

REFINITIV

DELTA REPORT

10-K

KRNY - KEARNY FINANCIAL CORP.
10-K - JUNE 30, 2024 COMPARED TO 10-K - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2265
CHANGES	705
DELETIONS	690
ADDITIONS	870

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended **June 30, 2023** **June 30, 2024**

Or

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

For the transition period from _____ to _____

Commission File Number: **001-37399**

KEARNY FINANCIAL CORP.

(Exact name of Registrant as specified in its Charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

120 Passaic Avenue, Fairfield, New Jersey

(Address of Principal Executive Offices)

30-0870244

(I.R.S. Employer
Identification No.)

07004

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	KRNY	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	<input checked="" type="radio"/> <input type="radio"/>	Accelerated filer	<input type="radio"/> <input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>
		Emerging growth company	<input type="radio"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant on **December 30, 2022** **December 29, 2023** (the last business day of the Registrant's most recently completed second fiscal quarter) was **\$627.7 million** **\$528.6 million**. Solely for purposes of this calculation, shares held by directors, executive officers and greater than 10% stockholders

are treated as shares held by affiliates.

As of **August 18, 2023** **August 19, 2024** there were outstanding **65,214,903** **64,579,683** shares of the Registrant's Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the definitive Proxy Statement for the Registrant's **2023** **2024** Annual Meeting of Stockholders. (Part III)

KEARNY FINANCIAL CORP.
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended **June 30, 2023** **June 30, 2024**
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[SIGNATURES](#)

PART I

Item 1. Business

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect” and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of the Annual Report on Form 10-K.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market areas, that are worse than expected;
 - changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses;
 - our ability to access cost-effective funding;
 - fluctuations in real estate values and both residential and commercial real estate market conditions;
 - demand for loans and deposits in our market area;
 - our ability to implement changes in our business strategies;
 - competition among depository and other financial institutions;
 - inflation and/or changes in the interest rate environment that reduce our margins and yields, or reduce the fair value of financial instruments or reduce the origination levels in our lending business, or increase the level of defaults, losses and prepayments on loans we have made and make whether held in portfolio or sold in the secondary markets;
 - adverse changes in the securities markets;
 - changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
 - changes in monetary or fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
 - our ability to manage market risk, credit risk and operational risk in the current economic conditions;
 - significant increases in our loan losses;
 - our ability to enter new markets successfully and capitalize on growth opportunities;
 - our ability to successfully integrate any assets, liabilities, clients, systems and management personnel we have acquired or may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto;
 - changes in consumer demand, borrowing and savings habits;
 - changes in accounting policies and practices, as may be adopted by bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board;
 - our ability to retain key employees;
 - technological changes;
-
- cyber-attacks, computer viruses and other technological risks that may breach the security of our websites or other systems to obtain unauthorized access to confidential information and destroy data or disable our systems;
 - technological changes that may be more difficult or expensive than expected;
 - the ability of third-party providers to perform their obligations to us;
 - the ability of the U.S. Government to manage federal debt limits;
 - changes in the financial condition, results of operations or future prospects of issuers of securities that we own; and

- other economic, competitive, governmental, regulatory and operational factors affecting our operations, pricing products and services described elsewhere in this Annual Report on Form 10-K.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

General

Kearny Financial Corp. (the “Company,” or “Kearny Financial”), is a Maryland corporation that is the holding company for Kearny Bank (the “Bank” or “Kearny Bank”), a nonmember New Jersey-chartered savings bank.

The Company is a unitary savings and loan holding company, regulated by the Board of Governors of the Federal Reserve Bank (“FRB”) and conducts no significant business or operations of its own. The Bank’s deposits are federally insured by the Deposit Insurance Fund as administered by the Federal Deposit Insurance Corporation (“FDIC”) and the Bank is primarily regulated by the New Jersey Department of Banking and Insurance (“NJDBI”) and, as a nonmember bank, the FDIC. References in this Annual Report on Form 10-K to the Company or Kearny Financial generally refer to the Company and the Bank, unless the context indicates otherwise. References to “we,” “us,” or “our” refer to the Bank or Company, or both, as the context indicates.

The Company’s primary business is the ownership and operation of the Bank. The Bank is principally engaged in the business of attracting deposits from the general public and using these deposits, together with other funds, to originate or purchase loans for its portfolio and for sale into the secondary market. Our loan portfolio is primarily comprised of loans collateralized by commercial and residential real estate augmented by secured and unsecured loans to businesses and consumers. We also maintain a portfolio of investment securities, primarily comprised of U.S. agency mortgage-backed securities, obligations of state and political subdivisions, corporate bonds, asset-backed securities and collateralized loan obligations.

We operate from our administrative headquarters in Fairfield, New Jersey and other administrative locations throughout the **state** of New Jersey. As of **June 30, 2023** **June 30, 2024**, we had 43 branch offices. The Company maintains a website at www.kearnybank.com. We make available through that website, free of charge, copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports and proxy materials as soon as is reasonably practicable after the Company electronically files those materials with, or furnishes them to, the Securities and Exchange Commission. You may access these materials by following the links under “Investor Relations” under the “Financial Information” tab at the Company’s website. Information on the Company’s website is not and should not be considered a part of this Annual Report on Form 10-K.

Business Strategy

We have evolved our business model from that of a traditional thrift into that of a full-service community bank. This evolution has been accomplished by growing our commercial loans and deposits, expanding our product and service offerings, de-novo branching and the acquisition of other financial institutions. During this time, our strategy has been largely focused on profitably deploying capital and enhancing earnings through a variety of balance sheet growth and diversification strategies. The key components of our business strategy are as follows:

- **Maintain Robust Capital and Liquidity Levels**

As demonstrated by the **June 30, 2023** **June 30, 2024** **Common Equity Tier 1 Leverage Capital** ratios of the Company and the Bank of **9.07%** **14.79%** and **8.15%** **13.65%**, respectively, we currently maintain, and plan to continue to maintain, capital levels in excess of regulatory minimums and internal capital adequacy guidelines.

In addition to our robust capital levels, we maintain significant sources of both on- and off-balance sheet liquidity and plan to continue to do so. At **June 30, 2023** **June 30, 2024**, our liquid assets included **\$70.5 million** **\$63.9 million** of short-term cash and equivalents supplemented by **\$1.23 billion** **\$1.07 billion** of investment securities classified as available for sale, which can be readily sold or pledged as collateral, if necessary. In addition, we had the capacity to borrow additional funds totaling **\$990.0 million** **\$789.0 million** via unsecured overnight borrowings from other financial institutions and **\$1.55 billion** **\$1.06 billion** and **\$415.0 million** **\$381.8 million** from the Federal Home Loan Bank of New York and FRB, respectively, without pledging additional collateral.

- **Continue Our Technology Transformation**

Given the ongoing evolution of our business towards digital channels, we have invested significant human resources and capital towards enhancing both our internal and client-facing technology systems. Our ongoing technology transformation **has, and will continue to**, impact nearly every area of the Company including the residential and commercial lending functions, retail deposit gathering, risk management and back office operations. In fiscal **2024, 2025**, we **plan to accelerate** **will continue** our digital strategy, spearheaded by **the adoption of a our recently adopted** cloud-based, best-in-breed digital banking and online account opening platform, and continue to serve our clients’ needs in an omnichannel environment while expanding our products and services into new markets in an efficient and cost-effective manner.

- **Focus on Relationship Banking and Core Deposits**

We focus on the acquisition and retention of core non-maturity deposit accounts and expanding customer relationships. Our philosophy is to provide superior, personalized service to our clients. In addition, we intend to increase core non-maturity deposit accounts by growing business banking relationships through **the establishment of dedicated business development teams and expanded product lines** tailored to meet our target business customers’ needs. Core non-maturity deposit accounts totaled **\$3.61 billion** **\$3.55 billion** at **June 30, 2023** **June 30, 2024**, representing **64.2%** **68.8%** of total deposits.

- **Improve Our Diversify Loan Portfolio**

We continue to focus on the diversification of our loan portfolio through the origination of higher yielding commercial and industrial (“C&I”), owner-occupied commercial real estate and home equity line of credit (“HELOC”) loans to improve net margins and manage interest rate risk. To that end, we have assembled a team of relationship managers with vast experience working with small to middle-market businesses.

- **Continue Focus on Operating Efficiency**

In recent years, our operating efficiency has improved both organically and via economies of scale gained from merger and acquisition activity. Exclusive of potential future acquisitions, we plan to continue to improve operating efficiency through organic means, such as the increased use of technology and the continual evaluation of our branch network. We plan to continue to evaluate and optimize the performance of our existing branch network through additional branch consolidations, where appropriate. Such efforts will take into consideration historical branch profitability, market demographic trajectory, technology, geographic proximity of consolidating branches and the expected impact on the Bank's clients and communities served.

During the year ended June 2023, In December 2022, we announced the adoption of a company-wide operating efficiency initiative that included the optimization and reduction of vendor spend, the automation or outsourcing of routine activities, and the realignment of our workforce. The result was an improvement in Excluding the impact of a non-cash goodwill impairment and other non-recurring items, this operating efficiency initiative reduced our non-interest expense by \$4.4 million to average assets ratio to 1.53% during \$117.8 million for the year ended June 30, 2023 June 30, 2024 from 1.73% during \$122.2 million for the year ended June 30, 2022 June 30, 2023.

Market Area. At June 30, 2023 June 30, 2024, our primary market area consisted of the counties in which we currently operate branches, including Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset and Union counties in New Jersey and Kings (Brooklyn) and Richmond (Staten Island) counties in New York. Our lending is concentrated in New Jersey and New York and our predominant sources of deposits are the communities in which our offices are located as well as the neighboring communities.

Competition. We operate in a highly competitive market area with a large concentration of financial institutions and we face substantial competition in attracting deposits and in originating loans. A number of our competitors are significantly larger institutions with greater financial and technological resources and lending limits. Our ability to compete successfully is a significant factor affecting our growth potential and profitability. Our competition for deposits and loans comes from other insured depository institutions located in our primary market area as well as out-of-market depository institutions operating via online channels and from non-depository institutions including mortgage banks, finance companies, insurance companies, brokerage firms and financial technology companies.

Lending Activities

General. Our loan portfolio is comprised of multi-family mortgage loans, nonresidential mortgage loans, commercial business loans, construction loans, one- to four-family residential mortgage loans, home equity loans and other consumer loans. In recent years our lending strategies have placed increasing emphasis on the origination of commercial loans.

Loan Portfolio Composition. The following table sets forth the composition of our loan portfolio in dollar amounts and as a percentage of the total portfolio at the dates indicated.

		At June 30,												
		2023		2022										
		Amount	Percent	Amount	Percent									
		(Dollars In Thousands)												
		At June 30,												
		2024				2024				At June 30,				
		Amount				Amount	Percent			Amount				
		(Dollars In Thousands)				(Dollars In Thousands)								
Commercial loans:	Commercial loans:													
Multi-family mortgage														
Multi-family mortgage														
Multi-family mortgage	Multi-family mortgage	\$2,761,775	47.21 %	\$2,409,090	44.31 %	\$2,645,851	46.02		46.02	%	\$2,761,775	47.21		47.21
Nonresidential mortgage	Nonresidential mortgage	968,574	16.56	1,019,838	18.76									
Commercial business	Commercial business	146,861	2.51	176,807	3.25									
Construction	Construction	226,609	3.87	140,131	2.58									
One- to four-family residential mortgage	One- to four-family residential mortgage	1,700,559	29.07	1,645,816	30.27									

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Loan Maturity Schedule. The following table sets forth the maturities of our loan portfolio at **June 30, 2023** **June 30, 2024**. Demand loans, loans having no stated maturity and overdrafts are shown as due in one year or less. Loans are stated in the following table at contractual maturity and actual maturities could differ due to prepayments.

		Amounts Due					
		Within One Year	1 to 5 Years	5 to 15 Years	Over 15 Years	Total Due After One Year	Total
		(In Thousands)					
		Amounts Due					
		Within One Year	1 to 5 Years	5 to 15 Years	Over 15 Years	Total Due After One Year	Total
		(In Thousands)					
Multi-family mortgage	Multi-family mortgage	\$ 90,918	\$ 871,298	\$1,691,671	\$ 107,888	\$2,670,857	\$2,761,775
Nonresidential mortgage	Nonresidential mortgage	75,890	367,515	432,710	92,459	892,684	968,574
Commercial business	Commercial business	59,165	37,703	45,855	4,138	87,696	146,861
Construction	Construction	192,382	31,266	—	2,961	34,227	226,609
One- to four-family residential mortgage	One- to four-family residential mortgage	4,602	42,899	215,164	1,437,894	1,695,957	1,700,559
Home equity loans	Home equity loans	270	6,074	26,198	11,007	43,279	43,549
Other consumer	Other consumer	987	263	18	1,281	1,562	2,549

Total loans	Total loans	\$424,214	\$1,357,018	\$2,411,616	\$1,657,628	\$5,426,262	\$5,850,476
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The following table shows the loans as of **June 30, 2023** **June 30, 2024** due after **June 30, 2024** **June 30, 2025** according to rate type and loan category:

		Floating or Adjustable		
		Fixed Rates	Rates	Total
		(In Thousands)		
		Fixed Rates	Fixed Rates	Floating or Adjustable Rates
		(In Thousands)		
		Total		
		(In Thousands)		
Multi-family mortgage	Multi-family mortgage	\$2,004,363	\$ 666,494	\$2,670,857
Nonresidential mortgage	Nonresidential mortgage	569,901	322,783	892,684
Commercial business	Commercial business	52,934	34,762	87,696
Construction	Construction	1,094	33,133	34,227
One- to four-family residential mortgage	One- to four-family residential mortgage	1,570,705	125,252	1,695,957
Home equity loans	Home equity loans	24,997	18,282	43,279
Other consumer	Other consumer	508	1,054	1,562
Total loans	Total loans	\$4,224,502	\$1,201,760	\$5,426,262
Total loans				
Total loans				

Multi-Family and Nonresidential Real Estate Mortgage Loans. At **June 30, 2023** **June 30, 2024**, multi-family mortgage loans totaled **\$2.76 billion** **\$2.65 billion**, or **47.2%** **46.0%** of our loan portfolio, while nonresidential mortgage loans totaled **\$968.6 million** **\$948.1 million**, or **16.6%** **16.5%** of our loan portfolio. We originate commercial mortgage loans on a variety of multi-family and nonresidential property types, including loans on mixed-use properties which combine residential and commercial space. We generally offer fixed-rate and adjustable-rate balloon mortgage loans on multi-family and nonresidential properties with final stated maturities ranging from three to 15 years with amortization terms which generally range from 15 to 30 years. Our commercial mortgage loans are primarily secured by properties located in New Jersey, New York and the surrounding states.

Commercial and Industrial Business (C&I) Loans. At **June 30, 2023** **June 30, 2024**, commercial and industrial business loans totaled **\$146.9 million** **\$142.7 million**, or 2.5% of our loan portfolio. We originate commercial term loans and lines of credit to a variety of clients in our market area. Our commercial term loans generally have terms of up to 10 years. Our commercial lines of credit have terms of up to one year and are generally floating-rate loans.

Construction Lending. At **June 30, 2023** **June 30, 2024**, construction loans totaled **\$226.6 million** **\$209.2 million**, or **3.9%** **3.6%** of our loan portfolio. Our construction lending includes loans to individuals, builders or developers for the construction of multi-family residential buildings or commercial real estate or for the construction or renovation of one- to four-family residences. Construction borrowers must hold title to the land free and clear of any liens. Financing for construction loans is limited to 80% of the anticipated appraised value of the completed property. Disbursements are made in accordance with inspection reports by our approved appraisal firms. Terms of financing are generally limited to one year with an interest rate tied to the prime rate and may include a premium of one or more points. In some cases, we convert a construction loan to a permanent mortgage loan upon completion of construction. We have no formal limits as to the number of projects a builder has under construction or development and make a case-by-case determination on loans to builders and developers who have multiple projects under development.

One- to Four-Family Residential Mortgage Loans Held in Portfolio. At **June 30, 2023** **June 30, 2024**, one- to four-family residential mortgage loans totaled **\$1.70 billion** **\$1.76 billion**, or **29.1%** **30.5%** of our loan portfolio. At **June 30, 2023** **June 30, 2024**, **\$1.58** **\$1.63** billion, or **93.1%** **92.7%**, of our one- to four-family residential mortgage loans were secured by properties located within New Jersey and New York with the remaining **\$117.6 million** **\$129.1 million**, or **6.9%** **7.3%**, secured by properties in other states. The fixed-rate residential mortgage loans that we originate for portfolio generally meet the secondary mortgage market standards of the Federal Home Loan Mortgage Corporation ("Freddie Mac"). In addition, we offer a first-time homebuyer program which provides financial incentives for persons who have not previously owned real estate and are purchasing a one- to four-family property in our primary lending area for use as a primary residence.

One- to Four-Family Residential Mortgage Loans Held for Sale. As a complement to our residential one- to four-family portfolio lending activities, we operate a mortgage banking platform which supports the origination of one- to four-family mortgage loans for sale into the secondary market. The loans we originate for sale generally meet the secondary mortgage market standards of Freddie Mac. Such loans are generally originated by, and sourced from, the same resources and markets as those loans originated and

held in our portfolio. Our mortgage banking business strategy resulted in the recognition of ~~\$760,000~~ ~~\$602,000~~ in gains associated with the sale of ~~\$103.8~~ ~~\$79.1~~ million of mortgage loans held for sale during the year ended ~~June 30, 2023~~ ~~June 30, 2024~~. As of that date, an additional ~~\$9.6~~ ~~\$6.0~~ million of loans were held and committed for sale into the secondary market.

Home Equity Loans. At ~~June 30, 2023~~ ~~June 30, 2024~~, home equity loans totaled ~~\$43.5 million~~ ~~\$44.1 million~~, or ~~0.7%~~ ~~0.8%~~ of our loan portfolio. Our home equity loans are fixed-rate loans for terms of generally up to 20 years. We also offer fixed-rate and adjustable-rate home equity lines of credit with terms of up to 20 years.

Other Consumer Loans. At ~~June 30, 2023~~ ~~June 30, 2024~~, other consumer loans totaled ~~\$2.5 million~~ ~~\$2.7 million~~, or ~~0.04%~~ ~~0.05%~~ of our loan portfolio. Our consumer loan portfolio includes unsecured overdraft lines of credit and personal loans as well as loans secured by savings accounts and certificates of deposit on deposit with the Bank.

Loans to One Borrower. New Jersey law generally limits the amount that a savings bank may lend to a single borrower and related entities to 15% of the institution's capital funds. Accordingly, as of ~~June 30, 2023~~ ~~June 30, 2024~~, our legal loans to one borrower limit was approximately ~~\$104.3~~ ~~\$103.3~~ million.

At ~~June 30, 2023~~ ~~June 30, 2024~~, our largest single borrower had an aggregate outstanding loan exposure of approximately ~~\$98.9 million~~ ~~\$96.9 million~~ comprising six multi-family mortgage loans. At ~~June 30, 2023~~ ~~June 30, 2024~~, this lending relationship was current and performing in accordance with the terms of their loan agreements.

Loan Originations, Purchases, Sales and Repayments. The following table shows the principal balances of portfolio loans originated, purchased, acquired and repaid during the periods indicated:

		For the Years Ended June 30,		
		2023	2022	2021
		(In Thousands)		
		For the Years Ended June 30,		For the Years Ended June 30,
		2024	2023	2022
		(In Thousands)		(In Thousands)
Loan	Loan			
originations: ⁽¹⁾	originations: ⁽¹⁾			
Commercial	Commercial			
loans:	loans:			
Commercial loans:				
Commercial loans:				
Multi-family mortgage				
Multi-family mortgage				
Multi-family mortgage	Multi-family mortgage	\$ 602,206	\$ 911,021	\$ 256,223
Nonresidential mortgage	Nonresidential mortgage	114,184	231,159	96,238
Commercial business	Commercial business	91,803	140,051	104,628
Construction	Construction	87,669	86,448	50,382
One- to four-family residential mortgage	One- to four-family residential mortgage	197,839	415,602	553,194
Consumer loans:	Consumer loans:			
Home equity loans	Home equity loans	26,014	18,634	15,804
Home equity loans				
Home equity loans				
Other consumer	Other consumer	1,095	1,167	1,227

Total loan originations	Total loan originations	1,120,810	1,804,082	1,077,696
Loan purchases:	Loan purchases:			
Commercial loans:	Commercial loans:			
Commercial loans:	Commercial loans:			
Multi-family mortgage	Multi-family mortgage	—	55,847	—
Nonresidential mortgage	Nonresidential mortgage	—	—	21,351
Multi-family mortgage	Multi-family mortgage			
Multi-family mortgage	Multi-family mortgage			
Commercial business	Commercial business			
Commercial business	Commercial business	46	146	251
One- to four-family residential mortgage	One- to four-family residential mortgage	656	67,396	60,105
Total loan purchases	Total loan purchases	702	123,389	81,707
Loans acquired from MSB ⁽²⁾	Loans acquired from MSB ⁽²⁾	—	—	530,693
Loan sales: ⁽¹⁾	Loan sales: ⁽¹⁾			
Loan sales: ⁽¹⁾	Loan sales: ⁽¹⁾			
Loan sales: ⁽¹⁾	Loan sales: ⁽¹⁾			
Commercial business	Commercial business			
Commercial business	Commercial business			
Commercial business	Commercial business	(655)	(1,035)	(44,450)
Total loans sold	Total loans sold	(655)	(1,035)	(44,450)
Loan repayments	Loan repayments	(706,860)	(1,343,081)	(1,311,576)
Loan repayments	Loan repayments			
Loan repayments	Loan repayments			
Decrease due to other items	Decrease due to other items	(4,097)	(5,797)	(1,911)
Net increase in loan portfolio	Net increase in loan portfolio	\$ 409,900	\$ 577,558	\$ 332,159
Net (decrease) increase in loan portfolio	Net (decrease) increase in loan portfolio			
Net (decrease) increase in loan portfolio	Net (decrease) increase in loan portfolio			
Net (decrease) increase in loan portfolio	Net (decrease) increase in loan portfolio			

(1) Excludes origination and sales of one- to four-family mortgage loans held for sale.

(2) For information on loans acquired in the MSB acquisition, see Note 3 to the audited consolidated financial statements.

Additional information about our loans is presented in Note 5 4 to the audited consolidated financial statements.

Loan Approval Procedures and Authority. Senior management recommends, and the Board of Directors approves, our lending policies and loan approval limits. The Bank's Loan Committee consists of the Chief Executive Officer, Chief Lending Officer, Chief Credit Officer, Chief Risk Officer and other members of senior management. Loans which exceed certain thresholds, as defined within our policies, are submitted to the Bank's Loan Committee and/or Board of Directors for approval.

Asset Quality

Collection Procedures on Delinquent Loans. We regularly monitor the payment status of all loans within our portfolio and promptly initiate collection efforts on past due loans in accordance with applicable policies and procedures. Delinquent borrowers are notified when a loan is 30 days past due. If the delinquency continues, subsequent efforts are made to contact the delinquent borrower and additional collection notices are sent. All reasonable attempts are made to collect from borrowers prior to referral to an attorney for collection. However, when a residential loan is 120 days delinquent and a commercial loan is 90 days delinquent, it is our general practice to refer it to an attorney for repossession, foreclosure or other form of collection action, as appropriate. In certain instances, we may modify the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize their financial affairs as we attempt to work with the borrower to establish a repayment schedule to cure the delinquency.

As to mortgage loans, if a foreclosure action is taken and the loan is not reinstated, paid in full or refinanced, the property is sold at judicial sale at which we may be the buyer if there are no adequate offers to satisfy the debt. Any property acquired as the result of foreclosure or by deed in lieu of foreclosure is classified as other real estate owned until it is sold or otherwise disposed of. When other real estate owned is acquired, it is recorded at its fair market value less estimated selling costs. The initial write-down of the property, if necessary, is charged to the allowance for credit losses. Adjustments to the carrying value of the properties that result from subsequent declines in value are charged to operations in the period in which the declines are identified.

Past Due Loans. A loan's past due status is generally determined based upon its principal and interest ("P&I") payment delinquency status in conjunction with its past maturity status, where applicable. A loan's P&I payment delinquency status is based upon the number of calendar days between the date of the earliest P&I payment due and the as of measurement date. A loan's past maturity status, where applicable, is based upon the number of calendar days between a loan's contractual maturity date and the as of measurement date. Based upon the larger of these criteria, loans are categorized into the following past due tiers for financial statement reporting and disclosure purposes: Current (including 1-29 days past due), 30-59 days past due, 60-89 days past due and 90 or more days past due.

Additional information about our past due loans is presented in Note 5.4 to the audited consolidated financial statements.

Nonaccrual Loans. Loans are generally placed on nonaccrual status when contractual payments become 90 or more days past due or when we do not expect to receive all P&I payments owed substantially in accordance with the terms of the loan agreement, regardless of past due status. Loans that become 90 days past due but are well secured and in the process of collection, may remain on accrual status. Nonaccrual loans are generally returned to accrual status when all payments due are brought current and we expect to receive all remaining P&I payments owed substantially in accordance with the terms of the loan agreement. Payments received in cash on nonaccrual loans, including both the principal and interest portions of those payments, are generally applied to reduce the carrying value of the loan.

Purchased Credit Deteriorated Loans ("PCD"). PCD loans are acquired loans that, as of the acquisition date, have experienced a more-than-insignificant deterioration in credit quality since origination. Non-PCD loans are acquired loans that have experienced no or insignificant deterioration in credit quality since origination. To distinguish between the two types of acquired loans, we evaluate risk characteristics that have been determined to be indicators of deteriorated credit quality. The determining criteria may involve loan specific characteristics such as payment status, debt service coverage or other changes in creditworthiness since the loan was originated, while others are relevant to recent economic conditions, such as borrowers in industries impacted by the pandemic. As part of our acquisition of MSB Financial Corp., we acquired PCD loans with a par value of \$69.4 million and an allowance for credit losses of \$3.9 million. Additional information about our PCD loans is presented in Note 5.4 to the audited consolidated financial statements.

Nonperforming Assets. The following table provides information regarding our nonperforming assets which are comprised of nonaccrual loans, accruing loans 90 days or more past due, nonaccrual loans held-for-sale and other real estate owned:

	At June 30,	
	2023	2022
	(Dollars in Thousands)	
Nonaccrual loans ⁽¹⁾	\$ 42,627	\$ 70,321
Accruing loans 90 days or more past due	—	—
Total nonperforming loans	42,627	70,321
Nonaccrual loans held-for-sale	—	21,745
Other real estate owned	12,956	178
Total nonperforming assets	\$ 55,583	\$ 92,244
Total nonaccrual loans to total loans	0.73 %	1.30 %
Total nonperforming loans to total loans	0.73 %	1.30 %
Total nonperforming loans to total assets	0.53 %	0.91 %
Total nonperforming assets to total assets	0.69 %	1.19 %

(1) TDRs on accrual status not included above totaled \$10.5 million and \$8.7 million at June 30, 2023 and 2022, respectively.

	At June 30,	
	2024	2023

	(Dollars In Thousands)	
Nonaccrual loans	\$ 39,882	\$ 42,627
Other real estate owned	—	12,956
Total nonperforming assets	\$ 39,882	\$ 55,583
Total nonaccrual loans to total loans	0.70 %	0.73 %
Total nonperforming loans to total loans	0.70 %	0.73 %
Total nonperforming loans to total assets	0.52 %	0.53 %
Total nonperforming assets to total assets	0.52 %	0.69 %

Total nonperforming assets decreased by \$36.7 million \$15.7 million to \$39.9 million at June 30, 2024 from \$55.6 million at June 30, 2023 from \$92.2 million at June 30, 2022. For those same comparative periods, the number of nonperforming loans decreased increased to 45 48 loans from 61 45 loans. There was one property in other real estate owned ("OREO") at June 30, 2023 and 2022, respectively, 2023, which was subsequently sold in January 2024. There were no properties in OREO at June 30, 2024. All nonaccrual loans held-for sale at June 30, 2022 June 30, 2023 were sold during the year ended June 30, 2023 June 30, 2024.

At June 30, 2023 and 2022, we had loans with aggregate outstanding balances totaling \$17.4 million and \$22.2 million, respectively, reported as TDRs.

Loan Review System. We maintain a loan review system consisting of several related functions including, but not limited to, classification of assets, calculation of the allowance for credit losses, independent credit file review as well as internal audit and lending compliance reviews. We utilize both internal and external resources, where appropriate, to perform the various loan review functions, all of which operate in accordance with a scope and frequency determined by senior management and the Audit and Compliance Committee of the Board of Directors.

As one component of our loan review system we engage a third-party firm which specializes in loan review and analysis functions. As part of their review process, our third-party review firm compares their review results with their client base to evaluate our risk assessment among our peers. This firm assists senior management and the Board of Directors in identifying potential credit weaknesses; in reviewing and confirming risk ratings or adverse classifications internally ascribed to loans by management; in identifying relevant trends that affect the collectability of the portfolio and identifying segments of the portfolio that are potential problem areas; in verifying the appropriateness of the allowance for credit losses; in evaluating the activities of lending personnel including compliance with lending policies and the quality of their loan approval, monitoring and risk assessment; and by providing an objective assessment of the overall quality of the loan portfolio. Currently, third-party loan reviews are being conducted quarterly and include non-performing loans as well as samples of performing loans of varying types within our portfolio.

In addition, our loan review system includes functions performed by internal audit and compliance personnel. Internal audit resources perform credit review functions utilizing guidance from regulatory and Institute of Internal Auditors standards in addition to assessing the adequacy of, and adherence to, internal credit policies and loan administration procedures and adherence to regulatory guidance. Our compliance resources monitor adherence to relevant lending-related and consumer protection-related laws and regulations.

Classification of Assets. In compliance with the regulatory guidelines, our loan review system includes an evaluation process through which certain loans exhibiting adverse credit quality characteristics are classified as Substandard, Doubtful or Loss. An asset is classified as Substandard if it is inadequately protected by the paying capacity and net worth of the obligor or the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Assets classified as Doubtful have all of the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions and values. Assets, or portions thereof, classified as Loss are considered uncollectible or of so little value that their continuance as assets is not warranted. Assets which do not currently expose us to a sufficient degree of risk to warrant an adverse classification but have some credit deficiencies or other potential weaknesses are designated as Special Mention by management. Adversely classified assets, together with those rated as Special Mention are generally referred to as Classified Assets. Non-classified assets are internally rated within one of four Pass categories or as Watch with the latter denoting a potential deficiency or concern that warrants increased oversight or tracking by management until remediated.

