately 23 percent of the 1.7 million single family units in the AA are in low- to moderate-income tracts.

Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	109	8.7%	78,770	5.4%	78,043	4.6%
Moderate	270	21.5%	265,729	18.4%	308,902	18.1%
Middle	465	37.0%	548,387	37.9%	667,612	39.1%
Upper	408	32.5%	555,190	38.3%	652,079	38.2%
Income NA	5	0.4%	0	0.0%	0	0.0%
Total	1,257	100%	1,448,076	100%	1,706,636	100%

Approximately 25.3 percent of households in the assessment area are classified as low- to moderate income. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to update income levels.

Based on the 2000 census, the median family income in the NY-NJ assessment area is \$49,461 (HUD adjusted to \$67,400 for 2011). Comparatively, the median housing value is \$209,333 and 10 percent of households live below the poverty level. In the Newark-Union assessment area, the median family income is \$68,424 (HUD adjusted to \$90,600 for 2011) while the median housing value is \$206,776. Ten percent of households in the AA live below the poverty level. The median family income in the Edison-New Brunswick assessment area is \$69,978 (HUD adjusted to \$95,300 for 2011) while the median housing value is \$174,499 and six percent of households live below the poverty level.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) is from July 1, 2009 to December 31, 2011. For loans to small businesses and small farms, the evaluation period is also from July 1, 2009 to December 31, 2011. For community development loans, and the Investment and Service Test, the evaluation period is July 1, 2009 to October 22, 2012.

Data Integrity

A data integrity examination was completed in November of 2012. Publicly filed information and registers were examined by the OCC to verify the accuracy of the data. The registers contain loan data for home mortgages and small businesses. The data used for CRA and HMDA reporting had significant error rates in key fields. Management corrected the errors and committed to ensuring the bank maintains an adequate process to collect, verify, and report data. This evaluation is based on corrected and accurate data.

Community development loans, investments and services submitted by management were also reviewed during this examination to ensure that they met the regulatory definition of community development.

Selection of Areas for Full-Scope Review

We performed full scope reviews of the bank's three AAs. Kearny defines the Edison-New Brunswick (20764), Newark-Union, NJ-PA (35084) and the New York-White Plains-Wayne, NY-NJ (35644) Metropolitan Divisions as its assessment area. This assessment area consists of 1,257 census tracts, the majority of which are middle- and upper-income tracts. One hundred percent of the bank's deposits and 91 percent of the bank's home mortgage and small business loans were made in the assessment area.

While the majority of the bank's lending was in the Edison-New Brunswick and New York-NJ metropolitan divisions, lending within the Newark-Union AA was also significant. Fourteen percent of small business loans and 22 percent of home mortgage loans originated within the AA. The AA also represents a major market for the bank. Hence, a full scope review was also performed.

Ratings

The bank's overall rating is based primarily on the full-scope reviews of its AAs.

Other

The primary needs of the community are affordable housing and financial literacy education. To form the performance context we used two community contacts that provided insight into the opportunities

and needs of the assessment area particularly as they relate to low- and moderate-income families. We contacted the regional director of a community development organization located within the Edison-New Brunswick metropolitan division that services local and national community development needs. We also considered information from a contact made in connection with a separate examination that was performed in 2012.

Discussions with these contacts revealed that there is still a need for affordable housing and home ownership among low- and moderate-income families. There is also a need for financial literacy, particularly adult financial education. This includes educating first-time home buyers as well as loss mitigation/foreclosure prevention programs. This is particularly important given the assessment areas' high housing costs coupled with its high unemployment rate. At 9.8 percent, New Jersey's unemployment rate outpaces the national rate of 7.8 percent. NJ also has the highest rate of houses going through the pre-foreclosure process in the Northeast. The state's higher unemployment rate and lower housing affordability present a challenge to banks seeking to lend to low- and moderate-income borrowers.

Opportunities for participation by local financial institutions include providing financial education, teaching budgeting techniques and reaching underserved and under-banked communities. Kearny has worked with area schools and nonprofit credit counseling organizations to provide financial literacy education. Although the bank has a first time home-buyer program, it does not include financial education for first time home-buyers.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Newark-Union and NY-NJ assessment areas is adequate. While in the Edison-New Brunswick assessment area the bank's performance is good.