Additional information about our classification of assets is presented in Note 5 4 to the audited consolidated financial statements.

The following table discloses our designation of certain loans as special mention or adversely classified during each of the two years presented:

At June 30,			
2023	2022		
(In Thousands)			
At June 30,		At June 30,	
2024	2024	2023	2023
(In Thousands)		(In Thousands)	

Special mention	Special mention	\$17,674	\$12,740
Substandard	Substandard	75,777	81,650
Doubtful	Doubtful	75	165
Total classified loans	Total classified loans	\$93,526	\$94,555

Individually Evaluated Loans. On a case-by-case basis, we may conclude that a loan should be evaluated on an individual basis based on its disparate risk characteristics. When we determine that a loan no longer shares similar risk characteristics with other loans in the portfolio, the allowance will be determined on an individual basis using the present value of expected cash flows or, for collateral-dependent loans, the fair value of the collateral as of the reporting date, less estimated selling costs, as applicable. If the fair value of the collateral is less than the amortized cost basis of the loan, we will establish an allowance for the difference between the fair value of the collateral, less costs to sell, at the reporting date and the amortized cost basis of the loan.

Allowance for Credit Losses - Loans

On July 1, 2020, we adopted ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which replaced the incurred loss methodology with an expected loss methodology, referred to as the "CECL" methodology. See Note 1 to the audited consolidated financial statements for additional information on the adoption of Topic 326.

A description of our methodology in establishing our allowance for credit losses is set forth in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies - Allowance for Credit Losses."

Additional information about our allowance for credit losses is also presented in Note 65 to the audited consolidated financial statements.

Our allowance for credit losses is maintained at a level necessary to cover lifetime expected credit losses in financial assets at the balance sheet date. The following table presents allowance for credit losses ratios, along with the components of their calculation, for the periods indicated:

		At June 30,				At June 30,	
		2023	2022			2024	2023
		(Dollars in Thousands)				(Dollars in Thousands)	
Allowance for credit losses - loans	Allowance for credit losses - loans	\$ 48,734	\$ 47,058				
Total loans outstanding	Total loans outstanding	\$5,850,476	\$5,436,576				
Total non-performing loans	Total non-performing loans	\$ 42,627	\$ 70,321				
Allowance for credit losses as a percent of total loans outstanding	Allowance for credit losses as a percent of total loans outstanding	0.83 %	0.87 %	Allowance for credit losses as a percent of total loans outstanding		0.78 %	0.83 %
Allowance for credit losses to non-performing loans	Allowance for credit losses to non-performing loans	114.33 %	66.92 %	Allowance for credit losses to non-performing loans		112.68 %	114.33 %

The following table presents the ratio of net charge-offs (recoveries) to average loans outstanding by loan category, along with the components of the calculation, for the periods indicated:

2024						2024						2023	
Amount						Amount						Percent of Loans to Total Loans	
(Dollars In Thousands)						(Dollars In Thousands)							
Multi-family mortgage	Multi-family mortgage	\$26,362	47.21 %	\$25,321	44.31 %	Multi-family mortgage	\$24,125	46.02	46.02 %			\$26,362	47.21 %
Nonresidential mortgage	Nonresidential mortgage	8,953	16.56	10,590	18.76								
Commercial business	Commercial business	1,440	2.51	1,792	3.25								
Construction	Construction	1,336	3.87	1,486	2.58								
One- to four-family residential mortgage	One- to four-family residential mortgage	10,237	29.07	7,540	30.27								
Home equity loans	Home equity loans	338	0.74	245	0.78								
Other consumer	Other consumer	68	0.04	84	0.05								
Total	Total	\$48,734	100.00 %	\$47,058	100.00 %	Total	\$44,939	100.00	100.00 %			\$48,734	100.00 %

At **June 30, 2023** **June 30, 2024**, the ACL totaled \$44.9 million, or 0.78% of total loans, reflecting a decrease of \$3.8 million from \$48.7 million, or 0.83% of total loans, reflecting an increase of \$1.7 million from \$47.1 million, or 0.87% of total loans, at **June 30, 2022** **June 30, 2023**. The **increase** **decrease** was largely attributable to a **provision reduction in reserves for credit losses of \$2.5 million, individually evaluated loans**, primarily driven by **loan growth, partially offset by a reduction in the expected life of the loan portfolio**. Partially offsetting the provision for credit losses were net charge-offs of **\$810,000**, **three related non-performing commercial real estate loans transferred to held-for-sale and sold during the year ended June 30, 2024**.

The ACL at **June 30, 2023** **June 30, 2024** is maintained at a level that is management's best estimate of lifetime expected credit losses inherent in loans at the balance sheet date. The ACL is subject to estimates and assumptions that are susceptible to significant revisions as more information becomes available and as events or conditions affecting individual borrowers and the marketplace as a whole change over time. Additions to the ACL may be necessary if the future economic environment deteriorates from forecasted conditions. In addition, the banking regulators, as an integral part of their examination process, periodically review our loan and foreclosed real estate portfolios, related ACL and valuation allowance for foreclosed real estate. The regulators may require the ACL to be increased based on their review of information available at the time of the examination, which may negatively affect our earnings.

Additional information about the ACL at **June 30, 2023** **June 30, 2024** and **2022** **2023** is presented in Note **6** **5** to the audited consolidated financial statements.

Investment Securities

At **June 30, 2023** **June 30, 2024**, our investment securities portfolio totaled \$1.21 billion and comprised 15.7% of our total assets. By comparison, at **June 30, 2023**, our securities portfolio totaled \$1.37 billion and comprised 17.0% of our total assets. **By comparison, at June 30, 2022, our securities portfolio totaled \$1.46 billion and comprised 18.9% of our total assets**. Additional information about our investment securities at **June 30, 2023** **June 30, 2024** is presented in Note **4** **3** to the audited consolidated financial statements.

The year-over-year net decrease in the securities portfolio totaled **\$88.2 million** **\$165.6 million** which largely reflected repayments and sales that were partially offset by purchases. The decrease in the portfolio included a **\$38.1 million decrease** **\$25.5 million increase** in the fair value of the available for sale securities portfolio to an unrealized loss of **\$156.1 million** **\$130.7 million** at **June 30, 2023** **June 30, 2024** from an unrealized loss of **\$118.0 million** **\$156.1 million** at **June 30, 2022** **June 30, 2023**.

Our investment policy, which is approved by the Board of Directors, is designed to foster earnings and manage cash flows within prudent interest rate risk and credit risk guidelines, taking into consideration our liquidity needs, asset/liability management goals, and performance objectives. Our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Treasurer/Chief Investment Officer are the senior management members of our Capital Markets Committee that are designated by the Board of Directors as the officers primarily responsible for securities portfolio management and all transactions require the approval of at least two of these designated officers.

The investments authorized for purchase under the investment policy approved by our Board of Directors include U.S. government and agency mortgage-backed securities, U.S. government agency debentures, municipal obligations, corporate bonds, asset-backed securities, collateralized loan obligations and subordinated debt.

The carrying value of our mortgage-backed securities totaled **\$710.0 million** **\$593.9 million** at **June 30, 2023** **June 30, 2024** and comprised **51.7%** **49.1%** of total investments and **8.8%** **7.7%** of total assets as of that date. We generally invest in mortgage-backed securities issued by U.S. government agencies or government-sponsored entities. Mortgage-backed securities issued or sponsored by U.S. government agencies and government-sponsored entities are guaranteed as to the payment of principal and interest to investors.

The carrying value of our securities representing obligations of state and political subdivisions totaled \$16.1 million \$12.9 million at June 30, 2023 June 30, 2024 and comprised 1.2% 1.1% 5.1% of total investments and less than 1.0% of total assets as of that date. Such securities primarily included highly-rated, fixed-rate bank-qualified securities representing general obligations of municipalities located within the U.S. or the obligations of their related entities such as boards of education or school districts. Each of our municipal obligations were consistently rated by Moody's and S&P well above the thresholds that generally support our investment grade assessment with such ratings equaling A- or higher by S&P or A2 or higher by Moody's, where rated by those agencies. In the absence of, or as a complement to, such ratings, we rely upon our own internal analysis of the issuer's financial condition to validate its investment grade assessment.

The carrying value of our asset-backed securities totaled \$136.2 million \$80.4 million at June 30, 2023 June 30, 2024 and comprised 9.9% 6.7% of total investments and 1.7% 1.0% of total assets as of that date. This category of securities is comprised entirely of structured, floating-rate securities representing securitized federal education loans with 97% U.S. government guarantees. Our securities represent the highest credit-quality tranches within the overall structures with each being rated AA+ or higher by S&P or Aa1 or higher by Moody's, where rated by those agencies.

The outstanding balance of our collateralized loan obligations totaled \$377.0 million \$389.5 million at June 30, 2023 June 30, 2024 and comprised 27.4% 32.2% of total investments and 4.7% 5.1% of total assets as of that date. This category of securities is comprised entirely of structured, floating-rate securities representing securitized commercial loans to large, U.S. corporations. At June 30, 2023 June 30, 2024, each of our collateralized loan obligations were consistently rated by Moody's and/or S&P well above the thresholds that generally support our investment grade assessment with such ratings equaling AAA by S&P or Aaa by Moody's, where rated by those agencies.

The carrying value of our corporate bonds totaled \$135.0 \$131.8 million at June 30, 2023 June 30, 2024 and comprised 9.8% 10.9% of total investments and 1.7% of total assets as of that date. This category of securities is comprised of two floating-rate corporate debt obligations issued by large financial institutions and subordinated debt representing, profitable, well-capitalized, small- to mid-sized community banks located mainly in the mid-Atlantic region of the U.S. At June 30, 2023 June 30, 2024, corporate bonds issued by large financial institutions were consistently rated by Moody's and S&P well above the thresholds that generally support our investment grade assessment with such ratings equaling BBB- or higher by S&P or Baa3 or higher by Moody's, where rated by those agencies.

Current accounting standards require that debt securities be categorized as held to maturity or available for sale, based on management's intent as to the ultimate disposition of each security. These standards allow debt securities to be classified as held to maturity and reported in financial statements at amortized cost only if the reporting entity has the positive intent and ability to hold these securities to maturity. Securities that might be sold in response to changes in market interest rates, changes in the security's prepayment risk, increases in loan demand, or other similar factors cannot be classified as held to maturity.

We do not currently use or maintain a trading account. Securities not classified as held to maturity are classified as available for sale. These securities are reported at fair value and unrealized gains and losses on the securities are excluded from earnings and reported, net of deferred taxes, as adjustments to accumulated other comprehensive income (loss), a separate component of equity. As of June 30, 2023 June 30, 2024, our available for sale securities portfolio had a carrying value of \$1.23 \$1.07 billion or 89.3% 88.8% of our total securities with the remaining \$146.5 \$135.7 million or 10.7% 11.2% of securities were classified as held to maturity.

Other than securities issued or guaranteed by the U.S. government or its agencies, we did not hold securities of any one issuer having an aggregate book value in excess of 10% of our equity at June 30, 2023 June 30, 2024. All of our securities carry market risk insofar as increases in market interest rates have caused, and may continue to cause, a decrease in their market value. We believe that unrealized and unrecognized losses on securities held at June 30, 2023 June 30, 2024, are a function of changes in market interest rates and credit spreads, not changes in credit quality. Therefore, no allowance for credit losses was recorded at that time.

During the year ended June 30, 2024, proceeds from sales of securities available for sale totaled \$104.1 million and resulted in no gross gains and gross losses of \$18.1 million. During the year ended June 30, 2023, proceeds from sales of securities available for sale totaled \$105.2 million \$105.2 million and resulted in no gross gains and gross losses of \$15.2 million. During the year ended June 30, 2022, proceeds from sales of securities available for sale totaled \$100.3 million and resulted in no gross gains and gross losses of \$565,000. During the year ended June 30, 2021, proceeds from sales of securities available for sale totaled \$98.1 million and resulted in gross gains of \$1.2 million and gross losses of \$470,000. There were no sales of held to maturity securities during the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021 2022.

The following table sets forth the carrying value of our securities portfolio at the dates indicated:

	At June 30,		At June 30,	
	2024		2024	2023
	(In Thousands)		(In Thousands)	
Debt securities available for sale:				
	At June 30,			
Asset-backed securities				
	2023	2022		
Asset-backed securities				
	(In Thousands)			
Debt securities available for sale:				
Obligations of state and political subdivisions	\$	—	\$	28,435

Asset-backed securities	Asset-backed securities	136,170	166,557
Collateralized loan obligations	Collateralized loan obligations	376,996	307,813
Corporate bonds	Corporate bonds	135,018	153,397
Total debt securities available for sale	Total debt securities available for sale	648,184	656,202
Mortgage-backed securities available for sale:	Mortgage-backed securities available for sale:		
Collateralized mortgage obligations		—	7,122
Mortgage-backed securities available for sale:			
Mortgage-backed securities available for sale:			
Residential pass-through securities			
Residential pass-through securities			
Residential pass-through securities	Residential pass-through securities	436,151	514,758
Commercial pass-through securities	Commercial pass-through securities	143,394	166,011
Total mortgage-backed securities available for sale	Total mortgage-backed securities available for sale	579,545	687,891
Total securities available for sale	Total securities available for sale	1,227,729	1,344,093
Total securities available for sale			
Total securities available for sale			
Debt securities held to maturity:			
Debt securities held to maturity:			
Debt securities held to maturity:	Debt securities held to maturity:		
Obligations of state and political subdivisions	Obligations of state and political subdivisions	16,051	21,159

Total debt securities held to maturity	Total debt securities held to maturity	16,051	21,159
Mortgage-backed securities held to maturity:			
Mortgage-backed securities held to maturity:			
Mortgage-backed securities held to maturity:	Mortgage-backed securities held to maturity:		
Residential pass-through securities	Residential pass-through securities	118,166	84,851
Commercial pass-through securities	Commercial pass-through securities	12,248	12,281
Total mortgage-backed securities held to maturity	Total mortgage-backed securities held to maturity	130,414	97,132
Total securities held to maturity	Total securities held to maturity	146,465	118,291
Total securities held to maturity			
Total securities held to maturity			
Total securities	Total securities	\$1,374,194	\$1,462,384
Total securities			
Total securities			

The following table sets forth certain information regarding the carrying values, weighted average yields and maturities of our securities portfolio at **June 30, 2023** **June 30, 2024**. This table shows contractual maturities and does not reflect re-pricing or the effect of prepayments. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without prepayment penalties. At **June 30, 2023** **June 30, 2024**, securities with a carrying value of **\$40.4** **\$31.8** million are callable within one year.

At June 30, 2023											
One Year or Less		One to Five Years		Five to Ten Years		More Than Ten Years		Total Securities			
Weighted		Weighted		Weighted		Weighted		Weighted			
Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Fair Market Value	
(Dollars In Thousands)											
At June 30, 2024											
One Year or Less								One Year or Less		One to Five Years	

Carrying Value														Weighted	Weighted
														Carrying	Average
														Value	Yield
(Dollars in Thousands)														Carrying	Average
														Value	Yield
Debt securities: Debt securities:															
Obligations of state and political subdivisions															
Obligations of state and political subdivisions															
Obligations of state and political subdivisions	Obligations of state and political subdivisions	\$ 3,386	2.18 %	\$12,054	2.26 %	\$ 611	2.35 %	\$ —	— %	\$ 16,051	2.25 %	\$ 15,730			
Asset-backed securities	Asset-backed securities	—	—	—	—	31,992	6.65	104,178	6.50	136,170	6.53	136,170			
Collateralized loan obligations	Collateralized loan obligations	—	—	—	—	201,231	6.73	175,765	7.24	376,996	6.97	376,996			
Corporate bonds	Corporate bonds	—	—	21,526	7.63	106,367	3.95	7,125	3.72	135,018	4.44	135,018			
Mortgage-backed securities:	Mortgage-backed securities:														
Mortgage-backed securities:															
Residential pass-through securities (1)															
Residential pass-through securities (1)															
Residential pass-through securities (1)	Residential pass-through securities (1)	—	—	—	—	—	—	554,317	2.29	554,317	2.29	541,581			
Commercial pass-through securities (1)	Commercial pass-through securities (1)	—	—	—	—	12,248	1.79	143,394	3.48	155,642	3.36	153,403			
Total securities	Total securities	\$ 3,386	2.18 %	\$33,580	5.72 %	\$352,449	5.61 %	\$984,779	3.67 %	\$1,374,194	4.19 %	\$1,358,898			

(1) Government-sponsored enterprises.

Sources of Funds

General. Retail deposits are our primary source of funds for lending and other investment purposes. In addition, we derive funds from principal repayments of loan and investment securities. Loan and securities payments are a relatively stable source of funds, while deposit inflows are significantly influenced by general interest rates and money market conditions. Wholesale funding sources including, but not limited to, borrowings from the Federal Home Loan Bank of New York ("FHLB"), wholesale deposits and other short-term borrowings are also used to supplement the funding for loans and investments.

Deposits. Our current deposit products include interest-bearing and non-interest-bearing checking accounts, money market deposit accounts, savings accounts and certificates of deposit accounts ranging in terms from 30 days to five years. Certificates of deposit with terms ranging from six months to five years are available for individual retirement account plans. Deposit account terms, such as interest rate earned, applicability of certain fees and service charges and funds accessibility, will vary based upon several factors including, but not limited to, minimum balance, term to maturity, and transaction frequency and form requirements.

Deposits are obtained primarily from within New Jersey and New York through the Bank's network of retail branches, business relationship officers, treasury management officers and digital banking channels. We maintain a robust suite of commercial deposit products designed to appeal to small and mid-size businesses, non-profit organizations and

government entities. Our team of experienced and dedicated business relationship officers serve as the primary points of contact for these commercial clients and act as both new business originators and relationship managers.

The determination of interest rates on retail deposits is based upon a number of factors, including: (1) our need for funds based on loan demand, current maturities of deposits and other cash flow needs; (2) a current survey of a selected group of competitors' rates for similar products; (3) our current cost of funds, yield on assets and asset/liability position; and (4) the alternate cost of funds on a wholesale basis. Interest rates are reviewed by senior management on a regular basis, with deposit product and pricing updated, as appropriate, during recurring and ad-hoc senior management meetings.

Our liquidity could be reduced if a significant amount of certificates of deposit maturing within a short period were not renewed. At **June 30, 2023** **June 30, 2024** and **2022** **2023**, certificates of deposit maturing within one year were **\$1.90 billion** **\$1.49 billion** and **\$1.47 billion** **\$1.90 billion**, respectively. Historically, a significant portion of the certificates of deposit remain with us after they mature.

At **June 30, 2023** **June 30, 2024**, **\$1.42** **\$1.10** billion or **70.6%** **68.2%** of our certificates of deposit were certificates of \$100,000 or more compared to **\$1.33 billion** **\$1.42 billion** or **70.2%** **70.6%** at **June 30, 2022** **June 30, 2023**. Excluding brokered certificates of deposit, **\$783.7 million** **\$688.3 million** or **56.9%** **57.4%** of our certificates of deposit were certificates of \$100,000 or more at **June 30, 2023** **June 30, 2024**. The general level of market interest rates and money market conditions significantly influence deposit inflows and outflows. The effects of these factors are particularly pronounced on deposit accounts with larger balances. In particular, certificates of deposit with balances of \$100,000 or greater are traditionally viewed as being a more volatile source of funding than comparatively lower balance certificates of deposit or non-maturity transaction accounts. In order to retain certificates of deposit with balances of \$100,000 or more, we may have to pay a premium rate, resulting in an increase in our cost of funds. To the extent that such deposits do not remain with us, they may need to be replaced with wholesale funding.

Our sources of wholesale funding included brokered certificates of deposit and listing service certificates of deposit whose balances totaled approximately **\$635.3 million** and **\$5.2 million**, **\$408.2 million**, or **11.3%** and **0.1%** **7.9%** of total deposits, respectively, at **June 30, 2023** **June 30, 2024**. We utilize brokered certificates of deposit and listing service certificates of deposits as alternatives an alternative to other forms of wholesale funding, including borrowings, when interest rates and market conditions favor the use of such deposits. For a portion of our short-term brokered certificates of deposit we utilized interest rate contracts to effectively extend their duration and to fix their cost.

The following table sets forth the distribution of average deposits for the periods indicated and the weighted average nominal interest rates for each period on each category of deposits presented:

		For the Years Ended June 30,									
		2023			2022			2021			
		Weighted			Weighted			Weighted			
		Percent	Average		Percent	Average		Percent	Average		
		Average	of Total	Nominal	Average	of Total	Nominal	Average	of Total	Nominal	
Balance	Deposits	Rate	Balance	Deposits	Rate	Balance	Deposits	Rate			
(Dollars In Thousands)											
For the Years Ended June 30,											
2024											

Total average deposits	\$5,345,822	100.00	%	2.29
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As of **June 30, 2023** **June 30, 2024** and **2022** **2023**, the aggregate amount of certificates of deposit of \$250,000 and over was **\$883.7** **\$633.0** million and **\$897.4** **\$883.7** million, respectively. The following table presents the time remaining until maturity of those certificates of deposit as of **June 30, 2023** **June 30, 2024**:

	At June 30,
	2023 2024
	(In Thousands)
<u>Maturity Period</u>	
Within three months	\$ 555,894 479,434
Three through six months	200,167 90,768
Six through twelve months	115,125 40,423
Over twelve months	12,509 22,408
Total certificates of deposit	\$ 883,695 633,033

The following table sets forth the amount and maturities of certificates of deposit at **June 30, 2023** **June 30, 2024**:

At June 30, 2023									
		Over One Year to Two Years	Over Two Years to Three Years	Over Three Years to Four Years	Over Four Years to Five Years	Over Five Years			
		Within One Year	Two Years	Three Years	Four Years	Five Years			
(In Thousands)									
At June 30, 2024									
		Within One Year	Over One Year to Two Years	Over Two Years to Three Years	Over Three Years to Four Years	Over Four Years to Five Years	Over Five Years		
		Within One Year	Two Years	Three Years	Four Years	Five Years	Years	Total	
(In Thousands)									
Interest Rate	Interest Rate								
0.00 - 0.99%									
0.00 - 0.99%									
0.00 - 0.99%	0.00 - 0.99%	\$ 180,989	\$45,910	\$22,381	\$13,389	\$7,497	\$ —	\$ 270,166	
1.00 - 1.99%	1.00 - 1.99%	54,015	11,217	445	234	93	—	66,004	
2.00 - 2.99%	2.00 - 2.99%	615,122	13,885	329	152	—	86	629,574	
3.00 - 3.99%	3.00 - 3.99%	339,860	241	—	—	—	5,496	345,597	
4.00 - 4.99%	4.00 - 4.99%	503,628	64	—	—	—	—	503,692	
5.00 - 5.99%	5.00 - 5.99%	202,518	—	—	—	—	—	202,518	
Total certificates of deposit	Total certificates of deposit	\$1,896,132	\$71,317	\$23,155	\$13,775	\$7,590	\$5,582	\$2,017,551	
Total certificates of deposit									
Total certificates of deposit									

Additional information about our deposits is presented in Note **10** **9** to the audited consolidated financial statements.

Borrowings. The sources of wholesale funding we utilize include borrowings in the form of advances from the FHLB as well as other forms of borrowings. We generally use wholesale funding to manage our exposure to interest rate risk and liquidity risk in conjunction with our overall asset/liability management process.

Advances from the FHLB are typically secured by our FHLB capital stock and certain investment securities as well as residential and commercial mortgage loans that we choose to utilize as collateral for such borrowings. Additional information about our FHLB advances is included under Note 11 10 to the audited consolidated financial statements.

At June 30, 2024, we had \$1.54 billion of FHLB advances outstanding, excluding a net fair value adjustment of \$211,000, at a weighted average interest rate of 5.07%. At June 30, 2023, we had \$1.28 billion of FHLB advances outstanding, excluding a net fair value adjustment of \$688,000, at a weighted average interest rate of 4.92%. At June 30, 2022, we had \$652.5 million of FHLB advances outstanding, excluding a net fair value adjustment of \$1.2 million, at a weighted average interest rate of 2.17%.

Our FHLB advances mature as follows:

		At June 30,	
		2023	2022
		(In Thousands)	
	At June 30,	At June 30,	
	2024	2024	2023
		(In Thousands)	
By remaining period to maturity:	By remaining period to maturity:		
Less than one year	Less than one year		
Less than one year	Less than one year	\$ 972,500	\$520,000
One to two years	One to two years	103,500	22,500
Two to three years	Two to three years	6,500	103,500
Three to four years	Three to four years	—	6,500
Four to five years	Four to five years	200,000	—
Greater than five years	Greater than five years	—	—
Total advances	Total advances	1,282,500	652,500
Fair value adjustments	Fair value adjustments	(688)	(1,163)
Total advances, net of fair value adjustments	Total advances, net of fair value adjustments	\$1,281,812	\$651,337

At June 30, 2023 June 30, 2024, we utilized interest rate contracts to effectively extend the duration and fix the cost of our FHLB advances maturing in less than one year.

Based upon the market value of investment securities and mortgage loans that are posted as collateral for FHLB advances at June 30, 2023 June 30, 2024, we are eligible to borrow up to an additional \$1.55 \$1.06 billion of advances from the FHLB as of that date. We are further authorized to post additional collateral in the form of other unencumbered investments securities and eligible mortgage loans that may expand our borrowing capacity with the FHLB up to 30% of our total assets. Additional borrowing capacity up to 50% of our total assets may be authorized with the approval of the FHLB's Board of Directors or Executive Committee.

In addition, we had the capacity to borrow additional funds totaling \$990.0 \$789.0 million via unsecured overnight borrowings from other financial institutions and \$415.0 \$381.8 million from the FRB without pledging additional collateral.

The balance of borrowings at June 30, 2023 June 30, 2024 included overnight line of credit borrowings from the FHLB totaling \$125.0 million and \$175.0 million. There were no unsecured overnight borrowings from other financial institutions totaling \$100.0 million. at June 30, 2024.

Interest Rate Derivatives and Hedging

We utilize derivative instruments in the form of interest rate swaps, caps and floors to hedge our exposure to interest rate risk in conjunction with our overall asset/liability management process. In accordance with accounting requirements, we formally designate all of our hedging relationships as either fair value hedges or cash flow hedges, and document the strategy for undertaking the hedge transactions and its method of assessing ongoing effectiveness.

At June 30, 2023 June 30, 2024, our derivative instruments were comprised of interest rate swaps, caps and a floor with a total notional amount of \$2.23 billion \$2.75 billion. These instruments are intended to manage the interest rate exposure relating to certain wholesale funding positions and assets that were outstanding at June 30, 2023 June 30, 2024.

Additional information regarding our use of interest rate derivatives and our hedging activities is presented in Note 1 and Note 12 to the audited consolidated financial statements.

Subsidiary Activity

At June 30, 2023, June 30, 2024, Kearny Bank was the only wholly-owned operating subsidiary of Kearny Financial Corp. As of that date, Kearny Bank had two wholly-owned subsidiaries, CJB Investment Corp. and 189-245 Berdan Avenue LLC and Kearny Wealth Management LLC. CJB Investment Corp. is a New Jersey Investment Company and remained active through the three-year period ended June 30, 2023, June 30, 2024. 189-245 Berdan Avenue LLC was formed during the year ended June 30, 2023 for the purpose of ownership and operation of commercial real estate. In February 2024, the Bank formed the Kearny Wealth Management LLC subsidiary for the purpose of providing wealth management and insurance brokerage services via a third-party service provider.

Human Capital Resources

Empowering prosperity, connecting community and delivering trust are the essence of who we are at Kearny Bank and what differentiates us from others. We adhere to the belief that people, these core principles by employing and developing an outstanding team. We cultivate premier performance through consistent training, monitoring, and relationships are what matter most. We coaching.

Guided by unwavering principles of ethics and integrity, we serve our clients and shareholders through our deep-rooted principles of ethics and integrity, and by giving back while actively contributing to our communities. We understand that the Company succeeds when our employees and customers succeed and therefore strive to create a diverse and inclusive Our commitment extends beyond financial transactions; we foster an environment where employees can thrive, and where customers want choose to bank.

Diversity and Inclusion. We recognize the unique contributions value each individual brings to our Company, and we are committed organization. As part of our commitment to growing our culture of diversity, equity, and inclusion, as a foundation for our values and success.

To further establish our commitment to diversity, in the fourth quarter of fiscal year 2023 we appointed an individual to the role of a Senior Vice President Director of Diversity, Equity, and Inclusion. Beginning Inclusion in the fourth quarter of fiscal year 2024, the Director of Diversity, Equity and Inclusion will work 2023. This role serves as the intermediary a bridge between the business lines and management, to promote promoting diversity in across various aspects of our operations. The Director of DEI has established various programs to help grow our culture of inclusivity to be used as platforms to celebrate our diversity of thought and backgrounds across the Company's business. organization.

Additionally, this year we launched the Kearny Bank ChangeMakers program initiative, which was launched in 2023 in partnership with Rutgers University, has expanded with 35 employees now having successfully completed the program. This initiative focuses on gender and leadership training, engaging in meaningful dialogue and teaching transferable skills to provide networking and workshop opportunities focusing on women-owned local women owned businesses in our communities.

Employee Profile. As of June 30, 2023, June 30, 2024, we employed 556 552 employees, approximately 62% of whom are 60% identifying as female. We continue our partnership to collaborate with a diversity recruitment solution solutions to broaden and enhance our overall diversity recruitment efforts.

Talent Development and Employee Engagement. We invest in the success and the our employees' personal and professional development of our employees growth by providing employees with career advancement opportunities. We look Our commitment to promote promoting from within allows us to leverage employee talent expertise and knowledge of the organization. Additionally, organizational knowledge. Furthermore, we offer many educational initiatives and learning initiatives support for certifications to enhance our employees' professional growth, including support for certifications and licenses, as well as offering a robust tuition reimbursement program. We offer a Career Mentoring Program, which offers employees an opportunity to interact and collaborate with our senior leaders. We continue to build on the Company's Diversity and Inclusion Action Plan which was established in 2018 and created our Diversity, Equity and Inclusion Committee. The Diversity and Inclusion Action Plan focuses on expanding our recruiting pipeline, obtaining Diversity & Inclusion certifications and training for our recruiting staff and establishing programs to attract and retain diverse talent. As part of this initiative, our Senior Women's Leadership Group was established to provide a forum for our female employees to exchange ideas and support programs across the Company. development.

Employee Benefits. We offer our employees competitive compensation including incentive programs, together with a comprehensive benefits package designed to enhance the employee experience. Such benefits include medical, dental, vision, long term disability benefits, AD&D and group life insurance, additional supplement plans, Health Advocacy and Employee Assistance programs, generous paid time off and the ability to participate in charitable events during work time. In addition, our employees share in our financial success while preparing for their retirement via participation in our 401(k) Plan, which includes a competitive company match, and our Employee Stock Ownership Plan ("ESOP"), which is 100% funded by the Company.

Health and Wellness. We are committed to providing programs that support the needs of our employees and their families and provide access to a variety of health and wellness programs, including benefits that support their physical, mental and financial wellbeing. Additionally, the Company operates in a hybrid work environment, where applicable, one which promotes a work-life balance and allows for certain flexibility while maintaining productivity and efficiency.

Supervision and Regulation

Kearny Bank and Kearny Financial operate in a highly regulated industry. This regulation establishes a comprehensive framework of activities in which a savings and loan holding company and New Jersey savings bank may engage and is intended primarily for the protection of the deposit insurance fund and depositors. Set forth below is a brief description of certain laws that relate to the regulation of Kearny Bank and Kearny Financial. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities and examination policies, including the imposition of restrictions on the operation of an institution and its holding company, the classification of assets by the institution and the adequacy of an institution's allowance for credit losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, including changes in the regulations governing savings and loan holding companies, could have a material adverse impact on Kearny Financial, Kearny Bank and their operations. The adoption of regulations or the enactment of laws that restrict the operations of Kearny Bank and/or Kearny Financial or impose burdensome requirements upon one or both of them could reduce their profitability and could impair the value of Kearny Bank's franchise, resulting in negative effects on the trading price of our common stock.

Regulation of Kearny Bank

General. As a nonmember New Jersey savings bank with federally insured deposits, Kearny Bank is subject to extensive regulation by the NJDBI and the FDIC. The regulatory structure gives the regulatory agencies widespread discretion in connection with their supervisory and enforcement activities and examination policies, including policies regarding the classification of assets and the level of the allowance for credit losses. The activities of New Jersey savings banks are subject to extensive regulation including restrictions or requirements with respect to loans to one borrower, dividends, permissible investments and lending activities, liquidity, transactions with affiliates and community reinvestment. Both state and federal law regulate a savings bank's relationship with its depositors and borrowers, especially in such matters as the ownership of savings accounts and the form and content of Kearny Bank's mortgage documents.

Kearny Bank must file reports with the NJDBI and FDIC concerning its activities and financial condition and obtain regulatory approvals prior to entering into certain transactions such as establishing new branches and mergers with or acquisitions of other depository institutions. The NJDBI and FDIC regularly examine Kearny Bank and prepare reports to Kearny Bank's Board of Directors on any deficiencies found in its operations. The agencies have substantial discretion to take enforcement action with respect to an institution that fails to comply with applicable regulatory requirements or engages in violations of law or unsafe and unsound practices. Such actions can include, among others, the issuance of a cease and desist order, assessment of civil money penalties, removal of officers and directors and the appointment of a receiver or conservator.

Activities and Powers. Kearny Bank derives its lending, investment and other powers primarily from the applicable provisions of the New Jersey Banking Act and the related regulations. Under these laws and regulations, New Jersey savings banks, including Kearny Bank, generally may invest in real estate mortgages; consumer and commercial loans; specific types of debt securities, including certain corporate debt securities and obligations of federal, state and local governments and agencies; certain types of corporate equity securities and other specified assets.

A savings bank may also invest pursuant to a leeway power that permits investments not otherwise permitted by the New Jersey Banking Act. Leeway investments must comply with a number of limitations on individual and aggregate amounts of investments. New Jersey savings banks may also exercise those powers, rights, benefits or privileges authorized for national banks, federal savings banks or federal savings associations, or either directly or through a subsidiary. New Jersey savings banks may exercise powers, rights, benefits and privileges of out-of-state banks, savings banks and savings associations, or either directly or through a subsidiary, provided that prior approval by the NJDBI is required before exercising any such power, right, benefit or privilege. The exercise of these lending, investment and activity powers is further limited by federal law and the related regulations. See "—Activity Restrictions on State-Chartered Banks" below.

Activity Restrictions on State-Chartered Banks. Federal law and FDIC regulations generally limit the activities as principal and equity investments of state-chartered FDIC insured banks and their subsidiaries to those permissible for national banks and their subsidiaries, except such activities and investments that are specifically exempted by law or regulation, or approved by the FDIC.

Before engaging as principal in a new activity that is not permissible for a national bank, or otherwise permissible under federal law or FDIC regulations, an insured bank must seek approval from the FDIC, subject to certain specified exceptions. The FDIC will not approve the activity unless the bank meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the FDIC's Deposit Insurance Fund. Certain activities of subsidiaries that are engaged in activities permitted for national banks only through a financial subsidiary are subject to additional requirements.

Additionally, New Jersey parity provisions authorize New Jersey savings banks, subject to certain limitations, to exercise the powers, rights, benefits and privileges authorized for national or out-of-state banks, or federal or out-of-state savings banks or savings associations

Federal Deposit Insurance. Kearny Bank's deposits are insured to applicable limits by the FDIC. The general maximum deposit insurance amount is \$250,000 per depositor.

The FDIC assesses insured depository institutions to maintain the Deposit Insurance Fund ("DIF"). Under the FDIC's risk-based assessment system, institutions deemed less risky pay lower assessments. Assessments for institutions of less than \$10 billion of assets, such as Kearny Bank, are based on financial measures and supervisory ratings derived from statistical modeling estimating the probability of an institution's failure within three years. The Effective January 1, 2023, the assessment range for insured institutions of less than \$10 billion of total assets is 1.5 2.5 to 30 32 basis points of total assets less tangible equity.

Assessment rates for institutions of Kearny Bank's size ranged from 1.5 to 30 basis points effective through December 31, 2022. The FDIC has authority to increase insurance assessments assessments. Any significant increases would have an adverse effect on the operating expenses and adopted a final rule in October 2022 to increase initial base deposit insurance results of operations of Kearny Bank. Management cannot predict what assessment rates by 2 basis points beginning will be in the first quarterly assessment period of 2023. As a result, effective January 1, 2023, assessment rates for institutions of Kearny Bank's size ranged from 2.5 to 32 basis points future.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not currently know of any practice, condition or violation that may lead to termination of our deposit insurance.

Regulatory Capital Requirements. FDIC regulations require nonmember banks to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets of 8% 8.0%, and a 4% 4.0% Tier 1 capital to total assets leverage ratio. The current requirements implement recommendations of the Basel Committee on Banking Supervision and certain requirements of federal law.

For purposes of the regulatory capital standards, common equity Tier 1 capital is generally defined as common stockholders' equity and retained earnings. Tier 1 capital is generally defined as common equity Tier 1 capital and additional Tier 1 capital. Additional Tier 1 capital includes certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries. Total capital includes Tier 1 capital (common equity Tier 1 capital plus additional Tier 1 capital) and Tier 2 capital. Tier 2 capital is comprised of capital instruments and related surplus, meeting specified requirements, and may include cumulative preferred stock and long-term perpetual preferred stock, mandatory convertible securities, intermediate preferred stock and subordinated debt.

Also included in Tier 2 capital is the allowance for credit losses limited to a maximum of 1.25% of risk-weighted assets and, for institutions that have exercised an opt-out election regarding the treatment of Accumulated Other Comprehensive Income, up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values. Calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations. At June 30, 2023 June 30, 2024, Kearny Bank has exercised the opt-out election regarding the treatment of Accumulated Other Comprehensive Income.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, all assets, including certain off-balance sheet assets, are multiplied by a risk weight factor assigned by the regulations based on the risks believed inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. For example, a risk weight of 0% is assigned to cash and U.S. government securities, a risk weight of 50% is generally assigned to prudently underwritten first lien one- to four-family residential mortgages, a risk weight of 100% is assigned to commercial and consumer loans, a risk weight of 150% is assigned to certain past due loans and a risk weight of between 0% to 600% is assigned to equity interests depending on certain specified factors.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a capital conservation buffer consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets above the amount necessary to meet its minimum risk-based capital requirements. At June 30, 2023 June 30, 2024, Kearny Bank exceeded all regulatory capital requirements.

In assessing an institution's capital adequacy, the FDIC takes into consideration, not only these numeric factors, but also qualitative factors. The FDIC has the authority to establish higher capital requirements for individual institutions where deemed necessary.

Depository institutions and depository institution their holding companies that have less than \$10 billion in total consolidated assets and meet other qualifying criteria may elect to use the optional community bank leverage ratio framework, which requires maintaining a leverage ratio of greater than 9% 9.0%, to satisfy the regulatory capital requirements, including the risk-based requirements. A qualifying institution may opt in and out of the community bank leverage ratio framework on its quarterly call report. Kearny Bank did not opt into the community bank leverage ratio framework as of June 30, 2023 June 30, 2024.

Regulations issued by the NJDBI establish generally similar regulatory capital standards for New Jersey-chartered savings banks such as Kearny Bank.

Prompt Corrective Regulatory Action. Federal law requires that federal bank regulatory authorities take prompt corrective action with respect to institutions that do not meet minimum capital requirements. For these purposes, the law establishes five capital categories: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." Qualifying banks that elect and comply with the community bank leverage ratio (as established by the regulatory agencies) are considered well-capitalized under the prompt corrective action regulations

The FDIC has adopted regulations to implement the prompt corrective action legislation. An institution is deemed to be well capitalized if it has a total risk-based capital ratio of 10.0% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a leverage ratio of 5.0% or greater and a common equity Tier 1 ratio of 6.5% or greater. Further, the institution must not be subject to any written agreement, order or capital directive, or prompt corrective action directive issued by the FDIC to meet and maintain a specific capital level for any capital measure. An institution is adequately capitalized if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a leverage ratio of 4.0% or greater and a common equity Tier 1 ratio of 4.5% or greater.

An institution is undercapitalized if it has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a leverage ratio of less than 4.0% or a common equity Tier 1 ratio of less than 4.5%. An institution is categorized as significantly undercapitalized if it has a total risk-based capital ratio of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a leverage ratio of less than 3.0% or a common equity Tier 1 ratio of less than 3.0%. Critically undercapitalized status is triggered if an institution has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2.0%. Qualifying banks that elect and comply with the community bank leverage ratio (as established by the regulatory agencies) are considered well-capitalized under the prompt corrective action regulations.

Undercapitalized banks must adhere to growth, capital distribution (including dividend) and other limitations and are required to submit a capital restoration plan. A bank's compliance with such a plan must be guaranteed by any company that controls the undercapitalized institution in an amount equal to the lesser of 5% 5.0% of the institution's total assets when deemed undercapitalized or the amount necessary to achieve the status adequately capitalized status. If an undercapitalized bank fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. Significantly undercapitalized banks must comply with one or more of a number of additional measures including, but not limited to,

a required sale of sufficient voting stock to become adequately capitalized, a requirement to reduce total assets, cessation of taking deposits from correspondent banks, the dismissal of directors or officers and restrictions on interest rates paid on deposits, compensation of executive officers and capital distributions by the parent holding company. Critically undercapitalized institutions are subject to additional measures including, subject to a narrow exception, the appointment of a receiver or conservator within 270 days after such status is triggered. These actions are in addition to other discretionary supervisory or enforcement actions that the FDIC may take.

As of **June 30, 2023** **June 30, 2024**, Kearny Bank was well capitalized.

Dividend Limitations. Federal regulations impose various restrictions or requirements on Kearny Bank to pay dividends to Kearny Financial. An institution that is a subsidiary of a savings and loan holding company, such as Kearny Bank, must file notice with the Federal Reserve Board at least thirty days before paying a dividend. The Federal Reserve Board may disapprove a notice if: (i) the savings institution would be undercapitalized following the capital distribution; (ii) the proposed capital distribution raises safety and soundness concerns; or (iii) the capital distribution would violate a prohibition contained in any statute, regulation, enforcement action or agreement or condition imposed in connection with an application.

New Jersey law specifies that no dividend may be paid if the dividend would impair the capital stock of the savings bank. In addition, no dividend may be paid unless the savings bank would, after payment of the dividend, have a surplus of at least 50% of its capital stock (or if the payment of dividend would not reduce surplus).

Transactions with Related Parties. Transactions between a depository institution (and, generally, its subsidiaries) and its related parties or affiliates are limited by Sections 23A and 23B of the Federal Reserve Act. An affiliate of an institution is any company or entity that controls, is controlled by or is under common control with the institution. In a holding company context, the parent holding company and any companies that are controlled by such parent holding company are affiliates of the institution. Generally, Section 23A of the Federal Reserve Act limits the extent to which the institution or its subsidiaries may engage in covered transactions with any one affiliate to 10% of such institution's capital stock and surplus and contain an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such institution's capital stock and surplus. The term "covered transaction" includes an extension of credit, purchase of assets, issuance of a guarantee or letter of credit and similar transactions. In addition, loans or other extensions of credit by the institution to the affiliate are required to be collateralized in accordance with specified requirements.

The law also requires that affiliate transactions generally be on terms and conditions that are substantially the same as, or at least as favorable to the institution as, those provided to non-affiliates.

Kearny Bank's authority to extend credit to its directors, executive officers and 10% stockholders, as well as to entities controlled by such persons, is governed by the requirements of Sections 22(g) and 22(h) of the Federal Reserve Act and Regulation O of the Federal Reserve Board. Among other things, subject to certain exceptions, these provisions generally require that extensions of credit to insiders:

- be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons and that do not involve more than the normal risk of repayment or present other unfavorable features; and
- not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of Kearny Bank's regulatory capital.

In addition, extensions of credit in excess of certain limits must be approved by Kearny Bank's Board of Directors. Extensions of credit to executive officers are subject to additional limits based on the type of extension involved.

Community Reinvestment Act. Under the Community Reinvestment Act (the "CRA"), every insured depository institution, including Kearny Bank, has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The CRA requires the FDIC to assess the depository institution's record of meeting the credit needs of its community and consider that record in its consideration of certain applications by the institution, such as for a merger or the establishment of a branch office. The FDIC may use an unsatisfactory CRA examination rating as the basis for denying such an application. Kearny Bank received a satisfactory CRA rating from the FDIC in its most recent CRA evaluation.

On **May 5, 2022** **October 24, 2023**, the FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currency **released** **issued** a **notice of proposed rulemaking** **final rule** to "strengthen and modernize" the CRA regulations and the related regulatory framework. **Under the final rule, banks with assets of at least \$2 billion as of December 31 for each of the prior two calendar years, such as Kearny Bank, are classified as a large bank. The federal agencies will evaluate large banks under four performance tests, the Retail Lending Test. Although the effective date of the final rule is April 2, 2024, the applicability date for the majority of the provisions in the new CRA regulations is January 1, 2026, and additional requirements will be applicable on January 1, 2027.**

Commercial Real Estate Lending Concentrations. The federal banking agencies have issued guidance on sound risk management practices for concentrations in commercial real estate lending. The particular focus is on exposure to commercial real estate loans that are dependent on the cash flow from the real estate held as collateral and that are likely to be sensitive to conditions in the commercial real estate market (as opposed to real estate collateral held as a secondary source of repayment or as an abundance of caution). The purpose of the guidance is not to limit a bank's commercial real estate lending but to guide banks in developing risk management practices and capital levels commensurate with the level and nature of real estate concentrations. The guidance directs the FDIC and other federal bank regulatory agencies to focus their supervisory resources on institutions that may have significant commercial real estate loan concentration risk. A bank that has experienced rapid growth in commercial real estate lending, has notable exposure to a specific type of commercial real estate loan, or is approaching or exceeding the following supervisory criteria may be identified for further supervisory analysis with respect to real estate concentration risk:

- Total reported loans for construction, land development and other land represent 100% or more of the bank's capital; or

- Total commercial real estate loans (as defined in the guidance) represent 300% or more of the bank's total capital or the outstanding balance of the bank's commercial real estate loan portfolio has increased 50% or more during the prior 36 months.

The guidance provides that the strength of an institution's lending and risk management practices with respect to such concentrations will be taken into account in supervisory guidance on evaluation of capital adequacy.

Federal Home Loan Bank System. Kearny Bank is a member of the FHLB of New York, which is one of eleven regional Federal Home Loan Banks. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is funded primarily from funds deposited by financial institutions and proceeds derived from the sale of consolidated obligations of the FHLB System. It makes loans to members pursuant to policies and procedures established by the Board of Directors of the FHLB.

As a member, Kearny Bank is required to purchase and maintain stock in the FHLB of New York in specified amounts. The FHLB imposes various limitations on advances such as limiting the amount of certain types of real estate related collateral and limiting total advances to a member.

The FHLB of New York may pay periodic dividends to members. These dividends are affected by factors such as the FHLB's operating results and statutory responsibilities that may be imposed such as providing certain funding for affordable housing and interest subsidies on advances targeted for low- and moderate-income housing projects. The payment dividends, or any particular amount of dividend, cannot be assumed.

Other Laws and Regulations

Interest and other charges collected or contracted for by Kearny Bank are subject to state usury laws and federal laws concerning interest rates. Kearny Bank's operations are also subject to federal laws (and their implementing regulations) applicable to credit transactions, such as the:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Real Estate Settlement Procedures Act, requiring that borrowers for mortgage loans for one- to four-family residential real estate receive various disclosures, including good faith estimates of settlement costs, lender servicing and escrow account practices, and prohibiting certain practices that increase the cost of settlement services;
- Home Mortgage Disclosure Act, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Fair Credit Reporting Act, governing the use and provision of information to credit reporting agencies;
- Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies; and
- Truth in Savings Act, prescribing disclosure and advertising requirements with respect to deposit accounts.

The operations of Kearny Bank also are subject to the:

- Right to Financial Privacy Act, which imposes a duty to maintain confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;
- Electronic Funds Transfer Act, and Regulation E promulgated thereunder, governing automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services;
- Check Clearing for the 21st Century Act (also known as "Check 21"), which gives substitute checks, such as digital check images and copies made from that image, the same legal standing as the original paper check;
- USA PATRIOT Act, which requires institutions operating to, among other things, establish broadened anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such required compliance programs are intended to supplement existing

compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control regulations; and

- Gramm-Leach-Bliley Act, which places limitations on the sharing of consumer financial information by financial institutions with unaffiliated third parties. Specifically, the Gramm-Leach-Bliley Act requires all financial institutions offering financial products or services to retail customers to provide such customers with the financial institution's privacy policy and provide such customers the opportunity to opt out of the sharing of certain personal financial information with unaffiliated third parties, parties; and
- Banking Regulations requiring banking organizations are required to notify their primary federal regulator as soon as possible and no later than 36 hours of determining that a "computer-security incident" that arises to the level of a "notification incident" has occurred. A notification incident is a "computer-security incident" that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization's ability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or impact the stability of the financial sector. Bank service providers are also required to notify any affected bank to or on behalf of which the service provider provides services "as soon as possible" after determining that it has experienced an incident that materially disrupts or degrades, or is reasonably likely to materially disrupt or degrade, covered services provided to such bank for four or more hours.

Regulation of Kearny Financial

General. Kearny Financial is a savings and loan holding company within the meaning of federal law. Kearny Financial maintained its savings and loan holding company status (rather than becoming a bank holding company), notwithstanding the June 2017 conversion of Kearny Bank to a New Jersey savings bank charter, through Kearny Bank exercising an election available to it under federal law. Kearny Financial is required to file reports with, and is subject to regulation and examination by, the Federal Reserve Board. Kearny Financial must also obtain regulatory approval from the Federal Reserve Board before engaging in certain transactions, such as mergers with or acquisitions of other depository institutions.

In addition, the Federal Reserve Board has enforcement authority over Kearny Financial and any non-depository subsidiaries. That permits the Federal Reserve Board to restrict or prohibit activities that are determined to pose a serious risk to Kearny Bank. This regulatory structure is intended primarily for protection of Kearny Bank's depositors and not for the benefit of stockholders of Kearny Financial.

The Federal Reserve Board has indicated that, to the greatest extent possible taking into account any unique characteristics of savings and loan holding companies and the requirements of federal law, its approach is to apply to savings and loan holding companies the supervisory principles applicable to the supervision of bank holding companies. The stated objective of the Federal Reserve Board is to ensure the savings and loan holding company and its non-depository subsidiaries are effectively supervised, can serve as a source of strength for and do not threaten the safety and soundness of, the subsidiary depository institution.

Nonbanking Activities. As a savings and loan holding company, Kearny Financial is permitted to engage in those activities permissible under federal law for financial holding companies (if certain criteria are met and an election is submitted) and for multiple savings and loan holding companies. A financial holding company may engage in activities that are financial in nature, including underwriting equity securities and insurance, as well as activities that are incidental to financial activities or complementary to a financial activity. A multiple savings and loan holding company is generally limited to activities permissible for bank holding companies under Section 4(c)(8) of the Bank Holding Company Act and certain additional activities authorized by federal regulations, subject to the approval of the Federal Reserve Board.

Mergers and Acquisitions. Kearny Financial must generally obtain approval from the Federal Reserve Board before acquiring, directly or indirectly, more than 5% of the voting stock of another savings institution or savings and loan holding company or acquiring such an institution or holding company by merger, consolidation, or purchase of its assets. Federal law also prohibits a savings and loan holding company from acquiring more than 5% of a company engaged in activities other than those authorized for savings and loan holding companies by federal law or acquiring or retaining control of a depository institution that is not insured by the FDIC. In evaluating an application for Kearny Financial to acquire control of a savings institution, the Federal Reserve Board considers factors such as the financial and managerial resources and future prospects of Kearny Financial and the target institution, the effect of the acquisition on the risk to the deposit insurance fund, the convenience and the needs of the community served and competitive factors. A merger of another depository institution into Kearny Bank requires the prior approval of the NJDBI and FDIC, based on similar considerations.

Consolidated Capital Requirements. Consolidated regulatory capital requirements identical to those applicable to the subsidiary depository institutions (including the community bank leverage ratio alternative) apply to savings and loan holding companies with \$3 billion or more of consolidated assets, including Kearny Financial. Kearny Financial was in compliance with the holding company capital requirements and the capital conservation buffer as of **June 30, 2023** **June 30, 2024**.

Source of Strength Doctrine; Dividends. Federal law extended the source of strength doctrine, which has long applied to bank holding companies, to savings and loan holding companies. The Federal Reserve Board has promulgated regulations implementing the source of strength policy, which requires holding companies to act as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial distress. Further, the Federal Reserve Board has issued a policy statement regarding the payment of dividends by bank holding companies that it has also applied to savings and loan holding companies. In general, the policy provides that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. Regulatory guidance provides for prior consultation with Federal Reserve supervisory staff as to dividends in certain circumstances, such as when the dividend is not covered by earnings for the period for which it is being paid, when net income for the past four quarters, net of dividends previously paid over that period, is insufficient to fully fund the dividend or when the prospective rate of earnings retention by the holding company is inconsistent with its capital needs and overall financial condition. The ability of a holding company to pay dividends may be restricted if a subsidiary depository institution becomes undercapitalized. In addition, a subsidiary institution of a savings and loan holding company must file prior notice with the Federal Reserve Board, and receive its non-objection, before paying a dividend to the parent savings and loan holding company. Federal Reserve Board guidance also provides for regulatory review of certain stock redemption and repurchase proposals by holding companies. These regulatory policies could affect the ability of Kearny Financial to pay dividends, engage in stock redemptions or repurchases or otherwise engage in capital distributions.

Qualified Thrift Lender Test. In order for Kearny Financial to be regulated by the Federal Reserve Board as a savings and loan holding company (rather than as a bank holding company), Kearny Bank must remain a qualified thrift lender under applicable law or satisfy the domestic building and loan association test under the Internal Revenue Code. Under the qualified thrift lender test, an institution is generally required to maintain at least 65% of its portfolio assets (total assets less: (i) specified liquid assets up to 20% of total assets; (ii) intangible assets, including goodwill; and (iii) the value of property used to conduct business) in certain qualified thrift investments (primarily residential mortgages and related investments, including certain mortgage-backed and related securities) in at least nine months out of each 12 month period. As of **June 30, 2023** **June 30, 2024**, Kearny Bank met the qualified thrift lender test.

Acquisition of Control. Under the federal Change in Bank Control Act, a notice must be submitted to the Federal Reserve Board if any person (including a company), or group acting in concert, seeks to acquire control of a savings and loan holding company. An acquisition of control can occur upon the acquisition of 10% or more of a class of voting stock of a savings and loan holding company or as otherwise defined by the Federal Reserve Board. Under the Change in Bank Control Act, the Federal Reserve Board has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial condition of the acquirer, and future prospects of the proposed acquirer, the competence and integrity of the proposed acquirer and the effects of the acquisition on competition. Any company that seeks to acquire "control" of Kearny Financial or Kearny Bank, within the meaning of the Savings and Loan Holding Company Act, must file an application, and receive the Federal Reserve Board's prior approval under that statute. The Company would then be subject to regulation as a savings and loan holding company.

The prior approval of the NJDBI would also be necessary for the acquisition of 25% of a class of the Company's voting stock, or "control" as otherwise defined under New Jersey law.

Incentive Compensation. In October 2022, the SEC adopted a final rule implementing the incentive-based compensation recovery ("clawback") provisions of the Dodd-Frank Act. The final rule directs national securities exchanges and associations, including NASDAQ, to require listed companies to develop and implement clawback policies to recover erroneously awarded incentive-based compensation from current or former executive officers in the event of a required accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, and to disclose their clawback policies and any actions taken under these policies. On June 9, 2023, the SEC approved the NASDAQ proposed clawback listing standards, including the amendments that delay the effective date of the rules to October 2, 2023. **Each listed issuer, including The Board of Directors of Kearny Financial is required to adopt approved the adoption of a clawback policy within 60 days after in October 2023, pursuant to the effective date, or December 1, 2023. NASDAQ clawback listing standards. A copy of the Company's clawback policy is included as an exhibit to this Annual Report on Form 10-K.**

Item 1A. Risk Factors

An investment in our securities is subject to risks inherent in our business and the industry in which we operate. Before making an investment decision, you should carefully consider the risks and uncertainties described below and all other information included in this Annual Report on Form 10-K. The risks described below may adversely affect our business, financial condition and operating results. In addition to these risks and any other risks or uncertainties described in "Item 1. Business—Forward-Looking Statements" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," there may be additional risks and uncertainties that are not currently known to us or that we currently deem to be immaterial that could materially and adversely affect our business, financial condition or operating results. The value or market price of our securities could decline due to any of these identified or other risks. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

Economic and Market Area

Changes in economic conditions, in particular an economic slowdown in the markets we operate in, could materially and negatively affect our business. Interest Rate

Our business is directly and financial performance are impacted by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. Any deterioration in economic conditions, whether caused by national or local concerns, in particular any further economic slowdown in the markets we operate in, could result in the following consequences, any of which could hurt our business materially: loan delinquencies may increase; problem assets and foreclosures may increase; demand for our products and services may decrease; low cost or non-interest bearing deposits may decrease; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

Our success significantly depends upon the growth in population, income levels, deposits, and housing starts in our markets. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally are unfavorable, our business may not succeed. An economic downturn or prolonged recession may result in the deterioration of the quality of our loan portfolio and reduce our level of deposits, which in turn would hurt its business. If we experience an economic downturn or a prolonged economic recession occurs in the economy as a whole, borrowers will be less likely to repay their loans as scheduled. Unlike many larger institutions, we are not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. An economic downturn could, therefore, result in losses that materially and adversely affect our business.

Inflationary pressures and rising prices may affect our results of operations and financial condition.

Inflation rose sharply at the end of 2021 and has remained at an elevated level through 2022 and 2023. Small to medium-sized businesses may be impacted more during periods of high inflation as they are not able to leverage economics of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur quickly, which would adversely impact our results of operations and financial condition. Furthermore, a prolonged period of inflation could cause wages and other costs to the Company to increase, which could adversely affect our results of operations and financial condition.

Our stock price may be negatively impacted by unrelated bank failures and negative depositor confidence in depository institutions. Further, if we were unable to adequately manage our liquidity, deposits, capital levels and interest rate risk, which have come under greater scrutiny in light of recent bank failures, it may have a material adverse effect on our financial condition and results of operations.

On March 9, 2023, Silvergate Bank, La Jolla, California, announced its decision to voluntarily liquidate its assets and wind down operations. On March 10, 2023, Silicon Valley Bank, Santa Clara, California, was closed by the California Department of Financial Protection and Innovation (the "DFPI"), on March 12, 2023, Signature Bank, New York, New York, was closed by the New York State Department of Financial Services and on May 1, 2023, First Republic Bank, San Francisco, California, was closed by the DFPI, and in each case the FDIC was appointed receiver for the failed institution. These banks had elevated levels of uninsured deposits, which may be less likely to remain at the bank over time and less stable as a source of funding than insured deposits. These failures led to volatility and declines in the market for bank stocks and questions about depositor confidence in depository institutions.

These events have led to a greater focus by institutions, investors and regulators on the on-balance sheet liquidity of and funding sources for financial institutions, the composition of its deposits, including the amount of uninsured deposits, the amount of accumulated other comprehensive loss, capital levels and interest rate risk management.