Lending Activity

Refer to Table 1: Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

Kearny's overall lending activity in its assessment area is adequate. The bank originated 1,588 reportable loans within its AA totaling over \$353 million. Home mortgage lending accounted for 92 percent of total dollar volume and 89 percent of total dollar amount, while small loans to businesses accounted for 7 percent of lending volume and 10 percent of the dollar amount. The bank did not originate any small loans to farms during the evaluation period.

Analysis for the lending test in the AA focused primarily on home purchase, home improvement, home refinancing, multi-family and small loans to businesses. The analysis compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. Small loans to farms do not represent a significant business line for Kearny; therefore an analysis of these m loans is not meaningful.

In evaluating Kearny's lending activity, we considered the low number of low-income tracts, the low volume of owner-occupied units, tract poverty levels and the large bank competition within the AA. Additionally, as a gauge of the bank's lending activity we considered its deposit market share compared to its lending market share in the assessment area for each loan product. Kearny ranks at number 43 of 320 FDIC-insured institutions in the deposit market as of June 30, 2012. The bank has 0.19 percent of the deposit market share consisting of \$2.17 billion in deposits held in its 41 branches.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of loans is good. The geographic distribution of multi-family loans is excellent and the geographic distribution of home purchase loans and home improvement loans is adequate. However, the geographic distribution of home refinance loans within the banks assessment areas is poor. A primary need of the assessment area is affordable housing for low- and moderate-

income individuals. Management concluded that a majority of low- and moderate-income individuals within the bank's AA live in multi-family housing. Hence, the distribution of multi-family loans along with home purchase and home improvement loans indicate good responsiveness to AA needs.

Home Purchase Loans

The geographic distribution of home purchase loans in low- and moderate-income geographies within the bank's AAs is adequate. Penetration in moderate income geographies within the Edison-New Brunswick (20764) assessment area is excellent, exceeding the 16.28 percent owner-occupied units in those census tracts. Penetration in low income geographies within the Edison-New Brunswick AA is good at near to the 4.07 percent owner occupied units in those census tracts.

Home purchase loan penetration in low-income geographies of the Newark-Union (35084) assessment area is also good with 2.22 percent of the bank's home purchase loans made to those geographies compared to 3.82 percent owner occupied units. There is low penetration in moderate-income geographies in the Newark-Union (35084) assessment area given only 2.22 percent of the bank's home purchase loans were made in those geographies compared to 13.82 percent owner occupied units.

Penetration in moderate-income geographies within the New York-New Jersey (35644) assessment area is adequate. The bank originated 3.33 percent of home purchase loans to those geographies. This is somewhat lower than the 6.26 percent owner-occupied units within the assessment area. There is no penetration in low-income geographies within the New York-New Jersey (35644) assessment area. However, this is considered adequate given the small percentage of owner-occupied units in those tracts. The volume of owner-occupied units in low-income geographies of the assessment area also provides limited opportunities for the bank to lend at only 0.16 percent.

Home Improvement Loans

The overall geographic distribution of home improvement loans is adequate overall. Penetration in moderate-income geographies within the Edison-New Brunswick (20764) assessment area is excellent, exceeding the 16.28 percent of owner occupied units. Penetration in low-income geographies within the Edison-New Brunswick assessment area is adequate given 1.16 percent of bank loans compared to 4.07 percent owner-occupied units.

There is poor penetration in moderate-income geographies of the Newark-Union assessment area. The bank originated 4.23 percent of home improvement loans to these geographies. This is much lower than the 13.82 percent owner-occupied units in the AA. There is no penetration in moderate-income geographies of the New York–New Jersey assessment area.

There is no penetration in low-income geographies within the Newark-Union and the New York-New Jersey assessment areas. The low volume of owner-occupied units in these geographies provides limited opportunities to lend. Management also found that low- and moderate-income individuals in these geographies live in multi-family housing so focused its lending on multi-family loans within these geographies.

Home Mortgage Refinance

The geographic distribution of home refinance loans is poor overall. There is poor penetration in moderate-income geographies within the Newark-Union (35084) assessment area with only 3.38 percent of home mortgage refinances compared to 13.82 percent owner-occupied units. There is no penetration in low-income geographies of the assessment area.

Penetration in moderate-income geographies of the Edison-New Brunswick (20764) assessment area is good as the bank originated 12.5 percent of home mortgage refinance loans within the assessment area. This is near to the 16.28 percent owner-occupied units. There is poor penetration within low-income geographies of the Edison-New Brunswick (20764) assessment area. The 0.91 percent of bank loans originated in the assessment area is lower than the 4.07 percent owner occupied units

Additionally, penetration in moderate-income geographies of the New York-New Jersey (35644) assessment area is poor with only 0.56 percent of home mortgage refinances compared to 6.26 percent owner-occupied units. There is no penetration in low-income geographies of New York-New Jersey (35644) assessment area.

Multi-Family Loans

The geographic distribution of multi-family loans is excellent. Penetration in moderate-income geographies within the Edison-New Brunswick (20764) and the Newark-Union (35084) assessment areas is excellent. The bank originated 33.33 percent and 40 percent of multi-family loans to these geographies, exceeding the 25.41 percent and the 34.26 percent owner occupied units respectively. Penetration in low-income geographies within the Edison-New Brunswick (20764) and Newark-Union (35084) is also excellent.

Penetration in moderate-income geographies of the New York-New Jersey AA is good given 23.08 percent of bank loans compared to 23.59 percent owner-occupied units. The bank originated 7.69 percent of home-improvement loans exceeding the 2.83 percent owner occupied units in low-income geographies of the NY-NJ assessment area. This is indicative of an excellent level of lending

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is good. The percentage of small loans to businesses in low- and moderate-income geographies of the Edison-New Brunswick assessment areas exceed the percentage of all businesses in those geographies, indicating an excellent level of lending.

The level of small loans to businesses in moderate-income geographies within the Newark-Union (35084) assessment area is also excellent with 29.4 percent of bank loans compared to 17.8 percent of businesses in those geographies. There were no loans to small businesses in low-income geographies of the Newark-Union assessment area. However, we considered the bank's performance adequate given its minimal market share within the assessment area. Additionally, sixteen of the 17 loans Kearny made in the AA were to businesses with revenue less than \$1 million.

The level of small loans to business in moderate-income geographies within the New York-New Jersey (35644) assessment area is adequate. The bank did not originate any small loans to businesses in low-income geographies of the New York-New Jersey assessment area. However, the number of businesses in those geographies provided limited opportunities for the bank to lend since only 1.26 percent of businesses in the assessment are in low-income geographies.

Lending Gap Analysis

We found no conspicuous, unexplained gaps in the bank's lending patterns. Kearny's assessment areas contain a low volume of low-income and a medium volume of moderate-income census tracts. The assessment area contains 109 or 8.7 percent low-income census tracts and 270 or 21.5 percent moderate-income census tracts. Within these tracts 44.41 percent of housing units are owner-occupied. Five of the bank's branches are in moderate-income tracts and one branch is in a low-income tract.

Inside/Outside Ratio

A majority of the bank's home mortgage loans and small loans to businesses were originated within its AAs. This analysis was performed at the bank level as opposed to the AA level and includes bank originations and purchases only. During the evaluation period, 91 percent of Kearny's reportable loans were originated inside its designated AAs. Specifically, 91 percent of home refinancing, 97 percent of home improvement loans, 75 percent of home purchase loans and 93 percent of small loans to businesses. The volume of loans originated inside the AA is considered excellent and positively impacts the overall geographic distribution evaluation.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans to low- and moderate-income borrowers is adequate. The distribution of home purchase loans is good and there is adequate distribution of home-improvement loans and home refinance loans.

Home Purchase Loans

The distribution of home purchase loans to low- and moderate-income borrowers is good overall. We considered the high housing costs compared to household income in the bank's assessment areas. These factors affect low- and moderate-income borrowers' ability to obtain affordable housing and the bank's ability to originate loans to these borrowers.

Kearny originated 21.67 percent of home purchase loans to moderate income borrowers in the Edison-New Brunswick assessment area. This exceeds the 19.26 percent moderate-income families in the AA and indicates an excellent level of lending. The bank originated 3.33 percent of home purchase loans to low-income borrowers within the Edison-New Brunswick AA assessment area while 20.33 percent of families are low-income. This is considered adequate given the bank's minimal market share of only 0.06 percent and competition within the assessment area.

The distribution of home purchase loans to moderate income borrowers in the Newark-Union AA is excellent. The bank originated 22.22 percent of home purchase loans to these geographies exceeding the 16.72 percent moderate-income families in the AA. Additionally, the distribution of home purchase loans to moderate-income borrowers in the NY-NJ AA is adequate given 6.78 percent of bank loans compared to 14.1 percent moderate-income families.