If we are unable to adequately manage our liquidity, deposits, capital levels and interest rate risk, it may have a material adverse effect on our financial condition and results of operations. We must maintain sufficient funds to respond to the needs of depositors and borrowers. Deposits have traditionally been our primary source of funds for use in lending and investment activities. We also receive funds from loan repayments, investment maturities and income on other interest-earning assets. While we emphasize the generation of low-cost core deposits as a source of funding, there is strong competition for such deposits in our market area. Additionally, deposit balances can decrease if customers perceive alternative investments as providing a better risk/return tradeoff. Accordingly, as a part of our liquidity management, we must use a number of funding sources in addition to deposits and repayments and maturities of loans and investments, which may include Federal Home Loan Bank of New York advances, federal funds purchased and brokered certificates of deposit. Adverse operating results or changes in industry conditions could lead to difficulty or an inability to access these additional funding sources.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, pay our expenses, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

A lack of liquidity could also attract increased regulatory scrutiny and potential restraints imposed on us by regulators. Depending on the capitalization status and regulatory treatment of depository institutions, including whether an institution is subject to a supervisory prompt corrective action directive, certain additional regulatory restrictions and prohibitions may apply, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits.

Our financial flexibility would be severely constrained if we were unable to maintain our access to funding or if adequate financing were not available at acceptable interest movements in those rates. Further, if we were required to rely more heavily on more expensive funding sources to support liquidity, our revenues may not increase proportionately to cover our increased costs. In this case, our operating margins and profitability would be adversely affected. If alternative funding sources were no longer available to us, we may need to sell a portion of our investment and/or loan portfolio to raise funds, which, depending upon market conditions, could result in us realizing a loss on the sale of such assets. As of June 30, 2023, we had a net unrealized loss of \$156.1 million on our available-for-sale investment securities portfolio as a result of the rising interest rate environment. Our investment securities totaled \$1.37 billion, or 17.0% of total assets, at June 30, 2023. The details of this portfolio are included in Note 4 to the consolidated financial statements.

Severe weather could harm our business.

Weather-related events, including those that may result from climate change, can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the local economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. The occurrence of a natural disaster could result in one or more of the following: (i) an increase in loan delinquencies; (ii) an increase in problem assets and foreclosures; (iii) a decrease in the demand for our products and services; or (iv) a decrease in the value of the collateral for loans, especially real estate, in turn reducing clients' borrowing power, the value of assets associated with problem loans and collateral coverage. Weather-related events may cause significant flooding and other storm-related damage and these outcomes may become more common in the future.

Acts of terrorism, public health issues, and geopolitical and other external events could impact our ability to conduct business.

Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems. Additionally, the metropolitan New York area and northern New Jersey remain central targets for potential acts of terrorism. Such events could cause significant damage, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing repayment of our loans, and result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition.

Additionally, global markets may be adversely affected by the emergence of widespread health emergencies or pandemics, cyber attacks or campaigns, military conflicts, terrorism or other geopolitical events, including the military conflict between Russia and Ukraine. The impact of global market fluctuations may affect our business liquidity. Also, any sudden or prolonged market downturn in the U.S. or abroad as a result of the above factors or otherwise could result in a decline in revenues and adversely affect our results of operations and financial condition, including capital and liquidity levels.

Our inability to achieve profitability on new branches may negatively affect our earnings.

We have expanded our presence throughout our market area and we intend to pursue further expansion through de novo branching or the purchase of branches from other financial institutions. The profitability of our expansion strategy will depend on whether the income that we generate from the new branches will offset the increased expenses resulting from operating these branches. We expect that it may take a period of time before these branches can become profitable, especially in areas in which we do not have an established presence. During this period, the expense of operating these branches may negatively affect our net income.

We face intense competition from other financial services and financial services technology companies, and competitive pressures could adversely affect our business or financial performance.

We face intense competition in all of its markets and geographic regions. We expect competitive pressures to intensify in the future, especially in light of legislative and regulatory initiatives arising out of the recent global economic crisis, technological innovations that alter the barriers to entry, current economic and market conditions, and government monetary and fiscal policies. Competition with financial services technology companies, or technology companies partnering with financial services companies, may be particularly intense, due to, among other things, differing regulatory environments. Competitive pressures may drive us to take actions that we might otherwise eschew, such as lowering the interest rates or fees on loans or raising the interest rates on deposits in order to keep or attract high-quality clients. These pressures also may accelerate actions that we might otherwise elect to defer, such as substantial investments in technology or infrastructure. The actions that we take in response to competition may adversely affect its results of operations and financial condition. These consequences could be exacerbated if we are not successful in introducing new products and other services, achieving market acceptance of its products and other services, developing and maintaining a strong client base, or prudently managing expenses.

Asset Quality and Interest Rate

Changes in interest rates or the shape of the yield curve may adversely affect our profitability and financial condition.

We derive our income mainly from the difference or spread between the interest earned on loans, securities and other interest-earning assets and interest paid on deposits, borrowings and other interest-bearing liabilities. In general, the larger the spread, the more we earn. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. This can cause decreases in our spread and can adversely affect our income.

Beginning in March 2022, in response to rising inflation, the Federal Reserve Board's Federal Open Market Committee systemically increased the target rate from 0.00% – 0.25% to 5.25% – 5.50% in July 2023. In addition, at **June 30, 2023** **June 30, 2024**, the yield curve has remained inverted as short-term rates were meaningfully lower remain higher than long-term rates, which results in an inverted yield curve. rates. Our net interest spread and net interest margin are at risk of being have been and may in the future be reduced due to by potential increases in our cost of funds that may outpace any increases in our yield on interest-earnings assets.

In addition, it may take longer for our assets to reprice to adjust to a new rate environment because fixed rate loans do not fluctuate with interest rate changes and adjustable rate loans often have a specified initial fixed rate period before reset. As a result, a flattening or an inversion of the yield curve is likely to have a negative impact on our net interest income.

Interest rates also affect how much money we lend. For example, when interest rates rise, the cost of borrowing increases and loan originations tend to decrease. In addition, changes in interest rates can affect the average life of loans and securities. For example, an increase a reduction in interest rates generally results in decreased increased prepayments of loans and mortgage-backed securities, as borrowers are less likely to refinance their debt. debt in order to reduce their borrowing cost. Changes in market interest rates also impact the value of our interest-earning assets and interest-bearing liabilities as well as the value of our derivatives portfolios. In particular, the unrealized gains and losses on securities available for sale and changes in the fair value of interest rate derivatives serving as cash flows hedges are reported, net of tax, in accumulated other comprehensive income which is a component of stockholders' equity. Consequently, declines in the fair value of these instruments resulting from changes in market interest rates have, and may continue to, adversely affect stockholders' equity.

A significant portion of our assets consists of investment securities, which generally have lower yields than loans, and we classify a significant portion of our investment securities as available for sale, which creates potential volatility in our equity and may have an adverse impact on our net income.

As of June 30, 2024, our securities portfolio totaled \$1.21 billion, or 15.7% of our total assets. Investment securities typically have lower yields than loans. For the year ended June 30, 2024, the weighted average yield of our investment securities portfolio was 4.38%, as compared to 4.45% for our loan portfolio.

Accordingly, our net interest margin is lower than it would have been if a higher proportion of our interest-earning assets consisted of loans. Additionally, at June 30, 2024, \$1.07 billion, or 88.8% of our investment securities, are classified as available for sale and reported at fair value with unrealized gains or losses excluded from earnings and reported in other comprehensive income, which affects our reported equity. Accordingly, given the significant size of the investment securities portfolio classified as available for sale and due to possible mark-to-market adjustments of that portion of the portfolio resulting from market conditions, we may experience greater volatility in the value of reported equity. Moreover, given that we actively manage our investment securities portfolio classified as available for sale, we may sell securities which could result in a realized loss, thereby reducing our net income.

Asset Quality

If our allowance for credit losses is not sufficient to cover actual loan losses, our earnings will decrease.

We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the required amount of the allowance for credit losses, we evaluate loans individually and establish credit loss allowances for specifically identified impairments. For loans not individually analyzed, we estimate losses and establish reserves based on reasonable and supportable forecasts and adjustments for qualitative factors. If the assumptions used in our calculation methodology are incorrect, our allowance for credit losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in further additions to our allowance. Our allowance for credit losses on loans was **0.83%** **0.78%** of total loans at **June 30, 2023** **June 30, 2024** and significant additions to our allowance could materially decrease our net income.

In addition, bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or recognize further loan charge-offs. Any increase in our allowance for credit losses or loan charge-offs as required by these regulatory authorities might have a material adverse effect on our financial condition and results of operations.

A significant portion of our assets consists of investment securities, which generally have lower yields than loans, and we classify a significant portion of our investment securities as available for sale, which creates potential volatility in our equity and may have an adverse impact on our net income.

As of June 30, 2023, our securities portfolio totaled \$1.37 billion, or 17.0% of our total assets. Investment securities typically have lower yields than loans. For the year ended June 30, 2023, the weighted average yield of our investment securities portfolio was 3.55%, as compared to 4.00% for our loan portfolio.

Accordingly, our net interest margin is lower than it would have been if a higher proportion of our interest-earning assets consisted of loans. Additionally, at June 30, 2023, \$1.23 billion, or 89.3% of our investment securities, are classified as available for sale and reported at fair value with unrealized gains or losses excluded from earnings and reported in other comprehensive income, which affects our reported equity. Accordingly, given the significant size of the investment securities portfolio classified as available for sale and due to possible mark-to-market adjustments of that portion of the portfolio resulting from market conditions, we may experience greater volatility in the value of reported equity. Moreover, given that we actively manage our investment securities portfolio classified as available for sale, we may sell securities which could result in a realized loss, thereby reducing our net income.

Our commercial lending exposes us to additional risk.

Over the past several years, we have increased our focus on commercial lending. Our increased commercial lending, however, exposes us to greater risks than one- to four-family residential lending. Unlike single-family, owner-occupied residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from employment and other income sources, and are secured by real property whose value tends to be more easily ascertainable and realizable, the repayment of commercial loans typically is dependent on the successful operation and income stream of the borrower, which can be significantly affected by economic conditions, and are secured, if at all, by collateral that is more difficult to value or sell or by collateral which may depreciate in value. In addition, commercial loans generally carry larger balances to single borrowers or related groups of borrowers than one- to four-family mortgage loans, which increases the financial impact of a borrower's default.

The risk exposure from our increased commercial lending is also a function of the markets in which we operate. Our commercial lending activity is generally focused on borrowers domiciled, and real estate located, within the states of New Jersey and New York. Regional risk factors and changes to local laws and regulations, including changes to rent regulations or foreclosure laws, may present greater risk than a more geographically diversified portfolio.

Our increased commercial business and construction loan originations exposes us to increased credit risk.

We have increased our originations of commercial business and construction loans, which generally have more risk than both one- to four-family residential and commercial mortgage loans. Since repayment of commercial business and construction loans may depend on the successful operation of the borrower's business or the successful completion of a construction project, repayment of such loans can be affected by adverse conditions in the real estate market or the local economy. If we continue to increase our originations of these loans, it may be necessary to increase the level of our allowance for credit losses because of the increased risk characteristics associated with these types of loans. Any such increase to our allowance for credit losses would adversely affect our earnings.

We have a significant concentration in commercial real estate loans. If our regulators were to curtail our commercial real estate lending activities, our earnings and/or dividend paying capacity and/or ability to repurchase shares could be adversely affected.

In 2006, the FDIC, the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "Guidance"). The Guidance provides that a bank's commercial real estate lending exposure may receive increased supervisory scrutiny when total non-owner occupied commercial real estate loans, including loans secured by multi-family property, non-owner occupied commercial real estate and construction loans, represent 300% or more of an institution's total risk-based capital and the outstanding balance of the commercial real estate loan portfolio has increased by 50% or more during the preceding 36 months. Our level of non-owner occupied commercial real estate equaled 553% 537% of Bank total risk-based capital at June 30, 2023 June 30, 2024, however our commercial real estate loan portfolio increased by only 81% 19% during the preceding 36 months.

Income from secondary mortgage market operations is volatile, and we may incur losses with respect to our secondary mortgage market operations that could negatively affect our earnings.

A component of our business strategy is to sell a portion of residential mortgage loans originated into the secondary market, earning non-interest income in the form of gains on sale. For the year ended June 30, 2023 June 30, 2024, gains attributable to the sale of residential mortgage loans totaled \$760,000, or approximately 27.6% of our non-interest income, \$602,000, a decline of \$1.7 million \$158,000 from \$2.4 million \$760,000 for the year ended June 30, 2022 June 30, 2023. When interest rates rise, as they have in the current environment, the demand for mortgage loans tends to fall and may reduce the number of loans we can originate for sale. Weak or deteriorating economic conditions also tend to reduce loan demand. If the residential mortgage loan demand decreases or we are unable to sell such loans for an adequate profit, then our non-interest income will likely decline which would adversely affect our earnings.

We may be required to record impairment charges with respect to our investment securities portfolio.

We review our securities portfolio at the end of each quarter to determine whether the fair value is below the current carrying value. When the fair value of any of our investment securities has declined below its carrying value, we are required to assess whether we intend to sell, or it is more than likely than not that we will be required to sell the security before recovery of its amortized cost basis. If this assessment indicates that a credit loss exists, we would be required to record an impairment charge.

We elected the practical expedient of zero loss estimates for securities issued by U.S. government entities and agencies. A possible future downgrade of the sovereign credit ratings of the U.S. government and a decline in the perceived creditworthiness of U.S. government-related obligations could adversely impact the value of our investment securities portfolio. We cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. A downgrade of the sovereign credit ratings of the U.S. government or the credit ratings of related institutions, agencies or instruments would significantly exacerbate the other risks to which we are subject and any related adverse effects on the business, financial condition and results of operations.

At **June 30, 2023** **June 30, 2024**, we had investment securities with fair values of approximately **\$1.36 billion** **\$1.19 billion** on which we had approximately **\$171.7 million** **\$150.1 million** in gross unrealized losses and **\$274,000** **\$2.9 million** of gross unrealized gains. The valuation and liquidity of our securities could be adversely impacted by reduced market liquidity, increased normal bid-asked spreads and increased uncertainty of market participants, which could reduce the market value of our securities, including those with no apparent credit exposure. The valuation of our securities requires judgment and as market conditions change security values may also change. Significant negative changes to valuations could result in impairments in the value of our securities portfolio, which could have an adverse effect on our financial condition or results of operations.

Our investments in corporate and municipal debt securities, subordinated debt securities and collateralized loan obligations expose us to additional credit risks.

The composition and allocation of our investment portfolio has historically emphasized U.S. agency mortgage-backed securities and U.S. agency debentures. While such assets remain a significant component of our investment portfolio at **June 30, 2023** **June 30, 2024**, prior enhancements to our investment policies, strategies and infrastructure have enabled us to diversify the composition and allocation of our securities portfolio. Such diversification has included investing in corporate debt, municipal obligations, subordinated debt securities issued by financial institutions and collateralized loan obligations. With the exception of collateralized loan obligations, these securities are generally backed only by the credit of their issuers while investments in collateralized loan obligations generally rely on the structural characteristics of an individual tranche within a larger investment vehicle to protect the investor from credit losses arising from borrowers defaulting on the underlying securitized loans.

While we have invested primarily in investment grade securities, these securities are not backed by the federal government and expose us to a greater degree of credit risk than U.S. agency securities. Any decline in the credit quality of these securities exposes us to the risk that the market value of the securities could decrease which may require us to write down their value and could lead to a possible default in payment.

Source Economic and Market Area

Changes in economic conditions, in particular an economic slowdown in the markets we operate in, could materially and negatively affect our business.

Our business is directly impacted by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of **Funds** which are beyond our control. Any deterioration in economic conditions, whether caused by national or local concerns, in particular any further economic slowdown in the markets we operate in, could result in the following consequences, any of which could hurt our business materially: loan delinquencies may increase; problem assets and foreclosures may increase; demand for our products and services may decrease; low cost or non-interest bearing deposits may decrease; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

Our success significantly depends upon the growth in population, income levels, deposits, and housing starts in our markets. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally are unfavorable, our business may not succeed. An economic downturn or prolonged recession may result in the deterioration of the quality of our loan portfolio and reduce our level of deposits, which in turn would hurt its business. If we experience an economic downturn or a prolonged economic recession occurs in the economy as a whole, borrowers will be less likely to repay their loans as scheduled. Unlike many larger institutions, we are not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. An economic downturn could, therefore, result in losses that materially and adversely affect our business.

Inflation has had, and may continue to have a negative effect on our results of operations and financial condition.

Inflation rose sharply at the end of 2021 and has remained at an elevated level through the first half of calendar 2024. Small to medium-sized businesses may be impacted more during periods of high inflation as they are not able to leverage economics of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur quickly, which would adversely impact our results of operations and financial condition. Furthermore, a prolonged period of inflation could cause wages and other costs to the Company to increase, which has and could continue to adversely affect our results of operations and financial condition.

Severe weather could harm our business.

Weather-related events, including those that may result from climate change, can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the local economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. The occurrence of a natural disaster could result in one or more of the following: (i) an increase in loan delinquencies; (ii) an increase in problem assets and foreclosures; (iii) a decrease in the demand for our products and services; or (iv) a decrease in the value of the collateral for loans, especially real estate, in turn reducing clients' borrowing power, the value of assets associated with problem loans and collateral coverage. Weather-related events may cause significant flooding and other storm-related damage and these outcomes may become more common in the future.

Acts of terrorism, public health issues, and geopolitical and other external events could impact our ability to conduct business.

Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems. Additionally, the metropolitan New York area and northern New Jersey remain central targets for potential acts of terrorism. Such events could cause significant damage, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing repayment of our loans, and result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition.

Additionally, global markets may be adversely affected by the emergence of widespread health emergencies or pandemics, cyber attacks or campaigns, military conflicts, terrorism or other geopolitical events, including the military conflict between Russia and Ukraine. The impact of global market fluctuations may affect our business liquidity. Also, any sudden or prolonged market downturn in the U.S. or abroad as a result of the above factors or otherwise could result in a decline in revenues and adversely affect our results of operations and financial condition, including capital and liquidity levels.

We face intense competition from other financial services and financial services technology companies, and competitive pressures could adversely affect our business or financial performance.

We face intense competition in all of its markets and geographic regions. We expect competitive pressures to intensify in the future, especially in light of legislative and regulatory initiatives arising out of the recent global economic crisis, technological innovations that alter the barriers to entry, current economic and market conditions, and government monetary and fiscal policies. Competition with financial services technology companies, or technology companies partnering with financial services companies, may be particularly intense, due to, among other things, differing regulatory environments. Competitive pressures may drive us to take actions that we might otherwise eschew, such as lowering the interest rates or fees on loans or raising the interest rates on deposits in order to keep or attract high-quality clients. These pressures also may accelerate actions that we might otherwise elect to defer, such as substantial investments in technology or infrastructure. The actions that we take in response to competition may adversely affect its results of operations and financial condition. These consequences could be exacerbated if we are not successful in introducing new products and other services, achieving market acceptance of its products and other services, developing and maintaining a strong client base, or prudently managing expenses.

Funding

Our reliance on wholesale funding could adversely affect our liquidity and operating results.

Among other sources of funds, we rely on wholesale funding, including short- and long-term borrowings and brokered deposits, and non-brokered deposits acquired through listing services, to provide funds with which to make loans, purchase investment securities and provide for other liquidity needs. On June 30, 2023 June 30, 2024, wholesale funding totaled \$2.15 \$2.12 billion, or approximately 26.6% 27.6% of total assets.

In the future, this funding may not be readily replaced as it matures, or we may have to pay a higher rate of interest to maintain it. Not being able to maintain or replace those funds as they mature would adversely affect our liquidity. Paying higher interest rates to maintain or replace funding would adversely affect our net interest margin and operating results.

A lack of liquidity could adversely affect our financial condition and results of operations and result in regulatory limits being placed on the Company.

Liquidity is essential to our business. We rely on our ability to gather deposits, make investments and effectively manage the repayment and maturity schedules of loans to ensure that there is adequate liquidity to fund our operations and pay our obligations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. Our most important source of funds is deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk/return tradeoff, which are strongly influenced by external factors such as changes in interest rates, local and national economic conditions, the availability and attractiveness of alternative investments, and perceptions of the stability of the financial services industry generally and of our institution specifically. Further, the demand for deposits may be reduced due to a variety of factors such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the FRB, or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low-cost source of funds, which would increase our funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity.

Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and borrowings from the FHLB. We have the capacity to borrow additional funds from the FHLB as well as from the FRB without pledging additional collateral, and via unsecured overnight borrowings from other financial institutions. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets, changes in the value of investment securities, negative views and expectations about the prospects for the financial services industry, a decrease in our business activity as a result of a downturn in markets, or adverse regulatory actions against us.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as repaying borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

A lack of liquidity could also attract increased regulatory scrutiny and potential restraints imposed on us by regulators. Depending on the capitalization status and regulatory treatment of depository institutions, including whether an institution is subject to a supervisory prompt corrective action directive, certain additional regulatory restrictions and prohibitions may apply, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits.

Public funds deposits are a notable source of funds for us and a reduced level of those deposits may hurt our profits and liquidity position.

Public funds deposits are a notable source of funds for our lending and investment activities. At June 30, 2023 June 30, 2024, \$672.0 million, \$531.5 million, or 11.9% 10.3% of our total deposits, consisted of public funds deposits from local government entities in the state of New Jersey, such as townships, counties, school districts and school districts, charter schools. These deposits are collateralized by letters of credit from the FHLB or through the pledge of eligible investment securities. Given our reliance on these typically high-average balance public funds deposits as a source of funds, our inability to retain such funds could adversely affect our liquidity. Further, our public funds deposits are primarily floating rate interest-bearing demand deposit accounts and therefore their pricing is more sensitive to changes in interest rates. If we are forced to pay higher rates on our public funds accounts to retain those funds, or if we are unable to retain such funds and we are forced to rely on other sources of funds for our lending and investment activities, such as borrowings from the FHLB, the interest expense associated with these other funding sources may be higher than the rates we are currently paying on our public funds deposits, which would adversely affect our net interest income.

Information Security

Risks associated with system failures, service interruptions or other performance exceptions could negatively affect our earnings.

Information technology systems are critical to our business. We use various technology systems to manage our client relationships, general ledger, securities investments, deposits, and loans. We have established policies and procedures to prevent or limit the effect of system failures, service interruptions or other performance exceptions, but such events may still occur or may not be adequately addressed if they do occur. In addition, performance failures or other exceptions of our client-facing technologies could deter clients from using our products and services.

In addition, we outsource a majority of our data processing operational and informational security risk to certain third-party service providers. We rely on certain external vendors to provide products and services necessary to maintain our day-to-day operations. These third party vendors are sources of our data processing operational and informational security risk to us, including risks associated with operational errors, information system interruptions or breaches and unauthorized disclosures of sensitive or confidential client or customer information. If these service providers encounter difficulties, any of these issues, or if we have difficulty communicating with them, our ability to timely and accurately process and account for transactions we could be adversely affected.

The occurrence exposed to disruption of any system failures, service interruptions or other performance exceptions could damage our reputation and result in a operations, loss of clients service or connectivity to customers, reputational damage, and business thereby subjecting us to additional regulatory scrutiny, or could expose us to litigation and possible financial liability. Any of these events risk that could have a material adverse effect on our business and, in turn, our financial condition and results of operations.

Risks associated with cyber-security could negatively affect our earnings.

The financial services industry has experienced an increase in both the number and severity of reported cyber-attacks aimed at gaining unauthorized access to bank systems as a way to misappropriate assets and sensitive information, corrupt and destroy data, or cause operational disruptions. We have established policies and procedures to prevent or limit the impact of security breaches, but such events may still occur or may not be adequately addressed if they do occur. Although we rely on security safeguards to secure our data, these safeguards may not fully protect our systems from compromises or breaches. We also rely on the integrity and security of a variety of third party processors, payment, clearing and settlement systems, as well as the various participants involved in these systems, many of which have no direct relationship with us. Failure by these participants or their systems to protect our clients' transaction data may put us at risk for possible losses due to fraud or operational disruption.

Our clients are also the target of cyber-attacks and identity theft. Large scale identity theft could result in clients' accounts being compromised and fraudulent activities being performed in their name. We have implemented certain safeguards against these types of activities but they may not fully protect us from fraudulent financial losses. The occurrence of a breach of security involving our clients' information, regardless of its origin, could damage our reputation and result in a loss of clients and business and subject us to additional regulatory scrutiny, and could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

While our Board of Directors takes an active role in cybersecurity risk tolerance, we rely to a large degree on management and outside consultants in overseeing cybersecurity risk management.

Our Board of Directors takes an active role in the cybersecurity risk tolerance of the Company and all members receive cybersecurity training annually. The Board reviews the annual risk assessments and approves information technology policies, which include cybersecurity. Furthermore, our Audit Committee is responsible for reviewing all audit findings related to information technology general controls, internal and external vulnerability, and penetration testing. The Board receives an annual information security report and the Enterprise Risk Management Committee receives an annual presentation from our Information Security Officer as it relates to cybersecurity and related issues. We also engage outside consultants to support our cybersecurity efforts. However, our directors do not have significant experience in cybersecurity risk management outside of the Company and therefore, its ability to fulfill its oversight function remains dependent on the input it receives from management and outside consultants.

Regulatory Matters

We operate in a highly regulated environment and may be adversely affected by changes in federal and state laws and regulations.

The financial services industry is extensively regulated. Federal and state banking regulations are designed primarily to protect the deposit insurance funds and consumers, not to benefit a company's shareholders. These regulations may sometimes impose significant limitations on operations. The significant federal and state banking regulations that affect us are described under the heading "Item 1. Business—Regulation." These regulations, along with the currently existing tax, accounting, securities, insurance, and monetary laws, regulations, rules, standards, policies, and interpretations control the methods by which financial institutions conduct business, implement strategic initiatives and tax compliance, and govern financial reporting and disclosures. New proposals for legislation continue to be introduced in the U.S. Congress that could further alter the regulation of the bank and non-bank financial services industries and the manner in which companies within the industry conduct business.

In addition, federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Future changes in federal policy and at regulatory agencies may occur over time through policy and personnel changes, which could lead to changes involving the level of oversight and focus on the financial services industry. These changes may require us to invest significant management attention and resources to make any necessary changes to operations to comply and could have an adverse effect on our business, financial condition and results of operations.

The performance of our multi-family loans could be adversely impacted by regulation.

Multi-family loans generally involve risk of legislation and government regulations involving rent control and rent stabilization, which are outside the control of the borrower or the Company, and could impair the value of the collateral for the loan or the future cash flows of such properties. As a result of these restrictions, it is possible that rental income on certain rent-regulated properties might not rise sufficiently over time to satisfy increases in the loan rate at repricing or increases in overhead expenses (e.g., utilities, taxes, etc.).

Changes to tax laws and regulations could adversely affect our financial condition or results of operations.

Changes in tax laws and/or regulatory requirements could be enacted. These changes in the law may be retroactive to previous periods and as a result could negatively affect our current and future financial performance. An increase in our corporate tax rate could have an unfavorable impact on our earnings and capital generation abilities. Similarly, the Bank's clients could experience varying effects from changes in tax laws and such effects, whether positive or negative, may have a corresponding impact on our business and the economy as a whole. In addition, changes to regulatory requirements could increase our costs of regulatory compliance and may significantly affect the markets in which we do business, the markets for and value of our loans and investments, and our ongoing operations, costs and profitability.

Business Issues

We hold certain intangible assets, including goodwill, which have been partially impaired and could become further impaired in the future. If these assets are considered to be either partially further or fully impaired in the future, our earnings would decrease.

At ~~June 30, 2023~~ June 30, 2024, we had approximately ~~\$213.4 million~~ \$115.5 million in intangible assets on our balance sheet, comprising ~~\$210.9 million~~ comprised of ~~\$113.5 million~~ of goodwill and ~~\$2.5 million~~ \$1.9 million of core deposit intangibles. We are required to periodically test our goodwill and identifiable intangible assets for impairment. The impairment testing process considers a variety of factors, including the current market price of our common stock, the estimated net present value of our assets and liabilities, and information concerning the terminal valuation of similarly situated insured depository institutions. If an impairment determination is made in a future reporting period, our earnings and the book value of these intangible assets will be reduced by the amount of the impairment. If an impairment loss is recorded, it will have little or no impact on the tangible book value of our common stock or our regulatory capital levels, but recognition of such an impairment loss could significantly restrict Kearny Bank's ability to make dividend payments to Kearny Financial and therefore adversely impact our ability to pay dividends to stockholders.

We cannot guarantee that our allocation of capital to various alternatives including stock repurchase plans, will enhance long-term stockholder value.

Our business plan calls for us to execute a variety of strategies to allocate and deploy any excess capital including, but not limited to, continued organic balance sheet growth and diversification, ~~implementation of stock repurchase plans~~ and payment of regular cash dividends. Additionally, we will carefully consider acquisition opportunities to further deploy capital when we expect such opportunities to significantly enhance long-term shareholder value. If we are unable to effectively and timely deploy capital through these strategies, it may constrain growth in earnings and return on equity and thereby diminish potential growth in stockholder value.

~~On August 1, 2022, we announced that our Board authorized a new stock repurchase plan to acquire up to 4,000,000 shares of the Company's outstanding common stock. Repurchases are made at management's discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company's financial performance.~~

~~The Inflation Reduction Act of 2022, which was signed into law on August 16, 2022, contains a number of changes to U.S. federal tax laws. One such change is a 1% excise tax on stock repurchases, which increased the cost of stock repurchases and may impact our future decisions on how to return value to stockholders in the most efficient manner.~~

Our acquisitions and the integration of acquired businesses, subject us to various risks and may not result in all of the cost savings and benefits anticipated, which could adversely affect our financial condition or results of operations.

We have in the past, and may in the future, seek to grow our business by acquiring other businesses. There is risk that our acquisitions may not have the anticipated positive results, including results relating to: correctly assessing the asset quality of the assets being acquired; the total cost and time required to complete the integration successfully; being able to profitably deploy funds acquired in an acquisition; or the overall performance of the combined entity.

Acquisitions may also result in business disruptions that could cause clients to remove their accounts from us and move their business to competing financial institutions. It is possible that the integration process related to acquisitions could result in the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures and policies that could adversely affect our ability to maintain relationships with clients and employees. The loss of key employees in connection with an acquisition could adversely affect our ability to successfully conduct our business. Acquisition and integration efforts could divert management attention and resources, which could have an adverse effect on our financial condition and results of operations. Additionally, the operation of the acquired branches may adversely affect our existing profitability, and we may not be able to achieve results in the future similar to those achieved by the existing banking business or manage growth resulting from the acquisition effectively.

Because the nature of the financial services business involves a high volume of transactions, we face significant operational risks.

We operate in diverse markets and rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including but not limited to, the risk of fraud by employees or persons outside the Company, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and client attrition due to potential negative publicity. In the event of a breakdown in the internal control system, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action, and suffer damage to our reputation.

Our risk management framework may not be effective in mitigating risk and reducing the potential for significant losses.

Our risk management framework is designed to effectively manage and mitigate risk while minimizing exposure to potential losses. We seek to identify, measure, monitor, report and control our exposure to risk, including strategic, market, liquidity, compliance and operational risks. While we use a broad and diversified set of risk monitoring and

mitigation techniques, these techniques are inherently limited because they cannot anticipate the existence or future development of currently unanticipated or unknown risks. Recent economic conditions and heightened legislative and regulatory scrutiny of the financial services industry, among other developments, have increased our level of risk. Accordingly, we could suffer losses as a result of our failure to properly anticipate and manage these risks.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that clients, regulators and investors may have of us. We continue to devote a significant amount of effort, time and resources to continually strengthening our controls and ensuring compliance with complex accounting standards and banking regulations.

The inability to attract and retain key personnel could adversely affect our business.

The successful execution of our business strategy is partially dependent on our ability to attract and retain experienced and qualified personnel. Failure to do so could adversely affect our strategy, client relationships and internal operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and Strategy

We structure our information security program around the Federal Financial Institutions Examinations Council (FFIEC) Information Security program guidance, including the FFIEC Cybersecurity Assessment Toolkit, regulatory guidance, and other industry standards. We leverage industry and government associations, third-party benchmarking, audits and threat intelligence feeds to promote program effectiveness. Our Chief Technology and Innovation Officer ("CTIO"), along with key members of their team, regularly collaborate with peer banks, industry groups, and policymakers.

We employ an in-depth, layered, defensive strategy with respect to our products, services and technology. We leverage people, processes and technology to manage and maintain cybersecurity controls. We employ a variety of preventative and detective tools designed to monitor, block, and provide alerts regarding suspicious activity, as well as to report on any suspected advanced persistent threats.

We have established processes and systems to mitigate cyber risk, including regular education and training, preparedness simulations and tabletop exercises, and recovery and resilience tests. Our processes, systems and controls are reviewed periodically by internal and external auditors, Federal and State bank examiners, and independent external partners to assess design and operating effectiveness. We also maintain information security risk insurance coverage.

We engage third party security experts to supplement our internal Information Security team as well as for assessments, penetration tests and program enhancements, including vulnerability assessments, security framework maturity assessments and identification of areas for continued focus and improvement. In addition, our third-party experts work with us to conduct cybersecurity tabletop exercises and internal phishing awareness campaigns. We use the findings of these exercises to improve our practices, procedures, and technologies. We also engage third party security experts to support our cybersecurity threat and incident response management and maintain information security risk insurance coverage.

We engage with a range of external experts, including cybersecurity assessors, consultants, auditors, and legal counsel in evaluating and testing our risk management systems. This enables us to leverage specialized knowledge and insights, ensuring our cybersecurity strategies and processes remain current.

In the past three years, we have not experienced any material computer data security breaches as a result of a compromise of our information systems and we are not aware and have not had a significant cybersecurity breach or attack that had a material impact on our business or operating results to date.

Governance

Our Board is actively engaged in the oversight of our cybersecurity program. Specifically, the Risk Committee is responsible for overseeing our information security program, including management's actions to identify, assess, mitigate, and remediate material cyber issues and risks. Our CTIO provides quarterly reports to the Risk Committee regarding information security programs, key enterprise cyber initiatives, and significant cybersecurity and privacy incidents.

Our CTIO is part of the risk management function, reporting directly to our Chief Executive Officer ("CEO"). Various management committees provide oversight of the information security and technology programs. These committees generally meet quarterly and summaries of key issues discussed and actions taken are provided to the Risk Committee.

Item 2. Properties

The Company and the Bank conduct business from their corporate headquarters at 120 Passaic Avenue in Fairfield, New Jersey and from administrative offices located in Fairfield, Clifton and Oakhurst, New Jersey.

At **June 30, 2023** **June 30, 2024**, the Company operated 43 branch offices located in Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset and Union counties, New Jersey and Kings and Richmond counties, New York. At **June 30, 2023** **June 30, 2024**, 18 of our branch offices are leased with remaining terms between seven months and nine years. At **June 30, 2023** **June 30, 2024**, our net investment in property and equipment totaled **\$48.3** **\$44.9** million.

Additional information regarding our properties as of **June 30, 2023** **June 30, 2024**, is presented in Note **8** **7** to the audited consolidated financial statements.

Item 3. Legal Proceedings

We are, from time to time, party to routine litigation, which arises in the normal course of business, such as claims to enforce liens, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans and other issues incident to our business. At **June 30, 2023** **June 30, 2024**, there were no lawsuits pending or known to be contemplated against us that would be expected to have a material effect on operations or income.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Market Information. The Company’s common stock trades on The NASDAQ Global Select Market under the symbol “KARNY.”

Declarations of dividends by the Board of Directors depend on a number of factors, including investment opportunities, growth objectives, financial condition, profitability, tax considerations, minimum capital requirements, regulatory limitations, stock market characteristics and general economic conditions. The timing, frequency and amount of dividends are determined by the Board of Directors.

The Company’s ability to pay dividends may also depend on the receipt of dividends from the Bank, which is subject to a variety of limitations under federal banking regulations regarding the payment of dividends. For discussion of corporate and regulatory limitations applicable to the payment of dividends, see “Item 1. Business-Regulation.”

As of **August 18, 2023** **August 19, 2024**, there were **4,207** **4,040** registered holders of record of the Company’s common stock. Certain shares of the Company are held in “street” name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number.

(b) Use of Proceeds. Not applicable.

(c) Issuer Purchases of Equity Securities. **Set forth below is information regarding the Company’s** **The Company did not repurchase any shares of its common stock** **repurchases** during the fourth quarter of the fiscal year ended **June 30, 2023** **June 30, 2024**.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2023	596,479	\$ 7.91	596,479	1,720,774
May 1-31, 2023	216,027	\$ 7.62	216,027	1,504,747
June 1-30, 2023	—	\$ —	—	1,504,747
Total	812,506	\$ 7.83	812,506	1,504,747

On August 1, 2022, the Company announced the authorization of a new stock repurchase plan to repurchase up to 4,000,000 shares. This current plan has no expiration date.

Stock Performance Graph. The following graph compares the cumulative total shareholder return on the Company’s common stock with the cumulative total return on the NASDAQ Composite Index and a peer group of the S&P U.S. SmallCap Banks Index, in each case assuming an investment of \$100 as of **June 30, 2018** **June 30, 2019**. Total return assumes the reinvestment of all dividends.

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		At June 30,					
		2018	2019	2020	2021	2022	2023
		At June 30,					
		2019	2019	2020	2021	2022	2023
Kearny Financial Corp.	Kearny Financial Corp.	\$100	\$102	\$64	\$97	\$93	\$62

NASDAQ Composite Index	NASDAQ Composite Index	100	108	137	199	152	192
S&P U.S. SmallCap Banks Index	S&P U.S. SmallCap Banks Index	100	92	69	116	107	87

The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. The S&P U.S. SmallCap Banks Index includes all major exchange (NYSE, NYSE American and NASDAQ) traded banks under \$15 billion in market capitalization in S&P's coverage universe. There can be no assurance that the Company's future stock performance will be the same or similar to the historical stock performance shown in the graph above. The Company neither makes nor endorses any predictions as to stock performance.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

This discussion and analysis reflects Kearny Financial Corp.'s consolidated financial statements and other relevant statistical data, and is intended to enhance your understanding of our financial condition and results of operations. You should read the information in this section in conjunction with the business and financial information regarding Kearny Financial Corp. and the audited consolidated financial statements and notes thereto contained in this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our accounting policies are integral to understanding the results reported. We describe them in detail in Note 1 to our audited consolidated financial statements. In preparing the audited consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the dates of the Consolidated Statements of Financial Condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes relate to the determination of the allowance for credit losses and goodwill.

Allowance for Credit Losses. The determination of our allowance for credit losses on loans ("ACL") is considered a critical accounting estimate by management because of the high degree of judgment involved in determining qualitative loss factors, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment that could result in changes to the amount of the recorded ACL. See Note 1 to our audited consolidated financial statements for a detailed discussion of our accounting policies and methodologies for establishing the ACL.

Management believes the following information may enable investors to better understand the changes in our ACL. Our ACL totaled \$44.9 million and \$48.7 million at June 30, 2024 and \$47.1 million at June 30, 2023 and 2022, 2023, respectively. The \$1.7 million increase \$3.8 million decrease in our ACL was largely attributable to a reduction in reserves for individually evaluated loans, primarily driven by our collectively evaluated loans, the charge-off on three related non-performing commercial real estate loans transferred to held-for-sale and sold during the year ended June 30, 2024. The quantitative component of our ACL, which is largely based on the national unemployment rate forecast, increased \$8.5 \$4.0 million, which largely resulted from loan growth, slower prepayment speeds and a higher forecasted national unemployment rate, speeds. The qualitative component of our ACL, which is largely based on management's judgment of qualitative loss factors, decreased \$6.5 \$5.3 million.

Our ACL totaled \$48.7 million \$44.9 million at June 30, 2023 June 30, 2024 and the amount allocated to our collectively evaluated multi-family and nonresidential mortgage loans was \$32.0 million \$29.7 million, of which \$23.3 \$19.7 million was attributable to qualitative loss factors. Changes in managements' judgement of qualitative loss factors could result in a significant change to the ACL. As described in Note 1, qualitative loss factors are applied to each portfolio segment with the amounts judgmentally determined by the relative risk to the most severe loss periods identified in the historical loan charge-offs of a peer group of similar-sized regional banks. At June 30, 2023 June 30, 2024, the most severe historical loss rate for multi-family and nonresidential mortgages loans was 1.72% 1.69%.

Management performed a hypothetical sensitivity analysis to understand the impact of a change in a key input on our ACL. At June 30, 2023 June 30, 2024, if the four-quarter national unemployment rate forecast had been 9% rather than an average of approximately 4.0%, our ACL as a percent of total loans would have increased 33 37 basis points from 0.83% 0.78% to 1.16% 1.15%. This sensitivity analysis includes the impact to both the quantitative and qualitative components of our ACL. Changes in quantitative inputs and qualitative loss factors may not occur in the same direction or magnitude across all segments of our loan portfolio and deterioration in some quantitative inputs and qualitative loss factors may offset improvement in others. This sensitivity analysis does not represent a change to our expectations of the economic environment but provides a hypothetical result to assess the sensitivity of the ACL to a change in a key input. This sensitivity analysis does not incorporate changes to management's judgment of qualitative loss factors.

Our ACL on individually analyzed loans is determined on an individual basis using the present value of expected cash flows discounted using the loan's effective interest rate or, for collateral-dependent loans, the fair value of the collateral, less estimated selling costs, as applicable. Our ACL on individually analyzed loans decreased \$315,000 \$2.6 million during the year ended June 30, 2023 June 30, 2024.

Goodwill. We have goodwill of \$210.9 million at June 30, 2023. Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill is not amortized, but is tested for impairment at least annually or more frequently if events and circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

In assessing impairment, we have the option to perform a qualitative analysis to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of the our single reporting unit is less than its carrying amount. Due to the continued impact of higher interest rates and a significant sustained decline in bank stock the banking industry share prices, triggered by regional bank failures, including our own, we performed a quantitative goodwill impairment during the fourth quarter of the year ended June 30, 2023 June 30, 2024. The quantitative goodwill impairment test compares the estimated fair value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit were to exceed its estimated fair value, and impairment loss would be recorded.

The quantitative assessment of goodwill for our single reporting unit was performed utilizing a discounted cash flow analysis ("income approach") and estimates of selected market information ("market approaches"). The result of the income approach was weighted at 50% and the results of the market approaches comprised the remaining 50% in determining the fair value of our single reporting unit. The fair carrying value of our single reporting unit exceeded its carrying respective fair value, and no resulting in the recognition of a non-cash, pre-tax goodwill impairment charges were recorded of \$97.4 million for the year ended June 30, 2024. As a result, the Company's goodwill decreased from \$210.9 million at June 30, 2023 to \$113.5 million at June 30, 2024. Determining fair value of our single reporting unit is subject to uncertainty as it is reliant on projected future cash flows, discount rate assumption, and market estimates. In the future, changes in projected future cash flows, discount rate assumption, or market estimates could may result in material goodwill impairment. To quantify the impact further impairment of a potential goodwill impairment charge at June 30, 2023, the impact of a five percent impairment charge on goodwill would result in a reduction in pre-tax income of approximately \$10.5 million. goodwill.

Financial Overview

The following financial information and other data in this section are derived from our audited consolidated financial statements and should be read together therewith:

		At June 30,		
		2023	2022	2021
		(In Thousands)		
		At June 30,		At June 30,
		2024	2024	2023
		(In Thousands)		(In Thousands)
Balance Sheet	Balance Sheet			
Data:	Data:			
Cash and equivalents	Cash and equivalents			
Cash and equivalents	Cash and equivalents	\$ 70,515	\$ 101,615	\$ 67,855
Assets	Assets	8,064,815	7,719,883	7,283,735
Net loans receivable	Net loans receivable	5,780,687	5,370,787	4,793,229
Investment securities available for sale	Investment securities available for sale	1,227,729	1,344,093	1,676,864
Investment securities held to maturity	Investment securities held to maturity	146,465	118,291	38,138
Goodwill	Goodwill	210,895	210,895	210,895
Deposits	Deposits	5,629,183	5,862,256	5,485,306
Borrowings	Borrowings	1,506,812	901,337	685,876
Stockholders' equity	Stockholders' equity	869,284	894,000	1,042,944
		For the Years Ended June 30,		
		2023	2022	2021

		(Dollars in Thousands, Except Per Share Amounts)		
		For the Years Ended June 30,		For the Years Ended June 30,
		2024	2023	2022
		(Dollars in Thousands, Except Per Share Amounts)		(Dollars in Thousands, Except Per Share Amounts)
Summary of Operations:	Summary of Operations:			
Interest income	Interest income			
Interest income	Interest income	\$293,724	\$226,272	\$238,085
Interest expense	Interest expense	117,859	29,669	49,851
Net interest income	Net interest income	175,865	196,603	188,234
Provision for (reversal of) credit losses	Provision for (reversal of) credit losses	2,486	(7,518)	(1,121)
Net interest income after provision for (reversal of) credit losses	Net interest income after provision for (reversal of) credit losses	173,379	204,121	189,355
Non-interest income	Non-interest income	2,751	13,934	21,026
Non-interest expenses	Non-interest expenses	123,751	125,708	125,885
Income before taxes		52,379	92,347	84,496
(Loss) income before taxes				
Income tax expense	Income tax expense	11,568	24,800	21,263
Net income		\$ 40,811	\$ 67,547	\$ 63,233
Net (loss) income				
Per Share Data:	Per Share Data:			
Net income per share - Basic and diluted		\$ 0.63	\$ 0.95	\$ 0.77
Per Share Data:				
Per Share Data:				
Net (loss) income per share - Basic and diluted				
Net (loss) income per share - Basic and diluted				
Net (loss) income per share - Basic and diluted				

Return on average tangible equity (ratio of net income to average tangible equity) ⁽¹⁾	Return on average tangible equity (ratio of net income to average tangible equity) ⁽¹⁾	6.17 %	8.77 %	7.22 %	Return on average tangible equity (ratio of net income to average tangible equity) ⁽¹⁾	(13.64)%	6.17 %	8.77 %
Net interest rate spread	Net interest rate spread	2.09 %	2.86 %	2.61 %	Net interest rate spread	1.57 %	2.09 %	2.86 %
Net interest margin	Net interest margin	2.34 %	2.94 %	2.75 %	Net interest margin	1.94 %	2.34 %	2.94 %
Average interest-earning assets to average interest-bearing liabilities	Average interest-earning assets to average interest-bearing liabilities	115.66 %	118.93 %	118.63 %	Average interest-earning assets to average interest-bearing liabilities	114.73 %	115.66 %	118.93 %
Efficiency ratio ⁽²⁾	Efficiency ratio ⁽²⁾	69.28 %	59.71 %	60.16 %	Efficiency ratio ⁽²⁾	153.02 %	69.28 %	59.71 %
Non-interest expense to average assets	Non-interest expense to average assets	1.53 %	1.73 %	1.72 %	Non-interest expense to average assets	2.73 %	1.53 %	1.73 %
Asset Quality Ratios:	Asset Quality Ratios:							
Asset Quality Ratios:								
Asset Quality Ratios:								
Non-performing loans to total loans								
Non-performing loans to total loans								
Non-performing loans to total loans	Non-performing loans to total loans	0.73 %	1.30 %	1.64 %		0.70 %	0.73 %	1.30 %
Non-performing assets to total assets	Non-performing assets to total assets	0.69 %	1.19 %	1.10 %	Non-performing assets to total assets	0.52 %	0.69 %	1.19 %
Net charge-offs to average loans outstanding	Net charge-offs to average loans outstanding	0.01 %	0.07 %	0.03 %	Net charge-offs to average loans outstanding	0.17 %	0.01 %	0.07 %
Allowance for credit losses to total loans	Allowance for credit losses to total loans	0.83 %	0.87 %	1.19 %	Allowance for credit losses to total loans	0.78 %	0.83 %	0.87 %

Allowance for credit losses to non-performing loans	Allowance for credit losses to non-performing loans	114.33 %	66.92 %	72.92 %	Allowance for credit losses to non-performing loans	112.68 %	114.33 %	66.92 %
Capital Ratios:	Capital Ratios:							
Capital Ratios:	Capital Ratios:							
Average equity to average assets	Average equity to average assets							
Average equity to average assets	Average equity to average assets							
Average equity to average assets	Average equity to average assets	10.85 %	13.52 %	14.88 %	Average equity to average assets	10.46 %	10.85 %	13.52 %
Equity to assets at period end	Equity to assets at period end	10.78 %	11.58 %	14.32 %	Equity to assets at period end	9.81 %	10.78 %	11.58 %
Tangible equity to tangible assets at period end ⁽³⁾	Tangible equity to tangible assets at period end ⁽³⁾	8.35 %	9.06 %	11.72 %	Tangible equity to tangible assets at period end ⁽³⁾	8.43 %	8.35 %	9.06 %

- (1) Average tangible equity equals average total stockholders' equity reduced by average goodwill and average core deposit intangible assets.
- (2) Efficiency ratio equals non-interest expense divided by the sum of net interest income and non-interest income.
- (3) Tangible equity equals total stockholders' equity reduced by goodwill and core deposit intangible assets.

Comparison of Financial Condition at June 30, 2023 June 30, 2024 and June 30, 2022 June 30, 2023

Executive Summary. Total assets ~~increased~~ decreased by ~~\$344.9 million~~ \$381.4 million, or ~~4.5%~~ 4.7%, to \$7.68 billion at June 30, 2024 from \$8.06 billion at June 30, 2023 from \$7.72 billion at June 30, 2022. The ~~increase~~ decrease primarily reflected ~~an increase~~ decreases in investment securities, net loans receivable ~~partially offset by a decrease in investment securities, and goodwill.~~

Investment Securities. Investment securities available for sale decreased by ~~\$116.4 million~~ \$154.9 million to \$1.07 billion at June 30, 2024 from \$1.23 billion at June 30, 2023 from \$1.34 billion at June 30, 2022. This decrease was largely the result of principal repayments of ~~\$124.7 million, \$133.0 million and sales of \$120.4 million~~ \$122.2 million, partially offset by purchases of \$74.0 million and a ~~\$38.1 million decrease~~ \$25.5 million increase in the fair value of the portfolio to a net unrealized loss of ~~\$156.1 million, partially offset by purchases of \$166.5 million~~ \$130.7 million.

Investment securities held to maturity ~~increased~~ decreased by ~~\$28.2 million~~ \$10.7 million to \$135.7 million at June 30, 2024 from \$146.5 million at June 30, 2023 from \$118.3 million at June 30, 2022. The ~~increase~~ decrease was largely the result of ~~purchases~~ principal repayments of ~~\$40.4 million~~ \$10.9 million, partially offset by ~~principal repayments~~ purchases of ~~\$12.1 million, \$300,000.~~

Additional information regarding investment securities at June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 3 to the audited consolidated financial statements.

Loans Held-for-Sale. Loans held-for-sale totaled \$6.0 million at June 30, 2024 as compared to \$9.6 million at June 30, 2023 and are reported separately from the balance of net loans receivable. Loans held-for-sale consisted of residential mortgage loans of \$6.0 million at June 30, 2024 as compared to residential mortgage loans of \$9.6 million at June 30, 2023. During the year ended June 30, 2024, we sold \$79.1 million of residential mortgage loans, resulting in a net gain on sale of \$602,000, and \$10.8 million of commercial mortgage loans, resulting in a net loss on sale of \$884,000.

Net Loans Receivable. Net loans receivable decreased by \$92.8 million, or 1.6%, to \$5.69 billion at June 30, 2024 from \$5.78 billion at June 30, 2023. Detail regarding the change in the loan portfolio is presented below:

--	--

	June 30, 2024	June 30, 2023	Increase/ (Decrease)
(In Thousands)			
Commercial loans:			
Multi-family mortgage	\$ 2,645,851	\$ 2,761,775	\$ (115,924)
Nonresidential mortgage	948,075	968,574	(20,499)
Commercial business	142,747	146,861	(4,114)
Construction	209,237	226,609	(17,372)
Total commercial loans	3,945,910	4,103,819	(157,909)
One- to four-family residential mortgage	1,756,051	1,700,559	55,492
Consumer loans:			
Home equity loans	44,104	43,549	555
Other consumer	2,685	2,549	136
Total consumer loans	46,789	46,098	691
Total loans	5,748,750	5,850,476	(101,726)
Unaccreted yield adjustments	(15,963)	(21,055)	5,092
Allowance for credit losses	(44,939)	(48,734)	3,795
Net loans receivable	\$ 5,687,848	\$ 5,780,687	\$ (92,839)

Commercial loan origination volume for the year ended June 30, 2024 totaled \$287.8 million, comprised of \$103.7 million of commercial mortgage loan originations, \$98.5 million of commercial business loan originations and construction loan disbursements of \$85.6 million.

One- to four-family residential mortgage loan origination volume, excluding loans held-for-sale, totaled \$131.5 million for the year ended June 30, 2024 and was supplemented with loan purchases totaling \$60.3 million. Home equity loan and line of credit origination volume for the same period totaled \$18.0 million.

Additional information about our loans at June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 4 to the audited consolidated financial statements.

Loans Held-for-Sale. Nonperforming loans. Loans held-for-sale totaled \$9.6 million. Nonperforming loans decreased by \$2.7 million to \$39.9 million, or 0.70% of total loans, at June 30, 2024 from \$42.6 million, or 0.73% of total loans, at June 30, 2023 as compared . The decrease in nonperforming loans was largely attributable to \$28.9 million at June 30, 2022 and are reported separately from the balance a decrease of net loans receivable. Loans held-for-sale consisted of residential \$6.7 million in nonperforming nonresidential mortgage loans, partially offset by an increase of \$9.6 million at June 30, 2023 as compared to residential \$3.5 million in nonperforming multi-family mortgage loans and commercial mortgage loans of \$7.1 million and \$21.7 million, respectively, at June 30, 2022. During the year ended June 30, 2023, we sold \$103.8 million of residential mortgage loans, resulting in a net gain on sale of \$760,000, and \$25.3 million of commercial mortgage loans, resulting in a net loss on sale of \$2.5 million. loans.

Net Loans Receivable. Net loans receivable increased by \$409.9 million, or 7.6%, to \$5.78 billion at June 30, 2023 from \$5.37 billion at June 30, 2022. Detail regarding the change in the loan portfolio is presented below:

	June 30, 2023	June 30, 2022	Increase/ (Decrease)
(In Thousands)			
Commercial loans:			
Multi-family mortgage	\$ 2,761,775	\$ 2,409,090	\$ 352,685
Nonresidential mortgage	968,574	1,019,838	(51,264)
Commercial business	146,861	176,807	(29,946)
Construction	226,609	140,131	86,478
Total commercial loans	4,103,819	3,745,866	357,953
One- to four-family residential mortgage	1,700,559	1,645,816	54,743

Consumer loans:			
Home equity loans	43,549	42,028	1,521
Other consumer	2,549	2,866	(317)
Total consumer loans	46,098	44,894	1,204
Total loans	5,850,476	5,436,576	413,900
Unaccreted yield adjustments	(21,055)	(18,731)	(2,324)
Allowance for credit losses	(48,734)	(47,058)	(1,676)
Net loans receivable	\$ 5,780,687	\$ 5,370,787	\$ 409,900

Commercial loan origination volume for the year ended June 30, 2023 totaled \$895.9 million, comprised of \$716.4 million of commercial mortgage loan originations, \$91.8 million of commercial business loan originations and construction loan disbursements of \$87.7 million.

One- to four-family residential mortgage loan origination volume, excluding loans held-for-sale, totaled \$197.8 million for the year ended June 30, 2023 and was supplemented with loan purchases totaling \$656,000. Home equity loan and line of credit origination volume for the same period totaled \$26.0 million.

Additional information about our nonperforming loans and reportable loan modifications at June 30, 2023 June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 5 4 to the audited consolidated financial statements.

Nonperforming Loans and TDRs. Nonperforming loans decreased by \$27.7 million to \$42.6 million, or 0.73% of total loans, at June 30, 2023 from \$70.3 million, or 1.30% of total loans, at June 30, 2022. The decrease in nonperforming loans was largely attributable to a decrease of \$15.4 million in nonperforming nonresidential mortgage loans and a decrease of \$7.5 million in nonperforming multi-family mortgage loans.

TDRs are loans where we have modified the contractual terms of the loan as a result of the financial condition of the borrower. Subsequent to their modification, TDRs are placed on non-accrual until such time as satisfactory payment performance has been demonstrated, at which time the loan may be returned to accrual status. At June 30, 2023, we had accruing TDRs totaling \$10.5 million, an increase of \$1.8 million from \$8.7 million at June 30, 2022. At June 30, 2023, we had non-accrual TDRs totaling \$6.9 million, a decrease of \$6.6 million from \$13.5 million at June 30, 2022.

Additional information about nonperforming loans and TDRs at June 30, 2023 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 5 to the audited consolidated financial statements.

Allowance for Credit Losses. At June 30, 2023 June 30, 2024, the ACL totaled \$44.9 million, or 0.78% of total loans, reflecting a decrease of \$3.8 million from \$48.7 million, or 0.83% of total loans, reflecting an increase of \$1.7 million from \$47.1 million, or 0.87% of total loans, at June 30, 2022 June 30, 2023. The increase decrease was largely attributable to a provision for credit losses of \$2.5 million \$6.2 million, primarily driven by loan growth, partially offset by a reduction an increase in the expected life of the loan portfolio. provision for individually evaluated loans. Partially offsetting the provision for credit losses were net charge-offs of \$810,000, \$10.0 million, of which \$396,000 \$3.4 million had been individually reserved for within the ACL at June 30, 2022 June 30, 2023.

Additional information about the allowance for credit losses at June 30, 2023 June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 1 and Note 6 5 to the audited consolidated financial statements.

Other Assets. The aggregate balance of other assets, including premises and equipment, FHLB stock, interest receivable, goodwill, core deposit intangibles, bank owned life insurance, deferred income taxes, OREO and other assets, increased decreased by \$73.6 million \$112.7 million to \$717.1 million at June 30, 2024 from \$829.8 million at June 30, 2023 from \$756.2 million at June 30, 2022. The increase decrease in other assets largely reflected the recognition of a \$24.6 million increase in FHLB stock, a \$23.8 million increase in the fair value non-cash, pre-tax goodwill impairment of our derivatives portfolio \$97.4 million and a \$12.8 million increase \$13.0 million decrease in OREO. The increase decrease in OREO was a result of the sale of our acquisition of a \$13.0 million nonresidential real estate property through foreclosure. sole OREO asset in January 2024. The remaining change generally reflected normal operating fluctuations within these line items.

Deposits. Total deposits decreased by \$233.1 million \$471.1 million, or 4.0% 8.4%, to \$5.16 billion at June 30, 2024 from \$5.63 billion at June 30, 2023 from \$5.86 billion at June 30, 2022. Included in total deposits are brokered and listing service time deposits of \$408.2 million and \$640.5 million at June 30, 2024 and \$773.5 million at June 30, 2023 and 2022, 2023, respectively. The following table sets forth the distribution of, and changes in, deposits, by type, at the dates indicated:

	June 30, 2023	June 30, 2022	Increase/ (Decrease)
(In Thousands)			
June 30, 2024	June 30, 2024	June 30, 2023	Increase/ (Decrease)

(In Thousands)					(In Thousands)				
Non-interest-bearing deposits	Non-interest-bearing deposits	\$ 609,999	\$ 653,899	\$ (43,900)					
Interest-bearing deposits:	Interest-bearing deposits:								
Interest-bearing deposits:									
Interest-bearing deposits:									
Interest-bearing demand									
Interest-bearing demand									
Interest-bearing demand	Interest-bearing demand	2,252,912	2,265,597	(12,685)					
Savings	Savings	748,721	1,053,198	(304,477)					
Certificates of deposit		2,017,551	1,889,562	127,989					
Certificates of deposit (retail)									
Certificates of deposit (brokered and listing service)									
Interest-bearing deposits	Interest-bearing deposits	5,019,184	5,208,357	(189,173)					
Total deposits	Total deposits	\$5,629,183	\$5,862,256	\$(233,073)					

Uninsured deposits totaled \$1.77 billion as of June 30, 2024, unchanged from June 30, 2023 compared to \$1.53 billion as of June 30, 2022. Excluding collateralized deposits of state and local governments, and deposits of the Bank's wholly-owned subsidiary and holding company, uninsured deposits totaled \$764.4 million, or 14.8% of total deposits, at June 30, 2024 compared to \$710.4 million, or 12.6% of total deposits, at June 30, 2023 compared to \$792.1 million, or 13.5% of total deposits, at June 30, 2022.