Kearny did not make any home purchase loans to low-income borrowers in the Newark- Union AA. Additionally, the bank originated 1.69 percent of home purchase loans to low-income borrowers within the NY-NJ AA while 16.36 percent of families are low-income. However, 10 percent of households within each of these AAs live below the poverty level. This affected low-income borrowers' ability to find affordable housing.

Home Improvement Loans

The distribution of home improvement loans to low- and moderate-income borrowers is adequate overall. The distribution of home-improvement loans to moderate-income borrowers within the Edison-New Brunswick AA is excellent at 18.25 percent exceeding the 19.26 percent moderate-income families within the AA. The distribution of home improvement loans to low-income borrowers in the Edison-New Brunswick AA is poor. The bank originated 3.97 percent of its home improvement loans in the AA while 20.33 percent of families in the AA are low-income.

The bank's home improvement lending to moderate-income borrowers in the Newark-Union assessment area is poor at 3.7 percent of bank loans compared 16.72 percent moderate-income families in the AA. The distribution of home improvement loans to low-income borrowers in the Newark-Union assessment areas is also poor. However, this level of lending is considered reasonable given competition from other banks and the percent of households that live below the poverty level. Additionally, the bank focused lending related to low- and moderate-income housing into multi-family loans.

The distribution of home improvement loans to moderate-income borrowers within the NY-NJ AA is good at 11.97 percent of bank loans compared to 14.1 percent of families. The distribution of home improvement loans to low-income borrowers in the NY-NJ AA is low at 2.56 percent of bank loan compared to 16.36 percent of families. However this is considered reasonable given the competition in the AA and economic conditions within those geographies. In comparison, aggregated peer banks made 2.88 percent of home improvement loans to low- income borrowers within the NY-NJ AA.

Home Mortgage Refinance Loans

The overall distribution of home mortgage refinance loans is adequate overall. The distribution of home mortgage refinance loans to moderate income borrowers in the Edison-New Brunswick AA is excellent. The distribution of home mortgage refinance loans to low-income borrowers in the Edison-New Brunswick assessment area is low at 4.44 percent of bank loans compared to 20.33 percent low-income families. This is considered adequate given the bank's minimal market share of only 0.15 percent in the AA.

Kearny's home mortgage refinance lending in the Newark-Union assessment area is good. Kearny originated 10.73 percent of its home mortgage refinance loans to moderate-income borrowers in the Newark-Union assessment while 16.72 percent of families in the AA are moderate-income.

The distribution of home mortgage refinance loans to moderate-income borrowers within the NY-NJ assessment area is adequate.

The bank made 0.98 percent and 0.88 percent of its home mortgage refinance loans to low-income borrowers of the Newark-Union and the NY-NJ assessment areas respectively. These assessment areas are 23.67 percent and 16.36 percent comprised of low-income borrowers. This is considered adequate given Kearny's low market share in those geographies. The bank has a market share of 0.22 percent in the Newark-Union AA and 0.36 percent in the NY-NJ AA.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The overall distribution of small loans to businesses is excellent. The borrower distribution of small loans to businesses in the Edison-New Brunswick AA is excellent. The bank originated 68.12 percent of small loans to businesses within the assessment area to businesses with revenues of \$1 million or less. Comparatively, 68.92 percent of all businesses had revenues less than \$1 million. Additionally, Kearny's small loans to businesses with revenues of \$1 million or less far exceeded the percentage of those businesses within the Newark-Union and NY-NJ assessment areas. The bank originated 94.12 percent of business loans within the Newark-Union AA to businesses with revenue of \$1 million or less compared to 67.58 percent of such businesses in the AA. The bank also originated 91.43 percent of its business loans within the NY-NJ AA to businesses with revenue of \$1 million or less compared to 66.95 percent of such businesses in the AA.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The level of community development lending is adequate and had a positive impact on the Lending Test. One of the primary needs of the community is affordable housing. Kearny responded by providing community development loans designed to meet this need. We reviewed seven qualified loans that the bank designated as community development loans. These loans were for economic development and community revitalization projects.

Product Innovation and Flexibility

Innovative and flexible lending had a neutral effect on the lending test. The bank did not have any innovative or flexible lending products.

Conclusions for Areas Receiving Limited-Scope Reviews

We did not conduct limited-scope reviews. A full-scope review was conducted for all three of the bank's assessment areas.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory". This reflects a significant level of qualified investments and good responsiveness to community development needs of the AA. Based on full-scope reviews in the counties the bank's performance is also good.

The bank's investment activity during the evaluation period was primarily in mortgage-backed securities designed to benefit low-to-moderate-income (LMI) individuals in the counties in which it operates.

Kearny also held social certificates of deposits totaling \$960 thousand designed for the benefit of LMI communities with various financial institutions. These instruments benefitted the broader statewide area and had the potential to benefit the bank's assessment area. The social certificates matured in 2011. Since then, the bank has focused CRA investment primarily in agency securities such as Fannie Mae (FNMA) mortgage backed securities.

By 2012 Kearny's CRA qualified securities were solely mortgage backed securities consisting of pools of loans to low- to moderate-income individuals. These investments totaled \$90.2 million or 3.09 percent of total assets as of October 22, 2012.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low-Satisfactory". Kearny's performance with regard to retail and community development services is adequate. The bank's services are accessible to individuals of different income levels in the assessment area. Retail banking and business hours do not vary in a way that inconveniences low- and moderate-income geographies and low- and moderate-income individuals. The bank also provides an adequate level of community development services.

Retail Banking Services

Retail banking delivery systems are reasonably accessible to all portions of the assessment area and the institutions record of opening and closing branches has not adversely affected the accessibility of its delivery systems. During the evaluation period Kearny opened one new branch and did not close any branches. The Allenhurst branch located within an upper income tract opened in 2011. The bank also gained 13 branches in the Central Jersey Bank acquisition. Kearny currently has 17 branches in upper income tracts, 16 branches in middle income tracts, five branches in moderate income tracts and one branch in a low income tract.

The bank's hours provide reasonable access to all customers in the assessment area, are convenient and do not preclude convenient access to low and moderate income individuals. Saturday and Sunday hours are offered based upon community needs and in cases where branches close before 5 pm, there are additional drive-up window hours. The bank also offers services through its ATMs, internet and telephone banking

Community Development Services

The bank provides an adequate level of community development services. Kearny focuses financial literacy programs primarily to schools in low- to moderate-income tracts. The bank uses a financial

literacy program, an interactive internet based training tool to provide this training at no expense to the school districts.

Community Development services also included providing assistance to community service organizations and shelters that assist battered women.

A senior bank officer serves as assistant treasurer for Habitat for Humanity of Hudson County. Habitat for Humanity seeks to eliminate homelessness by inviting people to work together to build housing for people in need. Houses are sold to LMI families at no profit. In addition to staff volunteering, Kearny also sponsored an event funding affordable and senior housing projects.

A senior bank officer serves as a trustee and member of Habcore's finance committee. Habcore is a community outreach organization that provides housing to LMI individuals with physical and mental illness. The organization operates in Monmouth and Ocean counties providing supportive housing complexes, as well as an apartment rent subsidy and case management programs to its residents.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): July 1, 2009 to December 31, 2011 Investment and Service Tests and CD Loans: July 1, 2009 to October 22, 2012	
Financial Institution	Products Reviewed	
Kearny Federal Savings Bank Fairfield, New Jersey	Loans Investments Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Edison-New Brunswick - #20764 Newark-Union - #35084 NY-NJ - #35644	Full Scope Full-Scope Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Kearny AA 20764

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	434	5.30	19.12	54.61	20.51	0.46
Population by Geography	1,876,379	4.53	18.13	55.187	21.30	0.17
Owner-Occupied Housing by Geography	511,429	4.07	16.28	56.34	23.31	0.00
Businesses by Geography	178,816	3.57	14.33	55.95	26.04	0.12
Farms by Geography	3,385	1.27	9.78	61.39	27.56	0.00
Family Distribution by Income Level	491,983	20.33	19.26	23.16	37.26	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	194,749	8.62	26.15	53.93	11.30	0.00
Median Family Income	69,978	Median Housing Value				174,499
HUD Adjusted Median Family Income for 2011	95,300	Unemployment Rate				2.45 %
Households Below the Poverty Level	6%					

(*) The NA category consists of geographies that have not been assigned an income classification.
2011 HUD updated MFI.