Additional information about our deposits at June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 9 to the audited consolidated financial statements.

Borrowings. The balance of borrowings increased by \$203.0 million, or 13.5%, to \$1.71 billion at June 30, 2024 from \$1.51 billion at June 30, 2023 which included overnight borrowings totaling \$175.0 million and \$225.0 million at June 30, 2024 and 2023, respectively. The increase was primarily driven by a net increase in advances from the FHLB and the Federal Reserve Bank of New York ("FRBNY"). FRBNY advances consisted of \$100.0 million in borrowings under the Bank Term Funding Program ("BTFP") which included favorable terms and conditions as compared to FHLB advances and brokered deposits.

Additional information about our borrowings at June 30, 2024 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 10 to the audited consolidated financial statements.

Borrowings. The balance of borrowings increased by \$605.5 million, or 67.2%, to \$1.51 billion at June 30, 2023 from \$901.3 million at June 30, 2022 which included overnight borrowings totaling \$225.0 million and \$250.0 million at June 30, 2023 and 2022, respectively. The increase was primarily driven by a net increase in FHLB advances.

Additional information about our borrowings at June 30, 2023 is presented under "Item 1. Business" of this Annual Report on Form 10-K, as well as in Note 11 to the audited consolidated financial statements.

Other Liabilities. The balance of other liabilities, including advance payments by borrowers for taxes and other miscellaneous liabilities, decreased increased by \$2.8 million \$2.4 million to \$62.0 million at June 30, 2024 from \$59.5 million at June 30, 2023 from \$62.3 million at June 30, 2022. The change in the balance of other liabilities generally reflected normal operating fluctuations within these line items.

Stockholders' Equity. Stockholders' equity decreased by \$24.7 million \$115.7 million to \$753.6 million at June 30, 2024 from \$869.3 million at June 30, 2023 from \$894.0 million at June 30, 2022. The decrease in stockholders' equity during the year ended June 30, 2023 largely June 30, 2024 reflected a net loss of \$86.7 million, primarily driven by a non-cash, after-tax, goodwill impairment of \$95.3 million, dividends totaling \$28.7 \$27.6 million, and share repurchases totaling \$27.4 million. In addition, \$11.2 million, partially offset by other comprehensive income, net of tax, of \$6.3 million. Other comprehensive income during the year ended June 30, 2024 reflected the reclassification of a net realized loss on the sale of securities available for sale out of accumulated other comprehensive loss net of tax, was \$13.7 million, which was driven by a decline due to an investment securities repositioning and an increase in the fair value of our available for sale securities, partially offset by an increase a decrease in the fair value of our derivatives portfolio. These items were partially offset by net income of \$40.8 million.

Book value per share increased decreased by \$0.18 \$1.50 to \$13.20 \$11.70 at June 30, 2023 June 30, 2024 while tangible book value per share increased decreased by \$0.06 to \$9.96 \$9.90 at June 30, 2023 June 30, 2024.

On August 1, 2022, we announced that the Board of Directors had authorized a new stock repurchase plan to repurchase up to 4,000,000 shares, and the completion of our previous stock repurchase plan, which authorized the repurchase of 7,602,021 shares.

During the year ended June 30, 2023 June 30, 2024, we repurchased 2,820,398 1,504,747 shares of common stock at a cost of \$27.4 \$11.2 million, or \$9.73 \$7.40 per share, including 2,495,253 share. On November 7, 2023, we announced the completion of our ninth repurchase plan which authorized the repurchase of 4,000,000 shares. Such shares or 62.4% of the shares authorized for repurchase under the current repurchase program, were repurchased at a cost of \$23.8 million, \$34.9 million, or \$9.54 \$8.74 per share.

Comparison of Operating Results for the Years Ended June 30, 2023 June 30, 2024 and June 30, 2022 June 30, 2023

Net (Loss) Income. Net income loss for the year ended June 30, 2023 June 30, 2024 was \$86.7 million, or \$1.39 per diluted share, a decrease of \$127.5 million from net income of \$40.8 million, or \$0.63 per diluted share a decrease of 39.6% from \$67.5 million, or \$0.95 per diluted share for the year ended June 30, 2022 June 30, 2023. The decrease in net income loss was primarily attributable to a non-cash, after tax, goodwill impairment charge of \$95.3 million. The net loss also reflected a decrease in net interest income, a decrease in non-interest income and an increase in the provision for credit losses, and a decrease in non-interest income, partially offset by a decrease in non-interest expense, excluding goodwill impairment, and a decrease in income tax expense. Net income Results for the years ended June 30, 2024 and June 30, 2023 and June 30, 2022 was were impacted by various non-recurring items, as described in further detail below.

Net Interest Income. Net interest income decreased by \$20.7 million \$33.3 million to \$175.9 million \$142.6 million for the year ended June 30, 2023 June 30, 2024. The decrease between the comparative periods resulted from an increase of \$88.2 million \$68.4 million in interest expense, partially offset by an increase of \$67.5 million \$35.1 million in interest income. Included in net interest income for the years ended June 30, 2023 June 30, 2024 and 2022, 2023, respectively, was purchase accounting accretion of \$5.3 million \$2.6 million and \$9.0 million \$5.3 million and loan prepayment penalty income of \$895,000 \$879,000 and \$5.4 million, \$895,000.

Net interest margin decreased 60 40 basis points to 1.94% for the year ended June 30, 2024, from 2.34% for the year ended June 30, 2023, from 2.94% for the year ended June 30, 2022. The decrease reflected increases in the cost and average balance of interest-bearing liabilities, increases in the average balances of interest-bearing borrowings and decreases in the average balances of interest-earning assets, partially offset by increases in the yield on and average balance of interest-earning assets. The increased cost of interest-bearing liabilities and yield higher yields on interest-earning assets is the result of higher market interest rates that were caused by an increase and decreases in the federal funds target rate from 0% - 0.25% in March 2022 to 5.00% - 5.25% in May 2023. average balances of interest-bearing deposits.

Details surrounding the composition of, and changes to, net interest income are presented in the table below which reflects the components of the average balance sheet and of net interest income for the periods indicated. We derived the average yields and costs by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented with daily balances used to derive average balances. No tax equivalent adjustments have been made to yield or costs. Non-accrual loans were included in the calculation of average balances, however interest receivable on these loans has been fully reserved for and therefore not included in interest income. The yields and costs set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense and exclude the impact of prepayment penalties, which are recorded to non-interest income.

For the Years Ended June 30,									
2023			2022			2021			
Average		Average	Average		Average	Average		Average	
Average	Yield/	Average	Average	Yield/	Average	Average	Yield/	Average	Yield/
Balance	Interest	Cost	Balance	Interest	Cost	Balance	Interest	Cost	Cost
(Dollars in Thousands)									

For the Years Ended June 30,										
2024										
Average										
Balance									Average	
										Yield/
										Cost
(Dollars in Thousands)										

Interest-earning assets:	Interest-earning assets:
Loans receivable ⁽¹⁾	

Loans receivable (1)													
Loans receivable	Loans receivable												
(1)	(1)	\$5,827,123	\$233,147	4.00 %	\$4,922,400	\$190,520	3.87 %	\$4,866,436	\$202,240	4.16 %	\$ 5,752,496	\$	256,007 4.45 4.45 %
Taxable investment securities(2)	Taxable investment securities(2)	1,532,961	54,855	3.58	1,622,475	32,746	2.02	1,571,452	31,238	1.99			
Tax-exempt securities (2)	Tax-exempt securities (2)	30,332	694	2.29	55,981	1,273	2.27	74,604	1,652	2.21			
Other interest-earning assets(3)	Other interest-earning assets(3)	115,390	5,028	4.36	82,802	1,733	2.09	200,435	2,955	1.47			
Total interest-earning assets	Total interest-earning assets	7,505,806	293,724	3.91	6,683,658	226,272	3.39	6,712,927	238,085	3.55			
Non-interest-earning assets	Non-interest-earning assets	563,131			598,712			620,934					
Total assets	Total assets	\$8,068,937			\$7,282,370			\$7,333,861					
Total assets													
Total assets													
Interest-bearing liabilities:	Interest-bearing liabilities:												
Interest-bearing liabilities:													
Interest-bearing liabilities:													
Interest-bearing demand													
Interest-bearing demand													
Interest-bearing demand	Interest-bearing demand	\$2,349,802	\$ 40,650	1.73	\$2,067,200	\$ 5,123	0.25	\$1,726,190	\$ 7,028	0.41			
Savings	Savings	896,651	3,351	0.37	1,088,971	1,190	0.11	1,066,794	3,299	0.31			
Certificates of deposit	Certificates of deposit	2,083,864	34,162	1.64	1,711,276	8,895	0.52	1,931,887	21,208	1.10			
Total interest-bearing deposits	Total interest-bearing deposits	5,330,317	78,163	1.47	4,867,447	15,208	0.31	4,724,871	31,535	0.67			
FHLB advances	FHLB advances	1,101,658	37,734	3.43	679,388	14,067	2.07	931,148	18,314	1.97			
Other borrowings	Other borrowings	57,468	1,962	3.41	72,841	394	0.54	2,563	2	0.06			
Total borrowings	Total borrowings	1,159,126	39,696	3.42	752,229	14,461	1.92	933,711	18,316	1.96			
Total interest-bearing liabilities	Total interest-bearing liabilities	6,489,443	117,859	1.82	5,619,676	29,669	0.53	5,658,582	49,851	0.88			
Non-interest-bearing liabilities(4)	Non-interest-bearing liabilities(4)	704,136			678,143			583,886					
Total liabilities	Total liabilities	7,193,579			6,297,819			6,242,468					
Total liabilities													
Total liabilities													
Stockholders' equity	Stockholders' equity	875,358			984,551			1,091,393					
Stockholders' equity													
Stockholders' equity													
Total liabilities and stockholders' equity													
Total liabilities and stockholders' equity													

Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$8,068,937	\$7,282,370	\$7,333,861	
Net interest income	Net interest income	\$175,865	\$196,603	\$188,234	
Net interest income					
Net interest income					
Interest rate spread ⁽⁵⁾					
Interest rate spread ⁽⁵⁾					
Interest rate spread ⁽⁵⁾	Interest rate spread ⁽⁵⁾	2.09 %	2.86 %	2.67 %	1.57
Net interest margin ⁽⁶⁾					
Net interest margin ⁽⁶⁾	Net interest margin ⁽⁶⁾	2.34 %	2.94 %	2.80 %	
Ratio of interest-earning assets to interest-bearing liabilities					
Ratio of interest-earning assets to interest-bearing liabilities	Ratio of interest-earning assets to interest-bearing liabilities	1.16	1.19	1.19	

- (1) Loans held-for-sale and non-accruing loans have been included in loans receivable and the effect of such inclusion was not material. Allowance for credit losses has been included in non-interest-earning assets.
- (2) Fair value adjustments have been excluded in the balances of interest-earning assets.
- (3) Includes interest-bearing deposits at other banks and FHLB of New York capital stock.
- (4) Includes average balances of non-interest-bearing deposits of \$595.3 million, \$644.5 million \$624.7 million and \$518.1 \$624.7 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively.
- (5) Interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
- (6) Net interest margin represents net interest income as a percentage of average interest-earning assets.

The following table reflects the dollar amount of changes in interest income and interest expense to changes in volume and in prevailing interest rates during the periods indicated. Each category reflects the: (1) changes in volume (changes in volume multiplied by old rate); (2) changes in rate (changes in rate multiplied by old volume); and (3) net change. The net change attributable to the combined impact of volume and rate has been allocated proportionally to the absolute dollar amounts of change in each.

Change in the net change in loans due to the combined impact of volume and rate has been allocated proportionately to the absolute dollar amounts of change in each:															
		Year Ended June 30, 2023 versus Year Ended June 30, 2022						Year Ended June 30, 2022 versus Year Ended June 30, 2021							
		Increase (Decrease) Due to						Increase (Decrease) Due to							
		Volume		Rate		Net		Volume		Rate		Net			
		(In Thousands)						(In Thousands)							
	Year Ended June 30, 2024 versus Year Ended June 30, 2023						Year Ended June 30, 2024 versus Year Ended June 30, 2023						Year Ended June 30, 2023 versus Year Ended June 30, 2022		
	Increase (Decrease) Due to						Increase (Decrease) Due to								
	Volume						Volume		Rate		Net	Volume		Rate	Net
	(In Thousands)						(In Thousands)								
Interest and dividend income	Interest and dividend income														
Loans receivable	Loans receivable														
Loans receivable	Loans receivable	\$36,040	\$ 6,587	\$ 42,627	\$ 2,337	\$(14,057)	\$(11,720)								

Taxable investment securities	Taxable investment securities	(1,901)	24,010	22,109	1,030	478	1,508
Tax-exempt securities	Tax-exempt securities	(590)	11	(579)	(423)	44	(379)
Other interest-earning assets	Other interest-earning assets	876	2,419	3,295	(2,157)	935	(1,222)
Total interest-earning assets	Total interest-earning assets	\$34,425	\$ 33,027	\$ 67,452	\$ 787	\$(12,600)	\$(11,813)
Interest expense:	Interest expense:						
Interest expense:							
Interest expense:							
Interest-bearing demand							
Interest-bearing demand							
Interest-bearing demand	Interest-bearing demand	\$ 802	\$ 34,725	\$ 35,527	\$ 1,216	\$ (3,121)	\$ (1,905)
Savings	Savings	(243)	2,404	2,161	67	(2,176)	(2,109)
Certificates of deposit	Certificates of deposit	2,320	22,947	25,267	(2,192)	(10,121)	(12,313)
Borrowings	Borrowings	10,324	14,911	25,235	(3,489)	(366)	(3,855)
Total interest-bearing liabilities	Total interest-bearing liabilities	\$13,203	\$ 74,987	\$ 88,190	\$(4,398)	\$(15,784)	\$(20,182)
Change in net interest income	Change in net interest income	\$21,222	\$(41,960)	\$(20,738)	\$ 5,185	\$ 3,184	\$ 8,369
Change in net interest income							
Change in net interest income							

Provision for Credit Losses. The provision for credit losses increased by \$10.0 million \$3.7 million to a provision for credit losses of \$6.2 million for the year ended June 30, 2024, compared to provision for credit losses of \$2.5 million for the year ended June 30, 2023, compared to a reversal of . The provision for credit losses of \$7.5 million for the year ended June 30, 2022. June 30, 2024 was largely attributable to charge-offs of three related commercial real estate loans and the charge-off of one non-performing commercial and industrial loan relationship. The provision for credit losses for the year ended June 30, 2023 was largely attributable to loan growth, partially offset by a reduction in the expected life of the loan portfolio. By comparison, the reversal of credit losses for the year ended June 30, 2022 was largely attributable to an improvement in our economic forecast, a reduction in the expected life of various segments of the loan portfolio and a net reduction in reserves on loans individually analyzed for impairment.

Additional information regarding the allowance for credit losses and the associated provision recognized during the year ended June 30, 2023 June 30, 2024 is presented under "Item 1, Business" on this Annual Report on Form 10-K as well as in Note 1 and Note 6 5 to the audited consolidated financial statements as well as the Comparison of Financial Condition at June 30, 2023 June 30, 2024.

Non-Interest Income. Non-interest income decreased by \$11.2 million \$4.7 million to \$2.8 million \$2.0 million for the year ended June 30, 2023 June 30, 2024.

Loss on sale and call of securities was \$15.2 million \$18.1 million during the year ended June 30, 2023 June 30, 2024 compared to \$559,000 a loss of \$15.2 million recorded during the earlier comparative period. The current year loss was the result of a previously announced wholesale restructuring our securities portfolio repositioning that involved the sale of \$120.4 million \$122.2 million of available for sale securities. The proceeds securities in December 2023. Proceeds of the sale were reinvested utilized to retire higher-cost wholesale funding and to reinvest in higher loans yielding securities. approximately 7.0%.

Loss on sale of loans was \$1.6 million \$282,000 for the year ended June 30, 2023 June 30, 2024 compared to a gain on sale loss of loans of \$2.5 million \$1.6 million during the earlier comparative period. The current year included decrease in loan sale losses was largely attributable to a loss of \$2.5 million that resulted from \$2.4 million on the sale of a non-performing commercial mortgage loan held-for-sale. In addition, held-for-sale in the decrease prior comparative period. The loss in gain the current period was primarily the result of the sale of three related nonperforming commercial real estate loans held-for-sale resulting in a net loss on sale of loans reflected \$884,000.

We recognized a decrease non-recurring loss of \$974,000 attributable to the write-down of one other real estate owned ("OREO") property during the quarter ended December 31, 2023, while there were no such losses recorded in the volume of loans prior period. This OREO asset was subsequently sold between comparative periods, during the quarter ended March 31, 2024.

Income from bank owned life insurance ("BOLI") increased \$2.5 million \$431,000 to \$8.6 million \$9.1 million for the year ended June 30, 2023 June 30, 2024. The increase is primarily reflected improved income as a result of the result BOLI restructure initiated in December 2023, partially offset by a decrease of \$551,000 in payouts on life insurances policies.

insurance policies compared to the prior year period and non-recurring exchange charges of \$965,000 in the current year period related to the BOLI restructure.

Other non-interest income increased \$4.7 million decreased \$2.9 million to \$6.3 million \$3.4 million for the year ended June 30, 2023 June 30, 2024. The increase decrease was primarily attributable to a non-recurring gain of \$2.9 million \$2.9 million from the sale of a former branch location and a \$1.8 million increase in income from investment services. These increases were partially offset by \$356,000 of non-recurring gains on asset disposals in the earlier comparative period.

Electronic banking fees and charges increased \$598,000 to \$2.4 million for the year ended June 30, 2024. The increase was primarily driven by a non-recurring contract renewal bonus of \$750,000 recorded in the current period related to a licensing agreement with a third-party vendor.

The remaining changes in the other components of non-interest income between comparative periods generally reflected normal operating fluctuations within those line items.

Non-Interest Expense. Non-interest expense decreased increased by \$2.0 million \$91.4 million to \$215.2 million for the year ended June 30, 2024 from \$123.8 million for the year ended June 30, 2023, driven by a pre-tax, non-cash goodwill impairment of \$97.4 million recognized in the current year period. Excluding the goodwill impairment, non-interest expense decreased \$6.0 million compared to the prior year period.

Salaries and employee benefits expense decreased by \$675,000 \$6.4 million to \$75.6 million \$69.2 million for the year ended June 30, 2023. This June 30, 2024 reflecting lower average headcount and a decrease was largely due to lower incentive compensation, lower in incentive payments tied to loan origination volume, and lower expense from retirement plans. These decreases were partially offset by higher salary expense annual merit increases. Included in salaries and non-recurring employee benefits for the year ended June 30, 2023 was \$757,000 of severance expense resulting from a reduction in headcount, workforce realignment.

Net occupancy expense of premises decreased by \$2.1 million \$1.0 million to \$12.0 million \$11.0 million for the year ended June 30, 2023 June 30, 2024. This decrease was largely primarily due to expenses recognized decreases in the prior period including \$1.5 million rent expense, depreciation expense, and building repairs and maintenance expense. These decreases are a result of non-recurring expenses related to the consolidation of three retail branch locations and an office facility and \$250,000 related to facility repairs made in connection with damage incurred during Tropical Storm Ida. The current year includes \$250,000 of non-recurring occupancy expenses related to the consolidation of two retail branch locations, locations during the quarter ended June 30, 2023.

Equipment Advertising and systems marketing expense decreased by \$1.3 million to \$14.6 million for the year ended June 30, 2023. This decrease was largely attributable to a prior period non-recurring expense of \$800,000 from the early termination of a contract with a service provider.

FDIC insurance premiums increased \$2.7 million to \$5.1 million for the year ended June 30, 2023. This increase was largely driven by asset growth.

Director compensation decreased by \$768,000 \$726,000 to \$1.4 million for the year ended June 30, 2023 June 30, 2024. This decrease primarily reflected a decline in director-related stock-based compensation advertising expense resulted from the adoption of lower cost in-house digital campaigns supporting our loan and deposit growth initiatives.

FDIC insurance premiums increased \$847,000 to \$6.0 million for the year ended June 30, 2024. This increase was largely attributable to an updated assessment rate from the FDIC.

For the year ended June 30, 2023, the Company recorded \$800,000 in branch consolidation expense, of which \$250,000 was recorded in occupancy expense and \$550,000 was recorded in other expense. No such expenses were recorded during the year ended June 30, 2024.

The remaining changes in the other components of non-interest expense between comparative periods generally reflected normal operating fluctuations within those line items.

Provision for Income Taxes. Provision for income taxes decreased by \$13.2 million \$5.7 million to \$5.9 million for the year ended June 30, 2024, from \$11.6 million for the year ended June 30, 2023, from \$24.8 million for the year ended June 30, 2022. The decrease in income tax expense reflected a lower level of pre-tax income as compared to the prior period.

Effective tax rates for the years ended June 30, 2023 and 2022 were 22.1% and 26.9%, respectively. The decrease in the effective tax rate was primarily due to lower taxable pre-tax income, as well as non-taxable payouts on life insurance partially offset by \$5.7 million of tax expense related to the surrender of BOLI policies noted above, during the year ended June 30, 2023 June 30, 2024.

Comparison of Operating Results for the Years Ended June 30, 2022 June 30, 2023 and June 30, 2021 June 30, 2022

A comparison of our operating results for the years ended June 30, 2022 June 30, 2023 and June 30, 2021 June 30, 2022 can be found in our Annual Report on Form 10-K for the year ended June 30, 2022 June 30, 2023, filed with the SEC on August 26, 2022 August 25, 2023.

Liquidity and Commitments

Liquidity, represented by cash and cash equivalents, is a product of operating, investing and financing activities. Our primary sources of funds are deposits, borrowings, cash flows from investment securities and loans receivable and funds provided from operations. While scheduled payments from the amortization and maturity of loans and investment securities are relatively predictable sources of funds, general interest rates, economic conditions and competition greatly influence deposit flows and prepayments on loans and securities.

Liquidity, at **June 30, 2023** **June 30, 2024**, included **\$70.5 million** **\$63.9 million** of short-term cash and equivalents and **\$1.23 billion** **\$1.07 billion** of investment securities available for sale which can readily be sold or pledged as collateral, if necessary. In addition, we have the capacity to borrow additional funds from the FHLB, FRB or via unsecured overnight borrowings. As of **June 30, 2023** **June 30, 2024**, we had the capacity to borrow additional funds totaling **\$1.55 billion** **\$1.06 billion** and **\$415.0 million** **\$381.8 million** from the FHLB and FRB, respectively, without pledging additional collateral. We had the ability to pledge additional securities to borrow an additional **\$477.0 million** **\$381.4 million** at **June 30, 2023** **June 30, 2024**. As of that same date, we also had access to unsecured overnight borrowings with other financial institutions totaling **\$990.0 million** **\$789.0 million**, of which **\$100.0 million** **none** was outstanding.

Deposits decreased **\$233.1 million** **\$471.1 million** to **\$5.16 billion** at **June 30, 2024** from **\$5.63 billion** at **June 30, 2023** from **\$5.86 billion** at **June 30, 2022**. The decrease in deposit balances reflected a **\$189.2 million** **\$459.4 million** decrease in interest-bearing deposits coupled with a **\$43.9 million** **\$11.6 million** decrease in non-interest-bearing deposits. Borrowings from the FHLB and other sources are generally available to supplement our liquidity position or to replace maturing deposits. As of **June 30, 2023** **June 30, 2024**, our outstanding balance of FHLB advances, excluding fair value adjustments, totaled **\$1.28** **\$1.54** billion. As of the same date, we had **\$125.0 million** **\$175.0 million** outstanding via our overnight line of credit with the FHLB.

The following table sets forth information concerning balances and interest rates on our short-term borrowings at and for the periods shown:

		At or For the Years Ended June 30,							
		2023	2022	2021					
		(Dollars in Thousands)							
		At or For the Years Ended June 30,			At or For the Years Ended June 30,				
		2024			2024	2023	2022		
		(Dollars in Thousands)			(Dollars in Thousands)				
Balance at end of year	Balance at end of year	\$1,175,000	\$625,000	\$390,000					
Average balance during year	Average balance during year	\$ 900,997	\$476,142	\$646,896					
Maximum outstanding at any month end	Maximum outstanding at any month end	\$1,280,000	\$684,000	\$815,000					
Weighted average interest rate at end of year	Weighted average interest rate at end of year	5.42 %	1.72 %	0.33 %	Weighted average interest rate at end of year	5.47 %	5.42 %	1.72 %	
Weighted average interest rate during year	Weighted average interest rate during year	4.49 %	0.58 %	1.08 %	Weighted average interest rate during year	5.52 %	4.49 %	0.58 %	

The following table discloses our contractual obligations and commitments as of **June 30, 2023** **June 30, 2024**:

		June 30, 2023									
		Over									
		Three									
		Years to									
		Five									
		Five									
		Less than	One to	Years to	Over	Total					
		One Year	Three	Five	Five						
		Years	Years	Years	Years						
		(In Thousands)									
		June 30, 2024					June 30, 2024				

		Less than One Year						Less than One Year	One to Three Years	Over Three Years to Five Years	Over Five Years	Total	
		(In Thousands)						(In Thousands)					
<u>Contractual obligations</u>	<u>Contractual obligations</u>												
Operating lease obligations													
Operating lease obligations													
Operating lease obligations	Operating lease obligations	\$	3,445	\$	6,254	\$	4,904	\$	4,305	\$	18,908		
Certificates of deposit	Certificates of deposit	1,896,132	94,472	21,365	5,582	2,017,551							
Federal Home Loan Bank Advances	Federal Home Loan Bank Advances	972,500	110,000	200,000	—	1,282,500							
Total contractual obligations	Total contractual obligations	\$2,872,077	\$210,726	\$226,269	\$ 9,887	\$3,318,959							
Total contractual obligations													
Total contractual obligations													
<u>Commitments</u>	<u>Commitments</u>												
<u>Commitments</u>													
<u>Commitments</u>													
Undisbursed funds from approved lines of credit ⁽¹⁾													
Undisbursed funds from approved lines of credit ⁽¹⁾													
Undisbursed funds from approved lines of credit ⁽¹⁾	Undisbursed funds from approved lines of credit ⁽¹⁾	\$	87,467	\$	20,942	\$	4,123	\$56,961	\$	169,493			
Construction loans in process ⁽¹⁾	Construction loans in process ⁽¹⁾	58,485	—	—	—	58,485							
Other commitments to extend credit ⁽¹⁾	Other commitments to extend credit ⁽¹⁾	23,261	—	—	—	23,261							
Total commitments	Total commitments	\$	169,213	\$	20,942	\$	4,123	\$56,961	\$	251,239			
Total commitments													
Total commitments													

(1) Represents amounts committed to customers.

In addition to the loan commitments noted above, the pipeline of loans held for sale included \$11.7 million \$16.0 million of in process loans whose terms included interest rate locks to borrowers that were paired with a best-efforts commitment to sell the loan to a buyer at a fixed price and within a predetermined timeframe after the sale commitment is established.

In addition to the commitments noted above, we are party to standby letters of credit totaling approximately \$115,000 \$160,000 at June 30, 2023 June 30, 2024 through which we guarantee certain specific business obligations of our commercial customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the customer. Our exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. We use the same credit policies in making

commitments and conditional obligations as we do for on-balance-sheet instruments. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

At ~~June 30, 2023~~ June 30, 2024, outstanding loan commitments relating to loans held in portfolio totaled ~~\$251.2 million~~ \$280.9 million compared to ~~\$510.5 million~~ \$251.2 million at ~~June 30, 2022~~ June 30, 2023. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. For additional information regarding our outstanding lending commitments at ~~June 30, 2023~~ June 30, 2024, see Note ~~17~~ 16 to the audited consolidated financial statements.

Capital

Consistent with our goals to operate as a sound and profitable financial organization, Kearny Financial and Kearny Bank actively seek to maintain our well capitalized status in accordance with regulatory standards. As of ~~June 30, 2023~~ June 30, 2024, Kearny Financial and Kearny Bank exceeded all capital requirements of the federal banking regulators and were considered well capitalized.

The following table presents information regarding the Bank's regulatory capital levels at ~~June 30, 2023~~ June 30, 2024:

June 30, 2023											
				For Capital Adequacy Purposes				To Be Well Capitalized Under Prompt Corrective Action Provisions			
		Actual									
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)											
June 30, 2024											
				Actual				For Capital Adequacy Purposes			
		Actual									
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)											
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	\$695,417	13.31 %	\$417,853	8.00 %	\$522,316	10.00 %	Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	\$688,597	14.42 %
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	659,783	12.63 %	313,389	6.00 %	417,853	8.00 %	Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	651,620	13.65 %
Common equity tier 1 capital (to risk-weighted assets)	Common equity tier 1 capital (to risk-weighted assets)	659,783	12.63 %	235,042	4.50 %	339,505	6.50 %	Common equity tier 1 capital (to risk-weighted assets)	Common equity tier 1 capital (to risk-weighted assets)	651,620	13.65 %
Tier 1 capital (to adjusted total assets)	Tier 1 capital (to adjusted total assets)	659,783	8.15 %	323,922	4.00 %	404,902	5.00 %	Tier 1 capital (to adjusted total assets)	Tier 1 capital (to adjusted total assets)	651,620	8.44 %

The following table presents information regarding the consolidated Company's regulatory capital levels at ~~June 30, 2023~~ June 30, 2024:

June 30, 2023

		Actual				For Capital Adequacy Purposes						
		Actual										
		Amount	Ratio	Amount	Ratio							
		(Dollars in Thousands)										
June 30, 2024						June 30, 2024						
		Actual						Actual		For Capital Adequacy Purposes		
		Amount						Amount	Ratio	Amount	Ratio	
		(Dollars in Thousands)						(Dollars in Thousands)				
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	\$770,621	14.75 %	\$418,015	8.00 %	Total capital (to risk-weighted assets)	\$743,741	15.57	15.57 %	\$382,247	8.00	8.00 %
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	734,987	14.07 %	313,511	6.00 %	Tier 1 capital (to risk-weighted assets)	706,764	14.79	14.79 %	286,685	6.00	6.00 %
Common equity tier 1 capital (to risk-weighted assets)	Common equity tier 1 capital (to risk-weighted assets)	734,987	14.07 %	235,133	4.50 %	Common equity tier 1 capital (to risk-weighted assets)	706,764	14.79	14.79 %	215,014	4.50	4.50 %
Tier 1 capital (to adjusted total assets)	Tier 1 capital (to adjusted total assets)	734,987	9.07 %	324,170	4.00 %	Tier 1 capital (to adjusted total assets)	706,764	9.15	9.15 %	309,031	4.00	4.00 %

For additional information regarding regulatory capital at [June 30, 2023](#) [June 30, 2024](#), see Note [15](#) [14](#) to the audited consolidated financial statements.