Kearny AA 35084

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	417	18.71	25.18	25.66	30.46	0.00
Population by Geography	1,786,386	12.85	24.47	28.20	34.48	0.00
Owner-Occupied Housing by Geography	373,167	3.82	13.82	32.75	49.61	0.00
Businesses by Geography	169,618	10.36	17.80	30.06	41.79	0.00
Farms by Geography	2,408	1.87	8.18	33.76	56.19	0.00
Family Distribution by Income Level	454,520	23.67	16.72	19.69	39.92	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	183,560	22.90	35.68	25.00	16.43	0.00
Median Family Income	68,424	Median Housing Value				206,776
HUD Adjusted Median Family Income for 2011	90,600	Unemployment Rate				3.23%
Households Below the Poverty Level	10%					

(*) The NA category consists of geographies that have not been assigned an income classification.

2011 HUD updated MFI.

Kearny AA 35644

Demographic Information for Full-Scope Area: (Name of Multistate Metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	406	1.97	20.20	29.80	47.29	0.74
Population by Geography	1,982,142	1.42	17.12	29.27	52.16	0.03
Owner-Occupied Housing by Geography	384,066	0.16	6.26	21.19	72.38	0.01
Businesses by Geography	185,323	1.26	11.82	25.08	61.53	0.31
Farms by Geography	2,183	0.18	3.89	15.99	79.84	0.09
Family Distribution by Income Level	501,573	16.36	14.10	17.44	52.10	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	152,792	3.01	30.51	35.64	30.84	0.00
Median Family Income	49,461	Median Housing Value				209,335
HUD Adjusted Median Family Income for 2011	67,400	Unemployment Rate				3.08%
Households Below the Poverty Level	10%					

(*) The NA category consists of geographies that have not been assigned an income classification.
2011 HUD updated MFI.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans

originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area. **Not applicable.**

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												Geography: KEARNY FSB				Evaluation Period: July 01, 2009 TO December 31, 2011			
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***							
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)								
Full Review:																			
Kearny AA 20764	39.86	564	92,753	69	17,031					633	109,784								
Kearny AA 35084	21.73	328	91,219	17	7,085					345	98,304								
Kearny AA 35644	38.41	575	132,336	35	12,810					610	145,146								
Total								7	6,533										

* Loan Data as of December 31, 2011. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 1, 2010 to December 31, 2011.

*** Deposit Data as of December 11, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	61	36.75	4.07	3.28	16.28	19.67	56.34	49.18	23.31	27.87	3.20	17.01	55.62	24.18			
Kearny AA 35084	45	27.11	3.82	2.22	13.82	2.22	32.75	31.11	49.61	64.44	7.30	15.34	31.11	46.25			
Kearny AA 35644	60	36.14	0.16	0.00	6.26	3.33	21.19	21.67	72.39	75.00	0.49	11.28	22.74	65.49			

*Based on 2010 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner-occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	172	43.99	4.07	1.16	16.28	17.44	56.34	59.30	23.31	22.09	1.46	14.95	59.80	23.80			
Kearny AA35084	71	18.16	3.82	0.00	13.82	4.23	32.75	35.21	49.61	60.56	3.15	12.67	29.78	54.40			
Kearny AA 35644	148	37.85	0.16	0.00	6.26	0.00	21.19	12.16	72.39	87.84	0.18	3.44	18.76	77.61			

*Based on 2010 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner-occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011										
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*															
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp												
Full Review:																										
Kearny AA 20764	328	36.90	4.07	0.91	16.28	12.50	56.34	61.89	23.31	24.70	1.04	11.24	56.22	31.50												
Kearny AA 35084	207	23.28	3.82	0.00	13.82	3.38	32.75	27.05	49.61	69.57	1.43	5.91	28.31	64.36												
Kearny AA 35644	354	39.82	0.16	0.00	6.26	0.56	21.19	12.43	72.39	87.01	0.06	4.68	14.69	80.58												

*Based on 2010 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner-occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	3	14.29	8.93	33.33	25.41	33.33	54.73	33.33	10.93	0.00	16.05	38.27	40.74	4.94			
Kearny AA 35084	5	23.81	26.54	40.00	34.26	40.00	24.43	20.00	14.77	0.00	20.44	47.51	23.20	8.84			
Kearny AA 35644	13	61.90	2.83	7.69	23.59	23.08	36.29	30.77	37.29	38.46	1.32	35.09	45.38	18.21			

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multifamily units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: KEARNY FSB AA Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011														
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Kearny AA 20764	69	57.02	3.57	7.25	14.33	26.09	55.95	40.58	26.04	26.09	2.86	11.64	54.11	31.39
Kearny AA 35084	17	14.05	10.36	0.00	17.80	29.41	30.06	58.82	41.79	11.76	4.88	11.07	29.31	54.75
Kearny AA 35644	35	28.93	1.26	0.00	11.82	5.71	25.08	31.43	61.53	62.86	0.70	7.72	21.92	69.66