Impact of Inflation

The financial statements included in this document have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Our primary assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates, however, do not necessarily move in the same direction or with the same magnitude as the price of goods and services, since such prices are affected by inflation. In a period of rapidly rising interest rates, the liquidity and maturities of our assets and liabilities are critical to the maintenance of acceptable performance levels.

The principal effect of inflation on earnings, as distinct from levels of interest rates, is in the area of non-interest expense. Expense items such as employee compensation, employee benefits and occupancy and equipment costs may be subject to increases as a result of inflation. An additional effect of inflation is the possible increase in the dollar value of the collateral securing loans that we have made. We are unable to determine the extent, if any, to which properties securing our loans have appreciated in dollar value due to inflation.

Recent Accounting Pronouncements

For a discussion of the expected impact of recently issued accounting pronouncements that have yet to be adopted by us, please refer to Note 2 to the audited consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Management of Interest Rate Risk and Market Risk

The majority of our assets and liabilities are sensitive to changes in interest rates and as such, interest rate risk is a significant form of market risk that we must manage. Interest rate risk is generally defined in regulatory nomenclature as the risk to earnings or capital arising from the movement of interest rates and arises from several risk factors including re-pricing risk, basis risk, yield curve risk and option risk.

We maintain an Asset/Liability Management ("ALM") program in order to manage our interest rate risk. The program is overseen by the Board of Directors through its Interest Rate Risk Management Committee, which has assigned the responsibility for the operational aspects of the ALM program to our Asset/Liability Management Committee ("ALCO"), which is comprised of various members of the senior and executive management team.

The quantitative analysis that we conduct measures interest rate risk from both a capital and earnings perspective. With regard to earnings, movements in interest rates and the shape of the yield curve significantly influence the amount of net interest income ("NII") that we recognize. Movements in market interest rates, and the effect of such movements on the risk factors noted above, significantly influence the spread between the interest earned on our interest-earning assets and the interest paid on our interest-bearing liabilities. Our internal interest rate risk analysis calculates the sensitivity of our projected NII over a one year period utilizing a static balance sheet assumption through which incoming and outgoing asset and liability cash flows are reinvested into similar instruments. Product pricing and earning asset prepayment speeds are appropriately adjusted for each rate scenario.

With regard to capital, our internal interest rate risk analysis calculates the sensitivity of our Economic Value of Equity ("EVE") to movements in interest rates. EVE represents the present value of the expected cash flows from our assets less the present value of the expected cash flows arising from our liabilities adjusted for the value of off-balance sheet instruments. EVE attempts to quantify our economic value using a discounted cash flow methodology. The degree to which our EVE changes for any hypothetical interest rate scenario from its base case measurement is a reflection of an institution's sensitivity to interest rate risk.

For both earnings and capital at risk our interest rate risk analysis calculates a base case scenario that assumes no change in interest rates. The model then measures changes throughout a series of interest rate scenarios representing immediate and permanent, parallel shifts in the yield curve up and down 100, 200 and 300 basis points with additional scenarios modeled where appropriate. The model requires that interest rates remain positive for all points along the yield curve for each rate scenario which may preclude the modeling of certain falling rate scenarios during periods of lower market interest rates. **The relatively low level of interest rates prevalent at June 30, 2022 precluded the modeling of certain falling rate scenarios.**

The following tables present the results of our internal EVE and NII analyses as of **June 30, 2023**, **June 30, 2024** and **2022, 2023**, respectively:

June 30, 2023																
1 to 12 Months				13 to 24 Months												
June 30, 2024																
1 to 12 Months																
1 to 12 Months																
Change in Interest Rates	Change in Interest Rates	\$ Amount of EVE	% Change in EVE	\$ Amount of NII	% Change in NII	\$ Amount of NII	% Change in NII	Change in Interest Rates	\$ Amount of EVE	% Change in EVE	\$ Amount of NII	% Change in NII	\$ Amount of NII	% Change in NII		
(Dollars in Thousands)																
(Dollars in Thousands)								(Dollars in Thousands)								
+300 bps	+300 bps	507,998	(32.36)%	154,552	(5.26)%	168,366	(3.87)%	+300 bps	331,842	(41.07)	(41.07)%	127,382	(8.51)	(8.51)%	135,753	(10.66)%
+200 bps	+200 bps	571,129	(23.95)%	156,274	(4.20)%	167,683	(4.26)%	+200 bps	400,548	(28.87)	(28.87)%	131,003	(5.91)	(5.91)%	140,351	(7.64)%
+100 bps	+100 bps	673,314	(10.35)%	160,344	(1.71)%	173,170	(1.13)%	+100 bps	483,724	(14.10)	(14.10)%	135,289	(2.83)	(2.83)%	146,594	(3.53)%
0 bps	0 bps	751,040	—	163,132	—	175,143	—									
-100 bps	-100 bps	799,675	6.48 %	163,455	0.20 %	173,319	(1.04)%	-100 bps	640,024	13.66	13.66 %	144,991	4.13	4.13 %	157,821	3.86 %
-200 bps	-200 bps	814,293	8.42 %	161,284	(1.13)%	166,473	(4.95)%	-200 bps	693,495	23.16	23.16 %	148,189	6.43	6.43 %	159,928	5.25 %
-300 bps	-300 bps	849,208	13.07 %	158,526	(2.82)%	156,507	(10.64)%	-300 bps	767,451	36.29	36.29 %	150,478	8.07	8.07 %	160,093	5.36 %
June 30, 2022																
1 to 12 Months				13 to 24 Months												
June 30, 2023								June 30, 2024								

1 to 12 Months													
Change in Interest Rates	Change in Interest Rates	\$ Amount of EVE	% Change in EVE	\$ Amount of NII	% Change in NII	\$ Amount of NII	% Change in NII	Change in Interest Rates	\$ Amount of EVE	% Change in EVE	\$ Amount of NII	% Change in NII	\$ Amount of NII
(Dollars in Thousands)													
(Dollars in Thousands)													
+300 bps	+300 bps	1,089,795	(15.37)%	178,865	(13.62)%	214,839	(1.68)%	+300 bps	507,998	(32.36)	(32.36)%	154,552	(5.26)
+200 bps	+200 bps	1,156,219	(10.21)%	187,601	(9.40)%	215,528	(1.36)%	+200 bps	571,129	(23.95)	(23.95)%	156,274	(4.20)
+100 bps	+100 bps	1,239,935	(3.71)%	198,126	(4.32)%	219,594	0.50 %	+100 bps	673,314	(10.35)	(10.35)%	160,344	(1.71)
0 bps	0 bps	1,287,700	—	207,069	—	218,501	—						
-100 bps	-100 bps	1,272,203	(1.20)%	205,241	(0.88)%	204,568	(6.38)%	-100 bps	799,675	6.48	6.48 %	163,455	0.20
-200 bps	-200 bps							-200 bps	814,293	8.42	%	161,284	(1.13)
-300 bps	-300 bps							-300 bps	849,208	13.07	%	158,526	(2.82)

There are numerous internal and external factors that may contribute to changes in our EVE and its sensitivity. Changes in the composition and allocation of our balance sheet, or utilization of off-balance sheet instruments such as derivatives, can significantly alter the exposure to interest rate risk as quantified by the changes in the EVE sensitivity measures. Changes to certain external factors, most notably changes in the level of market interest rates and overall shape of the yield curve, can also alter the projected cash flows of our interest-earning assets and interest-costing liabilities and the associated present values thereof.

Notwithstanding the rate change scenarios presented in the EVE and NII-based analyses above, future interest rates and their effect on net interest income are not predictable. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, prepayments and deposit run-offs and should not be relied upon as indicative of actual results. Certain shortcomings are inherent in this type of computation. Although certain assets and liabilities may have similar maturities or periods of re-pricing, they may react at different times and in different degrees to changes in market interest rates. The interest rate on certain types of assets and liabilities, such as demand deposits and savings accounts, may fluctuate in advance of changes in market interest rates, while rates on other types of assets and liabilities may lag behind changes in market interest rates. Certain assets, such as adjustable-rate mortgages, generally have features which restrict changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayments and early withdrawal levels could deviate significantly from those assumed in the analyses set forth above. Additionally, an increase in credit risk may result as the ability of borrowers to service their debt may decrease in the event of an interest rate increase.

Item 8. Financial Statements and Supplementary Data

The Company's consolidated financial statements are contained in this Annual Report on Form 10-K immediately following Item 16.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

Based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), the Company's principal executive officer and principal financial officer have concluded that as of the end of the period covered by this Annual Report on Form 10-K such disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to the Company's management, including the principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

(b) Internal Control over Financial Reporting

1. Management's Annual Report on Internal Control Over Financial Reporting.

Management's report on the Company's internal control over financial reporting appears in the Company's consolidated financial statements that are contained in this Annual Report on Form 10-K immediately following Item 16. Such report is incorporated herein by reference.

2. Report of Independent Registered Public Accounting Firm.

The report of Crowe LLP, an independent registered public accounting firm, on the Company's internal control over financial reporting appears in the Company's consolidated financial statements that are contained in this Annual Report on Form 10-K immediately following Item 16. Such report is incorporated herein by reference.

3. Changes in Internal Control Over Financial Reporting.

During the last quarter of the year under report, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended **June 30, 2023** **June 30, 2024**, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information that appears under the headings included under "Proposal I – Election of Directors" and "Corporate Governance Matters" in the Registrant's definitive proxy statement for the Registrant's **2023** **2024** Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year end (the "Proxy Statement") is incorporated herein by reference.

The Company has adopted a code of ethics that applies to its principal executive officer and principal financial and accounting officer. A copy of the code of ethics (referred to as Conflicts of Interest & Code of Conduct) is available on our website at www.kearnybank.com under the "Investors Relations" link, then within the "Corporate Overview" drop down and under the link "Governance Documents" or without charge upon request to the Corporate Secretary, Kearny Financial Corp., 120 Passaic Avenue, Fairfield, New Jersey 07004.

Item 11. Executive Compensation

The information that appears under the headings "Executive Compensation," "Director Compensation" and "Compensation Discussion and Analysis" in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

- (a) **Security Ownership of Certain Beneficial Owners.** Information required by this item is incorporated herein by reference to the section captioned "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.
- (b) **Security Ownership of Management.** Information required by this item is incorporated herein by reference to the section captioned "Proposal I – Election of Directors" in the Proxy Statement.
- (c) **Changes in Control.** Management of the Company knows of no arrangements, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change in control of the registrant.
- (d) **Securities Authorized for Issuance Under Equity Compensation Plans.** Set forth below is information as of **June 30, 2023** **June 30, 2024** with respect to compensation plans under which equity securities of the Registrant are authorized for issuance.

		(A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾		(B) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights		(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans - Excluding Securities Reflected in Column (A) ⁽²⁾
		(A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾		(B) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights		(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans - Excluding Securities Reflected in Column (A) ⁽²⁾
Equity compensation plans approved by stockholders:	Equity compensation plans approved by stockholders:					
2005 Stock Compensation and Incentive Plan						
2005 Stock Compensation and Incentive Plan						
2005 Stock Compensation and Incentive Plan	2005 Stock Compensation and Incentive Plan	103,530	\$ 10.65	—		
2016 Equity Incentive Plan	2016 Equity Incentive Plan	2,958,826	\$ 15.15	—		
2021 Equity Incentive Plan	2021 Equity Incentive Plan	497,664	\$ —	5,825,421		
Equity compensation plans not approved by stockholders:	Equity compensation plans not approved by stockholders:					
Equity compensation plans not approved by stockholders:						
Equity compensation plans not approved by stockholders:						
None						
None						
None	None	—	\$ —	—		
Total	Total	3,560,020	\$ 14.99	5,825,421		
Total						
Total						

- (1) The number of securities includes 2,923,530 2,751,902 vested options and 60,000 non-vested options outstanding as of June 30, 2023 June 30, 2024. No non-vested options were outstanding as of June 30, 2024. In addition to these options, 78,826 21,486 restricted stock awards and 497,664 689,252 restricted stock units were also non-vested as of June 30, 2023 June 30, 2024. The non-vested options and restricted stock awards are earned at a rate of 20% annually. The non-vested restricted stock units are earned at a rate of 33% annually.
- (2) As of June 30, 2023 June 30, 2024, there were 5,825,421 4,851,915 options (or 1,941,807 1,617,305 restricted stock units or restricted stock awards) remaining available for award under the approved equity compensation plans.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information that appears under the sections captioned “Corporate Governance Matters – Transactions with Certain Related Persons” and “– Board Independence” in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is Crowe LLP, Livingston, NJ, Auditor Firm ID: 173

The information relating to this item is incorporated herein by reference to the information contained under the section captioned “Proposal II – Ratification of Appointment of Independent Auditor” in the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

- (1) The following financial statements and the independent auditors’ report appear in this Annual Report on Form 10-K immediately after Item 16:

Management Report on Internal Control Over Financial Reporting	F-1
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Financial Condition as of June 30, 2023, June 30, 2024 and 2022, 2023	F-5
Consolidated Statements of Income (Loss) For the Years Ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022	F-6
Consolidated Statements of Comprehensive Income (Loss) For the Years Ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022	F-7
Consolidated Statements of Changes in Stockholders’ Equity for the Years Ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022	F-8
Consolidated Statements of Cash Flows for the Years Ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022	F-10
Notes to Consolidated Financial Statements	F-12

- (2) All schedules are omitted because they are not required or applicable, or the required information is shown in the consolidated financial statements or the notes thereto.
- (3) The following exhibits are filed as part of this Annual Report on Form 10-K:

- 3.1 [Articles of Incorporation of Kearny Financial Corp. \(Incorporated by reference to Kearny Financial Corp.'s Registration Statement on Form S-1 \(File No. 333-198602\), originally filed on September 5, 2014\)](#)
- 3.2 [Amended and Restated Bylaws of Kearny Financial Corp. \(Incorporated by reference to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on August 16, 2023\)](#)
- 4.1 [Form of Common Stock Certificate of Kearny Financial Corp. \(Incorporated by reference to Kearny Financial Corp.'s Registration Statement on Form S-1 \(File No. 333-198602\), originally filed on September 5, 2014\)](#)
- 4.2 [Description of Capital Stock of Kearny Financial Corp. \(Incorporated by reference to Exhibit 4.2 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on August 28, 2020\)](#)
- 10.1 [Amended and Restated Employment Agreement between Kearny Bank and Craig Montanaro dated May 18, 2015 \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.2 [Amended and Restated Employment Agreement between Kearny Financial Corp. and Craig Montanaro dated May 18, 2015 \(Incorporated by reference to Exhibit 10.2 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.3 [Employment Agreement between Kearny Bank and Patrick M. Joyce dated May 18, 2015 \(Incorporated by reference to Exhibit 10.4 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.4 [Employment Agreement between Kearny Bank and Erika K. Parisi dated May 18, 2015 \(Incorporated by reference to Exhibit 10.6 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.5 [Employment Agreement between Kearny Bank and Keith Suchodolski dated June 15, 2022 \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on June 16, 2022\)†](#)
- 10.5 [Amendment Number One to Employment Agreement between Kearny Bank and Keith Suchodolski dated July 1, 2024 \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on June 20, 2024\)†](#)
- 10.6 [Employment Agreement between Kearny Bank and Thomas D. DeMedici dated June 21, 2017 \(Incorporated by reference to Exhibit 10.8 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on August 28, 2019\)†](#)

- 10.7 [Change in Control Agreement between Kearny Bank and Anthony V. Bilotta, Jr. dated July 1, 2018 \(Incorporated by reference to Exhibit 10.9 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on August 28, 2019\)†](#)
- 10.8 [Form of Two Year Change in Control Agreement between Kearny Bank and Certain Officers Sean Byrnes \(Incorporated by reference to Exhibit 10.7 10.2 to Kearny Financial Corp.'s AnnualCurrent Report on Form 10-K8-K \(File No. 001-37399\), originally filed on September 14, 2015\)† June 20, 2024\)†](#)
- 10.9 [Directors Consultation and Retirement Plan as Amended and Restated \(Incorporated by reference to Exhibit 10.8 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.10 [Amended and Restated Benefit Equalization Plan for Pension Plan \(Incorporated by reference to Exhibit 10.9 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.11 [Amended and Restated Benefits Equalization Plan Related to the Employee Stock Ownership Plan \(Incorporated by reference to Exhibit 10.10 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.12 [Kearny Bank Director Life Insurance Agreement \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 000-51093\), originally filed on August 18, 2005\)†](#)
- 10.13 [Form of Amendment to Kearny Bank Director Life Insurance Agreement \(Incorporated by reference to Exhibit 10.14 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.14 [Kearny Bank Amended and Restated Executive Life Insurance Agreement with Craig Montanaro \(Incorporated by reference to Exhibit 10.2 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on June 16, 2022\)†](#)
- 10.15 [Form of Kearny Bank Executive Life Insurance Agreement with Keith Suchodolski, Patrick M. Joyce and Thomas D. DeMedici \(Incorporated by reference to Exhibit 10.2 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 000-51093\), originally filed on August 18, 2005\)†](#)
- 10.16 [Form of Amendment to Kearny Bank Executive Life Insurance Agreement with Keith Suchodolski, Patrick M. Joyce and Thomas D. DeMedici \(Incorporated by reference to Exhibit 10.16 to Kearny Financial Corp.'s Annual Report on Form 10-K \(File No. 001-37399\), originally filed on September 14, 2015\)†](#)
- 10.17 [Kearny Bank Amended and Restated Change in Control Severance Pay Plan \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Quarterly Report on Form 10-Q \(File No. 001-37399\), originally filed on May 6, 2022\)†](#)
- 10.18 [Kearny Bank Amended and Restated Executive Management Incentive Compensation Plan \(Incorporated by reference to Exhibit 10.20 10.3 to Kearny Financial Corp.'s AnnualCurrent Report on Form 10-K8-K \(File No. 001-37399\), originally filed on August 28, 2019 June 20, 2024\)†](#)
- 10.19 [Amendment to Freeze Benefit Accruals Under the Kearny Financial Corp. Directors Consultation and Retirement Plan \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on December 23, 2015\)†](#)
- 10.20 [Kearny Financial Corp. 2016 Equity Incentive Plan \(Incorporated by reference to Appendix A to Kearny Financial Corp's Proxy Statement \(File No. 001-37399\), originally filed on September 14, 2016\)†](#)
- 10.21 [Supplemental Executive Retirement Plan by and between Kearny Bank and Craig L. Montanaro effective as of July 1, 2021 \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on June 21, 2021\)†](#)
- 10.22 [Amendment to Freeze the Benefit Under the Supplemental Executive Retirement Plan by and between Kearny Bank and Craig L. Montanaro effective as of December 21, 2022 \(Incorporated by reference to Exhibit 10.1 to Kearny Financial Corp.'s Current Report on Form 8-K \(File No. 001-37399\), originally filed on December 22, 2022\)†](#)

10.23	Kearny Financial Corp. 2021 Equity Incentive Plan (Incorporated by reference to Appendix A to Kearny Financial Corp's Proxy Statement (File No. 001-37399), originally filed on September 17, 2021)†
19.1	Kearny Financial Corp. Policy Regarding Insider Trading
21	Subsidiaries of Registrant
23.1	Consent of Crowe LLP
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Kearny Financial Corp. Clawback Policy
101	The following materials from the Company's Annual Report to Stockholders on Form 10-K for the year ended June 30, 2023 June 30, 2024 , formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.
101.INS	Inline XBRL Instance Document (The instance document does not appear in the Interactive Data File because its XBRL tags are embedded with the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Management contract or compensatory plan or arrangement required to be filed as an exhibit.

Item 16. Form 10-K Summary

Not applicable.



August **25, 2023** **23, 2024**

Management Report on Internal Control over Financial Reporting

The management of Kearny Financial Corp. and Subsidiaries (collectively the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system is a process designed to provide reasonable assurance to the management and board of directors regarding the preparation and fair presentation of published consolidated financial statements.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of **June 30, 2023** **June 30, 2024**. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on its assessment, management believes that, as of **June 30, 2023** **June 30, 2024**, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effective operation of the Company's internal control over financial reporting as of **June 30, 2023** **June 30, 2024**, a copy of which is included in this annual report.

/s/ Craig L. Montanaro

Craig L. Montanaro

President and Chief Executive Officer

/s/ Keith Suchodolski Sean Byrnes

Keith Suchodolski Sean Byrnes

Senior Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

Stockholders and the Board of Directors of
Kearny Financial Corp. and Subsidiaries
Fairfield, New Jersey

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of Kearny Financial Corp. and Subsidiaries (the "Company") as of **June 30, 2023** **June 30, 2024** and **2022, 2023**, the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended **June 30, 2023** **June 30, 2024**, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of **June 30, 2023** **June 30, 2024**, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **June 30, 2023** **June 30, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the years in the three-year period ended **June 30, 2023** **June 30, 2024** in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **June 30, 2023** **June 30, 2024**, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Explanatory Paragraph – Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for credit losses effective July 1, 2020 due to the adoption of ASC 326.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the **Company company** are being made only in accordance with authorizations of management and directors of the

Company, company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Qualitative Factors : As described in Note 1 to the consolidated financial statements, the Company accounts for credit losses under ASC 326, Financial Instruments – Credit Losses. ASC 326 requires the measurement of expected lifetime credit losses for financial assets measured at amortized cost at the reporting date. As of June 30, 2023 June 30, 2024, the balance of the allowance for credit losses on loans was \$48.7 million \$44.9 million.

Management employs a process and methodology to estimate the allowance for credit losses ("ACL") on loans that evaluates both quantitative and qualitative factors. The methodology for evaluating quantitative factors involves pooling loans into portfolio segments for loans that share similar risk characteristics. Pooled loan portfolio segments include multi-family, nonresidential mortgage, commercial business, construction, one-to-four family residential mortgage, home equity and consumer loans.

For pooled loans, the Company primarily utilizes a discounted cash flow ("DCF") methodology to estimate credit losses over the expected life of the loan. The DCF methodology combines the probability of default, the loss given default, remaining life of the loan and prepayment and curtailment speed assumptions to estimate a reserve for each loan. The loss rates are adjusted by current and forecasted macroeconomic assumptions and return to the mean after the forecasted periods. These quantitative factors are supplemented by qualitative factors reflecting management's view of how losses may vary from those represented by quantitative loss rates. Qualitative factors are applied to each portfolio segment with the amounts determined by correlation of credit stress to the maximum loss factors of a peer group's historical charge-offs. Changes in these assumptions could have a material effect on the Company's financial results.

We identified auditing the qualitative component of the ACL on pooled loans in the multi-family, nonresidential mortgage, and one-to-four family residential mortgage loan segments as a critical audit matter because the methodology to determine the estimate of credit losses uses subjective judgments by management and is subject to material variability. Performing audit procedures to evaluate the qualitative factors on the multi-family, nonresidential mortgage, and one-to-four family residential mortgage loan segments involved a high degree of auditor judgment and required significant effort, including the need to involve more experienced audit personnel including the use of internal specialists.

The primary procedures we performed to address this critical audit matter included:

- Testing the effectiveness of controls over the evaluation of the ACL on pooled loans, including controls addressing:
 - Methodology and accounting policies.
 - Data inputs, judgments and calculations used to determine the qualitative factors.
 - Information technology general controls and application controls.
 - Management's review of the qualitative factors.
- Substantively testing management's process, including evaluating their judgments and assumptions, for developing the ACL on loans collectively evaluated for impairment, which included:
 - Evaluation of the appropriateness of the Company's methodology and accounting policies involved in the application of ASC 326.
 - Testing the mathematical accuracy of the calculation.
 - Testing the completeness and accuracy of data used in the calculation including utilizing internal specialists to assist in testing the accuracy of the underlying peer data used to develop the maximum loss factors.
 - Evaluation of the reasonableness of management's judgments related to qualitative factors to determine if they are calculated to conform with management's policies and were consistently applied period over period. Our evaluation considered evidence from internal and external sources and loan portfolio composition and performance.

Goodwill Impairment: As described in Notes 1 and 8 to the consolidated financial statements, the Company's consolidated goodwill balance was \$210.9 million \$113.5 million as of June 30, 2023 June 30, 2024, which is allocated to the Company's single reporting unit. Goodwill is tested for impairment at the reporting unit level at least annually, or more frequently if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performed its annual quantitative assessment of goodwill during the fourth quarter of its fiscal year ended June 30, 2024. The annual quantitative assessment of goodwill for the Company's single reporting unit was performed utilizing a discounted cash flow analysis ("income approach") and estimates of selected market information ("market approaches"). The result of the income approach was weighted at 50% and the results of the market approaches comprised the remaining 50% in determining the fair value of the Company's single reporting unit. The fair value of the Company's single reporting unit exceeded its was below the reporting unit's carrying value, and no resulting in a pre-tax goodwill impairment charges were recorded as charge of June 30, 2023 \$97.4 million for the year ended June 30, 2024.

The goodwill impairment assessment involves significant estimates and subjective assumptions which require a high degree of management judgment.

We identified the goodwill impairment assessment of the Company as a critical audit matter. The principal considerations for this determination were the degree of auditor judgment in performing procedures over the key assumptions, which include discount rate, cost savings rate, expected future cash flows, control premium and weighting allocation to valuation methodologies.

The primary procedures we performed to address this critical audit matter included:

- Testing the effectiveness of controls over the valuation methodologies, assumptions and data used to estimate the fair value of the Company, including controls addressing:
 - Management's review of the reasonableness and accuracy of the Company's expected future cash flows used in the income approach.
 - Management's evaluation of assumptions and inputs used, including discount rate, cost savings rate, control premium, comparable companies data, and allocated weightings incorporated into the methodologies used to determine fair value.
 - Completeness and accuracy of key financial data used in the assessment.
- Substantively testing management's estimate, for estimating the fair value of the Company, which included:
 - Testing of key financial data for completeness and accuracy.
 - Evaluation of management's ability to reasonably forecast cash flows.
 - Utilization of an internal specialist to evaluate appropriateness of valuation methodologies, the discount rate assumption, cost savings rate, comparable companies data, and overall reasonableness of the fair value.
 - Evaluation of management's weighting allocation to each valuation methodology.

/s/ Crowe LLP

We have served as the Company's auditor since 2017.