*Based on 2010 Peer Small Business Data – US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2010).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	% of Farms** *	% BANK Loans	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	0	0.00	1.27	0.00	9.78	0.00	61.39	0.00	27.56	0.00	2.67	16.00	53.33	28.00			
Kearny AA 35084	0	0.00	1.87	0.00	8.18	0.00	33.76	0.00	56.19	0.00	3.33	10.00	28.33	58.33			
Kearny AA 35644	0	0.00	0.18	0.00	3.89	0.00	15.99	0.00	79.84	0.00	0.00	9.52	33.33	57.14			

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: KEARNY FSB AA					Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹	% BANK Loans**	% Families***	% BANK Loans***	% Families**	% BANK Loans***	Low	Mod	Mid	Upp
Full Review:														
Kearny AA 20764	61	36.75	20.33	3.33	19.26	21.67	23.16	13.33	37.26	61.67	8.90	27.04	28.39	35.66
Kearny AA 35084	45	27.11	23.67	0.00	16.72	22.22	19.69	26.67	39.92	51.11	4.13	23.46	28.14	44.27
Kearny AA 35644	60	36.14	16.36	1.69	14.10	6.78	17.44	13.56	52.10	77.97	061	6.97	23.02	69.41

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	172	43.99	20.33	3.97	19.26	18.25	23.16	37.30	37.26	40.48	12.07	23.58	29.38	34.97			
Kearny AA 35084	71	18.16	23.67	1.85	16.72	3.70	19.69	24.07	39.92	70.37	5.78	18.24	26.05	49.92			
Kearny AA 35644	148	37.85	16.36	2.56	14.10	11.97	17.44	19.66	52.10	65.81	2.88	8.00	17.67	71.45			

*Based on 2010 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 24.0% of loans originated and purchased by BANK.

4 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate HMDA Lending (%) by Tract Income*						
	#	% of Total**	% Families**	% BANK Loans****	% Families ³	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans**	Low	Mod	Mid	Upp			
Full Review:																	
Kearny AA 20764	328	36.90	20.33	4.44	19.26	18.10	23.16	31.75	37.26	45.71	5.57	17.88	29.12	47.44			
Kearny AA 35084	207	23.28	23.67	0.98	16.72	10.73	19.69	17.07	39.92	71.22	2.57	11.07	22.50	63.86			
Kearny AA 35644	354	39.82	16.36	0.88	14.10	4.69	17.44	14.96	52.10	79.47	0.94	4.18	14.14	80.73			

*Based on 2010 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by BANK.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
			Geography: KEARNY FSB AA		Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses**	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Kearny AA 20764	69	57.02	68.92	68.12	34.78	31.88	33.33	36,358	9,324
Kearny AA 35084	17	14.05	67.58	94.12	17.65	17.65	64.71	32,926	7,789
Kearny AA 35644	35	28.93	66.95	91.43	22.86	11.43	65.71	38,991	9,359

*Based on 2020 Peer Small Business Data – US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: KEARNY FSB AA									
Evaluation Period: July 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Kearny AA 20764	0	0.00	96.13	0.00	0.00	0.00	0.00	77	52
Kearny AA 35084	0	0.00	95.93	0.00	0.00	0.00	0.00	62	30
Kearny AA 35644	0	0.00	96.47	0.00	0.00	0.00	0.00	44	31

* Based on 2010 Peer Small Business Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: KEARNY FSB																			Evaluation Period: July 1, 2009 TO December 31, 2011																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																																													
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																																							
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BAN K Loans	% of Hhlds**	% of BAN K Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																																						
Full Review:																																																								

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of Households is based on the 2000 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: KEARNY FSB AA				Evaluation Period: July 1, 2009 TO December 31, 2011			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
	118	\$39,321	35	\$50,902	153	90,224			

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: KEARNY FSB Evaluation Period: July 1, 2009 TO December 31, 2011																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Kearny AA 20764		22		0	4	4	13	1	0					4.53	18.13	55.87	21.30
Kearny AA 35084		7		1	0	0	1	0	0					12.85	24.47	28.20	34.48
Kearny AA 35644		12		0	1	1	3	0	0					1.42	17.12	29.27	52.16