Livingston, New Jersey
August 25, 2023 23, 2024

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Financial Condition
(In Thousands, Except Share and Per Share Data)

		June 30,	
		2023	2022
		June 30,	
		2024	2024
		2023	
Assets	Assets		
Cash and amounts due from depository institutions			
Cash and amounts due from depository institutions			
Cash and amounts due from depository institutions	Cash and amounts due from depository institutions	\$ 21,795	\$ 26,094

Interest-bearing deposits in other banks	Interest-bearing deposits in other banks	48,720	75,521
Cash and cash equivalents	Cash and cash equivalents	70,515	101,615
Investment securities available for sale (amortized cost of \$1,383,867 and \$1,462,124, respectively), net of allowance for credit losses of \$0 at June 30, 2023 and June 30, 2022			
		1,227,729	1,344,093
Investment securities held to maturity (fair value of \$131,169 and \$108,118, respectively), net of allowance for credit losses of \$0 at June 30, 2023 and June 30, 2022			
		146,465	118,291
Investment securities available for sale (amortized cost of \$1,203,506 and \$1,383,867, respectively), net of allowance for credit losses of \$0 at June 30, 2024 and June 30, 2023			
Investment securities held to maturity (fair value of \$119,278 and \$131,169, respectively), net of allowance for credit losses of \$0 at June 30, 2024 and June 30, 2023			
Loans held-for-sale	Loans held-for-sale	9,591	28,874
Loans receivable	Loans receivable	5,829,421	5,417,845
Less: allowance for credit losses on loans	Less: allowance for credit losses on loans	(48,734)	(47,058)
Net loans receivable	Net loans receivable	5,780,687	5,370,787
Premises and equipment	Premises and equipment	48,309	53,281
Federal Home Loan Bank ("FHLB") of New York stock	Federal Home Loan Bank ("FHLB") of New York stock	71,734	47,144

Accrued interest receivable	Accrued interest receivable	28,133	20,466
Goodwill	Goodwill	210,895	210,895
Core deposit intangibles	Core deposit intangibles	2,457	3,020
Bank owned life insurance	Bank owned life insurance	292,825	289,177
Deferred income tax assets, net	Deferred income tax assets, net	51,973	49,350
Other real estate owned	Other real estate owned	12,956	178
Other assets	Other assets	110,546	82,712
Total Assets		\$8,064,815	\$7,719,883
Total assets			
<u>Liabilities and Stockholders' Equity</u>	<u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities and Stockholders' Equity</u>			
<u>Liabilities and Stockholders' Equity</u>			
<u>Liabilities</u>			
<u>Liabilities</u>			
<u>Liabilities</u>	<u>Liabilities</u>		
Deposits:	Deposits:		
Deposits:			
Deposits:			
Non-interest-bearing			
Non-interest-bearing			
Non-interest-bearing	Non-interest-bearing	\$ 609,999	\$ 653,899
Interest-bearing	Interest-bearing	5,019,184	5,208,357
Total deposits	Total deposits	5,629,183	5,862,256
Borrowings	Borrowings	1,506,812	901,337
Advance payments by borrowers for taxes	Advance payments by borrowers for taxes	18,338	16,746
Other liabilities	Other liabilities	41,198	45,544
Total Liabilities		7,195,531	6,825,883
Total liabilities			
<u>Stockholders' Equity</u>	<u>Stockholders' Equity</u>		
<u>Stockholders' Equity</u>			
<u>Stockholders' Equity</u>			

Preferred stock, \$0.01 par value, 100,000,000 shares authorized; none issued and outstanding	Preferred stock, \$0.01 par value, 100,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value; 800,000,000 shares authorized; 65,864,075 shares and 68,666,323 shares issued and outstanding, respectively		659	687
Preferred stock, \$0.01 par value, 100,000,000 shares authorized; none issued and outstanding			
Preferred stock, \$0.01 par value, 100,000,000 shares authorized; none issued and outstanding			
Common stock, \$0.01 par value; 800,000,000 shares authorized; 64,434,424 shares and 65,864,075 shares issued and outstanding, respectively			
Paid-in capital	Paid-in capital	503,332	528,396
Retained earnings	Retained earnings	457,611	445,451
Unearned employee stock ownership plan shares; 2,358,198 shares and 2,558,895 shares, respectively		(22,862)	(24,807)
Unearned employee stock ownership plan shares; 2,157,501 shares and 2,358,198 shares, respectively			
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(69,456)	(55,727)
Total Stockholders' Equity		869,284	894,000
Total Liabilities and Stockholders' Equity		\$8,064,815	\$7,719,883
Total stockholders' equity			
Total liabilities and stockholders' equity			

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Consolidated Statements of Income (Loss)
(In Thousands, Except Per Share Data)

		Years Ended June 30,		
		2023	2022	2021
Interest Income				
		Years Ended June 30,		
		2024	2023	2022
Interest income				
Loans				
Loans				
Loans	Loans	\$233,147	\$190,520	\$202,240
Taxable investment securities	Taxable investment securities	54,855	32,746	31,238
Tax-exempt investment securities	Tax-exempt investment securities	694	1,273	1,652
Other interest-earning assets	Other interest-earning assets	5,028	1,733	2,955
Total Interest Income		293,724	226,272	238,085
Total interest income				
Interest Expense				
Interest expense				
Interest expense				
Interest expense				
Deposits				
Deposits				
Deposits	Deposits	78,163	15,208	31,535
Borrowings	Borrowings	39,696	14,461	18,316
Total Interest Expense		117,859	29,669	49,851
Net Interest Income		175,865	196,603	188,234
Total interest expense				
Net interest income				
Provision for (reversal of) credit losses	Provision for (reversal of) credit losses	2,486	(7,518)	(1,121)
Net Interest Income after Provision for (Reversal of) Credit Losses		173,379	204,121	189,355

Net interest income after provision for (reversal of) credit losses				
Non-Interest Income				
Non-interest income				
Non-interest income				
Non-interest income				
Fees and service charges	Fees and service charges	3,106	2,580	1,897
(Loss) gain on sale and call of securities		(15,227)	(559)	767
Fees and service charges				
Fees and service charges				
Loss on sale and call of securities				
(Loss) gain on sale of loans	(Loss) gain on sale of loans	(1,645)	2,539	5,574
(Loss) gain on sale of other real estate owned	(Loss) gain on sale of other real estate owned	(139)	5	—
Income from bank owned life insurance	Income from bank owned life insurance	8,645	6,167	6,267
Electronic banking fees and charges	Electronic banking fees and charges	1,759	1,626	1,717
Bargain purchase gain		—	—	3,053
Other income	Other income	6,252	1,576	1,751
Total Non-Interest Income		2,751	13,934	21,026
Other income				
Other income				
Total non-interest income				
Non-Interest Expense				
Non-interest expense				
Non-interest expense				
Non-interest expense				
Salaries and employee benefits				
Salaries and employee benefits				
Salaries and employee benefits	Salaries and employee benefits	75,589	76,264	68,800

Net occupancy expense of premises	Net occupancy expense of premises	12,036	14,114	12,673
Equipment and systems	Equipment and systems	14,577	15,886	14,870
Advertising and marketing	Advertising and marketing	2,122	2,059	2,161
Federal deposit insurance premium	Federal deposit insurance premium	5,133	2,455	1,940
Directors' compensation	Directors' compensation	1,364	2,132	2,993
Merger-related expenses		—	—	4,349
Debt extinguishment expenses		—	—	796
Goodwill impairment				
Goodwill impairment				
Goodwill impairment				
Other expense	Other expense	12,930	12,798	17,303
Total Non-Interest Expense		123,751	125,708	125,885
Income before Income Taxes		52,379	92,347	84,496
Total non-interest expense (Loss) income before income taxes				
Income tax expense	Income tax expense	11,568	24,800	21,263
Net Income		\$ 40,811	\$ 67,547	\$ 63,233
Net (loss) income				
Net Income per Common Share (EPS)				
Net (loss) income per common share (EPS)				
Net (loss) income per common share (EPS)				
Net (loss) income per common share (EPS)				
Basic				
Basic				
Basic	Basic	\$ 0.63	\$ 0.95	\$ 0.77
Diluted	Diluted	\$ 0.63	\$ 0.95	\$ 0.77
Weighted Average Number of Common Shares Outstanding				

Weighted average number of common shares outstanding					
Basic					
Basic					
Basic	Basic	64,804	70,911	82,387	
					62,444
					64,804
					70,911
Diluted	Diluted	64,804	70,933	82,391	Diluted
					62,444
					64,804
					70,933

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(In Thousands)

	Years Ended June 30,		
	2023	2022	2021
Net Income	\$ 40,811	\$ 67,547	\$ 63,233
Other Comprehensive (Loss) Income, net of tax:			
Net unrealized loss on securities available for sale	(38,004)	(91,453)	(8,274)
Net realized loss (gain) on sale and call of securities available for sale	10,811	397	(538)
Fair value adjustments on derivatives	13,211	28,481	13,470
Benefit plan adjustments	253	704	229
Total Other Comprehensive (Loss) Income	(13,729)	(61,871)	4,887
Total Comprehensive Income	\$ 27,082	\$ 5,676	\$ 68,120

	Years Ended June 30,		
	2024	2023	2022
Net (loss) income	\$ (86,667)	\$ 40,811	\$ 67,547
Other comprehensive (loss) income, net of tax:			
Net unrealized gain (loss) on securities available for sale	5,254	(38,004)	(91,453)
Net realized loss on sale and call of securities available for sale	12,876	10,811	397
Fair value adjustments on derivatives	(11,886)	13,211	28,481
Benefit plan adjustments	49	253	704
Total other comprehensive income (loss)	6,293	(13,729)	(61,871)
Total comprehensive (loss) income	\$ (80,374)	\$ 27,082	\$ 5,676

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
(In Thousands, Except Per Share Data)

	Common Stock	Paid-In Capital	Retained Earnings	Unearned ESOP	Accumulated Other	Total
--	--------------	-----------------	-------------------	---------------	-------------------	-------

Other comprehensive loss, net of income tax	Other comprehensive loss, net of income tax	—	—	—	—	—	(61,871)	(61,871)
ESOP shares committed to be released (201 shares)	ESOP shares committed to be released (201 shares)	—	—	600	—	1,946	—	2,546
Stock repurchases	Stock repurchases	(10,222)	(102)	(129,418)	—	—	—	(129,520)
Issuance of stock under stock benefit plans								
Stock-based compensation expense	Stock-based compensation expense	—	—	3,794	—	—	—	3,794
Cancellation of stock issued for restricted stock awards	Cancellation of stock issued for restricted stock awards	(77)	(1)	(976)	—	—	—	(977)
Cash dividends declared (\$0.43 per common share)	Cash dividends declared (\$0.43 per common share)	—	—	—	(30,463)	—	—	(30,463)
Cash dividends declared (\$0.44 per common share)								
Balance - June 30, 2022		68,666	\$ 687	\$528,396	\$445,451	\$ (24,807)	\$ (55,727)	\$ 894,000
Balance - June 30, 2023								
Balance - June 30, 2023								
Balance - June 30, 2023								

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
(In Thousands, Except Per Share Data)

	Common Stock		Common Stock		Common Stock		Common Stock		Unearned	Other	Total
	Shares	Amount	Paid-In	Retained	ESOP	Comprehensive	Shares	Amount	Capital	Earnings	
Balance - June 30, 2023											
	Shares	Amount	Capital	Earnings	Shares	Loss	Total				
Balance - June 30, 2022	68,666	\$ 687	\$528,396	\$445,451	\$ (24,807)	\$ (55,727)	\$894,000				
Net income	—	—	—	40,811	—	—	40,811				
Other comprehensive loss, net of income tax	—	—	—	—	—	(13,729)	(13,729)				
Net loss											
Net loss											
Net loss											

Other comprehensive income, net of income tax								
ESOP shares committed to be released (201 shares)	ESOP shares committed to be released (201 shares)	—	—	(8)	—	1,945	—	1,937
Stock repurchases	Stock repurchases	(2,821)	(29)	(27,529)	—	—	—	(27,558)
Issuance of stock under stock benefit plans	Issuance of stock under stock benefit plans	61	1	(1)	—	—	—	—
Stock-based compensation expense	Stock-based compensation expense	—	—	2,936	—	—	—	2,936
Cancellation of stock issued for restricted stock awards	Cancellation of stock issued for restricted stock awards	(42)	—	(462)	—	—	—	(462)
Cash dividends declared (\$0.44 per common share)	Cash dividends declared (\$0.44 per common share)	—	—	—	(28,651)	—	—	(28,651)
Balance - June 30, 2023		<u>65,864</u>	<u>\$ 659</u>	<u>\$503,332</u>	<u>\$457,611</u>	<u>\$ (22,862)</u>	<u>\$ (69,456)</u>	<u>\$869,284</u>
Balance - June 30, 2024								
Balance - June 30, 2024								
Balance - June 30, 2024								

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)

		Years Ended June 30,		
		2023	2022	2021
		Years Ended June 30,		
		2024	2023	2022
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:			
Net income		\$ 40,811	\$ 67,547	\$ 63,233
Net (loss) income				
Net (loss) income				
Net (loss) income				
Adjustment to reconcile net income to net cash provided by operating activities:	Adjustment to reconcile net income to net cash provided by operating activities:			
Goodwill impairment				
Goodwill impairment				
Goodwill impairment				

Depreciation and amortization of premises and equipment	Depreciation and amortization of premises and equipment	5,733	5,971	5,862
Net accretion of yield adjustments	Net accretion of yield adjustments	(5,084)	(5,669)	(13,214)
Deferred income taxes and valuation allowance	Deferred income taxes and valuation allowance	2,789	5,023	4,154
Bargain purchase gain		—	—	(3,053)
Amortization of intangible assets				
Amortization of intangible assets	Amortization of intangible assets	563	685	980
Amortization of benefit plans' unrecognized net loss	Amortization of benefit plans' unrecognized net loss	358	1,003	320
Provision for (reversal of) credit losses	Provision for (reversal of) credit losses	2,486	(7,518)	(1,121)
Loss (gain) on sale of other real estate owned	Loss (gain) on sale of other real estate owned	139	(5)	—
Loans originated for sale	Loans originated for sale	(106,288)	(179,727)	(281,086)
Proceeds from sale of mortgage loans held-for-sale	Proceeds from sale of mortgage loans held-for-sale	127,416	196,796	290,530
Loss (gain) on sale of mortgage loans held-for-sale, net	Loss (gain) on sale of mortgage loans held-for-sale, net	1,700	(2,415)	(5,147)
Realized loss (gain) on sale/call of securities available for sale		15,227	559	(767)
Realized loss on debt extinguishment		—	—	796
Realized loss on sale/call of securities available for sale				
Realized gain on sale of loans receivable				
Realized gain on sale of loans receivable	Realized gain on sale of loans receivable	(55)	(124)	(427)
Realized gain on disposition of premises and equipment	Realized gain on disposition of premises and equipment	(2,886)	(363)	(971)
Loss on write-down of premises		—	—	1,938
Increase in cash surrender value of bank owned life insurance				
Increase in cash surrender value of bank owned life insurance	Increase in cash surrender value of bank owned life insurance	(8,645)	(6,167)	(6,267)
ESOP and stock-based compensation expense	ESOP and stock-based compensation expense	4,873	6,340	7,742
Increase in interest receivable	Increase in interest receivable	(7,667)	(1,104)	(288)
Decrease (increase) in other assets		2,833	7,922	(4,454)
Increase (decrease) in interest payable		9,776	853	(638)
(Decrease) increase in other liabilities		(14,530)	(8,306)	17,295
(Increase) decrease in other assets				
Increase in interest payable				
Increase (decrease) in other liabilities				
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	69,549	81,301	75,417
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:			

Cash Flows from Investing Activities:				
Cash Flows from Investing Activities:				
Purchases of:	Purchases of:			
Purchases of:				
Purchases of:				
Investment securities available for sale				
Investment securities available for sale				
Investment securities available for sale	Investment securities available for sale	(166,483)	(229,145)	(918,668)
Investment securities held to maturity	Investment securities held to maturity	(40,398)	(86,406)	(12,321)
Proceeds from:	Proceeds from:			
Repayments/calls/maturities of investment securities available for sale	Repayments/calls/maturities of investment securities available for sale	124,687	330,152	517,511
Repayments/calls/maturities of investment securities available for sale				
Repayments/calls/maturities of investment securities available for sale				
Repayments/calls/maturities of investment securities held to maturity	Repayments/calls/maturities of investment securities held to maturity	12,095	6,116	6,595
Sale of investment securities available for sale	Sale of investment securities available for sale	105,199	100,336	98,084
Purchase of loans	Purchase of loans	(702)	(123,389)	(81,707)
Net (increase) decrease in loans receivable		(435,111)	(467,236)	232,660
Net decrease (increase) in loans receivable				
Proceeds from sale of loans receivable	Proceeds from sale of loans receivable	706	1,450	44,801
Purchase of interest rate caps	Purchase of interest rate caps	(758)	—	—
Proceeds from sale of other real estate owned	Proceeds from sale of other real estate owned	315	708	—
Additions to premises and equipment	Additions to premises and equipment	(1,355)	(2,920)	(5,458)
Proceeds from death benefit of bank owned life insurance	Proceeds from death benefit of bank owned life insurance	4,997	300	—
Net surrender of bank owned life insurance				
Proceeds from cash settlement of premises and equipment	Proceeds from cash settlement of premises and equipment	3,480	612	4,852
Purchase of FHLB stock	Purchase of FHLB stock	(98,275)	(30,382)	(37)
Redemption of FHLB stock	Redemption of FHLB stock	73,685	19,853	25,421
Net cash acquired in acquisition		—	—	4,296
Net Cash Used in Investing Activities		(417,918)	(479,951)	(83,971)
Net Cash Provided by (Used in) Investing Activities				
Net Cash Provided by (Used in) Investing Activities				
Net Cash Provided by (Used in) Investing Activities				

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)

		Years Ended June 30,		
		2023	2022	2021
Years Ended June 30,		Years Ended June 30,		
2024		2024	2023	2022
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:			
Net (decrease) increase in deposits	Net (decrease) increase in deposits			
Net (decrease) increase in deposits	Net (decrease) increase in deposits			
Net (decrease) increase in deposits	Net (decrease) increase in deposits			
Repayment of term FHLB advances	Repayment of term FHLB advances			
Proceeds from term FHLB advances	Proceeds from term FHLB advances			
Net (decrease) increase in other short-term borrowings	Net (decrease) increase in other short-term borrowings			
Net increase (decrease) in advance payments by borrowers for taxes	Net increase (decrease) in advance payments by borrowers for taxes			
Net (decrease) increase in advance payments by borrowers for taxes	Net (decrease) increase in advance payments by borrowers for taxes			
Repurchase and cancellation of common stock of Kearny Financial Corp.	Repurchase and cancellation of common stock of Kearny Financial Corp.			
Cancellation of shares repurchased on vesting to pay taxes	Cancellation of shares repurchased on vesting to pay taxes			
Exercise of stock options	Exercise of stock options			
Dividends paid	Dividends paid			
Net Cash Provided by (Used in) Financing Activities	Net Cash Provided by (Used in) Financing Activities			

Dividends paid				
Dividends paid				
Net Cash (Used in) Provided by Financing Activities				
Net (Decrease) Increase in Cash and Cash Equivalents	Net (Decrease) Increase in Cash and Cash Equivalents			
		(31,100)	33,760	(113,112)
Cash and Cash Equivalents - Beginning	Cash and Cash Equivalents - Beginning	101,615	67,855	180,967
Cash and Cash Equivalents - Ending	Cash and Cash Equivalents - Ending	\$ 70,515	\$ 101,615	\$ 67,855
Supplemental Disclosures of Cash Flows Information:	Supplemental Disclosures of Cash Flows Information:			
Supplemental Disclosures of Cash Flows Information:				
Supplemental Disclosures of Cash Flows Information:				
Cash paid during the year for:	Cash paid during the year for:			
Cash paid during the year for:				
Cash paid during the year for:				
Income taxes, net of refunds				
Income taxes, net of refunds				
Income taxes, net of refunds	Income taxes, net of refunds	\$ 9,883	\$ 15,552	\$ 19,734
Interest	Interest	\$ 108,516	\$ 28,816	\$ 50,488
Non-cash investing and financing activities:	Non-cash investing and financing activities:			
Non-cash investing and financing activities:				
Non-cash investing and financing activities:				
Transfers from loans receivable to loans held-for- sale				
Transfers from loans receivable to loans held-for- sale				

Transfers from loans receivable to loans held-for-sale	Transfers from loans receivable to loans held-for-sale	\$ 3,545	\$ 27,036	\$ 43,579
Acquisition of other real estate owned in settlement of loans	Acquisition of other real estate owned in settlement of loans	\$ 13,232	\$ 703	\$ —
Fair value of assets acquired, net of cash and cash equivalents acquired		\$ —	\$ —	\$ 567,816
Fair value of liabilities assumed		\$ —	\$ —	\$ 523,926

See notes to consolidated financial statements.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements include the accounts of Kearny Financial Corp. (the "Company"), its wholly-owned subsidiary, Kearny Bank (the "Bank") and the Bank's wholly-owned subsidiaries, CJB Investment Corp. and, 189-245 Berdan Avenue LLC and Kearny Wealth Management LLC. The Company conducts its business principally through the Bank. Management prepared the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), including the elimination of all significant inter-company accounts and transactions during consolidation.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the dates of the Consolidated Statements of Financial Condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates.

Business of the Company and Subsidiaries

The Company's primary business is the ownership and operation of the Bank. The Bank is principally engaged in the business of attracting deposits from the general public and using those deposits, together with other funds, to originate or purchase loans for its portfolio and invest in securities. Loans originated or purchased by the Bank generally include loans collateralized by residential and commercial real estate augmented by secured and unsecured loans to businesses and consumers. The investment securities purchased by the Bank generally include U.S. agency mortgage-backed securities, U.S. government and agency debentures, obligations of state and political subdivisions, corporate bonds, asset-backed securities, collateralized loan obligations and subordinated debt.

At June 30, 2023 June 30, 2024, the Bank had two three wholly-owned subsidiaries, CJB Investment Corp. and, 189-245 Berdan Avenue LLC and Kearny Wealth Management LLC. CJB Investment Corp Corp. was organized under New Jersey law as a New Jersey Investment Company and remained active through the three-year period ended June 30, 2023 June 30, 2024. 189-245 Berdan Avenue LLC was formed during the year ended June 30, 2023 for the purpose of ownership and operation of commercial real estate. In February 2024, the Bank formed the Kearny Wealth Management LLC subsidiary for the purpose of providing wealth management and insurance brokerage services via a third-party service provider.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the statement of financial condition date of June 30, 2023 June 30, 2024, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through the date this document was filed.

On July 27, 2023 July 25, 2024, the Company declared a quarterly cash dividend of \$0.11 per share, paid payable on August 23, 2023 August 26, 2024 to stockholders of record as of August 9, 2023 August 12, 2024.

Cash and Cash Equivalents

Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions and borrowings with original maturities fewer than 90 days.

Securities

The Company classifies its investment securities as either available for sale or held to maturity. The Company does not use or maintain a trading account. Investment securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost. Investment securities not classified as held to maturity are classified as available for sale and reported at fair value, with unrealized holding gains or losses, net of deferred income taxes, reported in the accumulated other comprehensive income ("OCI") component of stockholders' equity.

Premiums on callable securities are amortized to the earliest call date whereas discounts on such securities are accreted to the maturity date utilizing the level-yield method. Premiums and discounts on all other securities are generally amortized or accreted to the maturity date utilizing the level-yield method taking into consideration the impact of principal amortization and prepayments, as applicable. Gain or loss on sales of securities is based on the specific identification method.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Effective July 1, 2020, amortization and prepayments, as applicable. Gain or loss on sales of securities is based on the Company adopted specific identification method.

Pursuant to the provisions of ASC 326 and modified its accounting policy for the assessment of available for sale securities for impairment. Under ASC Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326, for available for sale securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more than likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For securities available for sale that do not meet the above criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating by a rating agency, and adverse conditions related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income, net of tax. The Company elected the practical expedient of zero loss estimates for securities issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rate rated by major agencies and have a long history of no credit losses.

Under ASC 326, changes in the allowance for credit losses are recorded as provision for, or reversal of, credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available for sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Concentration of Risk

Financial instruments which potentially subject the Company and its subsidiaries to concentrations of credit risk consist of cash and cash equivalents, investment securities and loans receivable. Cash and cash equivalents include deposits placed in other financial institutions.

Securities include concentrations of investments backed by U.S. government agencies and U.S. government sponsored enterprises ("GSEs"), including the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Government National Mortgage Association ("Ginnie Mae"). Additional concentration risk exists in the Company's municipal and corporate obligations, asset-backed securities and collateralized loan obligations.

The Company's lending activity is primarily concentrated in loans collateralized by real estate in the states of New Jersey and New York. As a result, credit risk is broadly dependent on the real estate market and general economic conditions in these states. Additionally, the Company's lending policies limit the amount of credit extended to any single borrower and their related interests thereby limiting the concentration of credit risk to any single borrower.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at unpaid principal balances, net of deferred loan origination fees and costs, purchase discounts and premiums, purchase accounting fair value adjustments and the allowance for credit losses. Interest income is accrued on the unpaid principal balance. Certain direct loan origination costs, net of loan origination fees, are deferred and amortized, using the level-yield method, as an adjustment of yield over the contractual lives of the related loans. Unearned premiums and discounts are amortized or accreted utilizing the level-yield method over the contractual lives of the related loans.

Loans Held-for-Sale

Loans held-for-sale are carried at the lower of cost or estimated fair value, as determined on an aggregate basis. Net unrealized losses, if any, are recognized in a valuation allowance through a charge to earnings. Premiums and discounts and origination fees and costs on loans held-for-sale are deferred and recognized as a component of the gain or loss on sale. Gains and losses on sales of loans held-for-sale are recognized on settlement dates and are determined by the difference between the sale proceeds and the carrying value of the loans. These transactions are accounted for as sales based on satisfaction of the criteria for such accounting which provide that, as transferor, control over the loans have been surrendered.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

based on satisfaction of the criteria for such accounting which provide that, as transferor, control over the loans have been surrendered.

Past Due Loans

A loan's past due status is generally determined based upon its principal and interest ("P&I") payment delinquency status in conjunction with its past maturity status, where applicable. A loan's P&I payment delinquency status is based upon the number of calendar days between the date of the earliest P&I payment due and the as of measurement date. A loan's past maturity status, where applicable, is based upon the number of calendar days between a loan's contractual maturity date and the as of measurement date. Based upon the larger of these criteria, loans are categorized into the following past due tiers for financial statement reporting and disclosure purposes: Current (including 1-29 days), 30-59 days, 60-89 days and 90 or more days.

Nonaccrual Loans

Loans are generally placed on nonaccrual status when contractual payments become 90 or more days past due or when the Company does not expect to receive all P&I payments owed substantially in accordance with the terms of the loan agreement, regardless of past due status. Loans that become 90 day past due, but are well secured and in the process of collection, may remain on accrual status. Nonaccrual loans are generally returned to accrual status when all payments due are brought current and the Company expects to receive all remaining P&I payments owed substantially in accordance with the terms of the loan agreement.

Payments received in cash on nonaccrual loans, including both the principal and interest portions of those payments, are generally applied to reduce the carrying value of the loan.

Classification of Assets

In compliance with the regulatory guidelines, the Company's loan review system includes an evaluation process through which certain loans exhibiting adverse credit quality characteristics are classified as Special Mention, Substandard, Doubtful or Loss.

An asset is classified as Substandard if it is inadequately protected by the paying capacity and net worth of the obligor or the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Assets classified as Doubtful have all of the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions and values. Assets, or portions thereof, classified as Loss are considered uncollectible or of so little value that their continuance as assets is not warranted.

Assets which do not currently expose the Company to a sufficient degree of risk to warrant an adverse classification but have some credit deficiencies or other potential weaknesses are designated as Special Mention by management. Adversely classified assets together with those rated as Special Mention, are generally referred to as Classified Assets. Non-classified assets are internally rated within one of four Pass categories or as Watch with the latter denoting a potential deficiency or concern that warrants increased oversight or tracking by management until remediated.

Management generally performs a classification of assets review, including the regulatory classification of assets, on an ongoing basis. The results of the classification of assets review are validated by the Company's third party loan review firm during their quarterly independent review. In the event of a difference in rating or classification between those assigned by the internal and external resources, the Company will generally utilize the more critical or conservative rating or classification. Final loan ratings and regulatory classifications are presented monthly to the Board of Directors and are reviewed by regulators during the examination process.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

Effective July 1, 2020, the Company adopted the provisions of Pursuant to ASC 326, and modified its accounting policy for the allowance for credit losses on loans. The allowance for credit losses represents the estimated amount considered necessary to cover lifetime expected credit losses inherent in financial assets at the balance sheet date. The measurement of expected credit losses is applicable to loans receivable and securities measured at amortized cost. It also applies to off-balance sheet credit exposures such as loan commitments and unused lines of credit. The allowance is established through a provision for credit losses that is charged against income. The methodology for determining the allowance for credit losses is considered a critical accounting policy by management because of the high degree of judgment involved, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment that could result in changes to the amount of the recorded allowance for credit losses.

The allowance for credit losses is reported separately as a contra-asset on the Consolidated Statements of Financial Condition. The expected credit losses for unfunded lending commitments and unfunded loan commitments is reported on the Consolidated Statements of Financial Condition in other liabilities while the provision for credit losses related to unfunded commitments is reported in other non-interest expense.

Allowance for Credit Losses on Loans Receivable

The allowance for credit losses on loans is deducted from the amortized cost basis of the loan to present the net amount expected to be collected. Expected losses are evaluated and calculated on a collective, or pooled, basis for those loans which share similar risk characteristics. At each reporting period, the Company evaluates whether loans within a pool continue to exhibit similar risk characteristics. If the risk characteristics of a loan change, such that they are no longer similar to other loans in the pool, the Company will evaluate the loan with a different pool of loans that share similar risk characteristics. If the loan does not share risk characteristics with other loans, the Company will evaluate the loan on an individual basis. The Company evaluates the pooling methodology at least annually. Loans are charged off against the allowance for credit losses when the Company believes the balances to be uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged off or expected to be charged off.

The Company has chosen to segment its portfolio consistent with the manner in which it manages credit risk. Such segments include multi-family mortgage, nonresidential mortgage, commercial business, construction, one- to four-family residential mortgage, home equity and consumer. For most segments the Company calculates estimated credit losses using a probability of default and loss given default methodology, the results of which are applied to the aggregated discounted cash flow of each individual

loan within the segment. The point in time probability of default and loss given default are then conditioned by macroeconomic scenarios to incorporate reasonable and supportable forecasts that affect the collectability of the reported amount.

The Company estimates the allowance for credit losses on loans via a quantitative analysis which considers relevant available information from internal and external sources related to past events and current conditions, as well as the incorporation of reasonable and supportable forecasts. The Company evaluates a variety of factors including third party economic forecasts, industry trends and other available published economic information in arriving at its forecasts. After the reasonable and supportable forecast period, the Company reverts, on a straight-line basis, to the historical average economic variables. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the renewal option is included in the original or modified contract at the reporting date and are not unconditionally cancelable by the Company. modifications.

Also included in the allowance for credit losses on loans are qualitative reserves to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative analysis or the forecasts described above. Factors that the Company considers include changes in lending policies and procedures, business conditions, the nature and size of the portfolio, portfolio concentrations, the volume and severity of past due loans and non-accrual loans, the effect of external factors such as competition, legal and regulatory requirements, among others. Qualitative loss factors are applied to each portfolio segment with the amounts judgmentally determined by the relative risk to the most severe loss periods identified in the historical loan charge-offs of a peer group of similar-sized regional banks.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Individually Evaluated Loans

On a case-by-case basis, the Company may conclude that a loan should be evaluated on an individual basis based on its disparate risk characteristics. When the Company determines that a loan no longer shares similar risk characteristics with other loans in the portfolio, the allowance will be determined on an individual basis using the present value of expected

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

cash flows or, for collateral-dependent loans, the fair value of the collateral as of the reporting date, less estimated selling costs, as applicable. If the fair value of the collateral is less than the amortized cost basis of the loan, the Company will charge off the difference between the fair value of the collateral, less costs to sell at the reporting date and the amortized cost basis of the loan.

Acquired Loans

Acquired loans are included in the Company's calculation of the allowance for credit losses. How the allowance on an acquired loan is recorded depends on whether or not it has been classified as a Purchased Credit Deteriorated ("PCD") loan. PCD loans are loans acquired at a discount that is due, in part, to credit quality. PCD loans are accounted for in accordance with ASC Subtopic 326-20 and are initially recorded at fair value as determined by the sum of the present value of expected future cash flows and an allowance for credit losses at acquisition.

The allowance for PCD loans is recorded through a gross-up effect, while the allowance for acquired non-PCD loans is recorded through provision expense, consistent with originated loans. Thus, the determination of which loans are PCD and non-PCD can have a significant impact on the accounting for these loans. Subsequent to acquisition, the allowance for PCD loans will generally follow the same estimation, provision and charge-off process as non-PCD acquired and originated loans.

Allowance for Credit Losses on Off-Balance Sheet Commitments

The Company is required to include unfunded commitments that are expected to be funded in the future within the allowance calculation, other than those that are unconditionally cancelable. To arrive at that reserve, the reserve percentage for each applicable segment is applied to the unused portion of the expected commitment balance and is multiplied by the expected funding rate. To determine the expected funding rate, the Company uses a historical utilization rate for each segment. As noted above, the allowance for credit losses on unfunded loan commitments is included in other liabilities on the Consolidated Statements of Financial Condition and the related credit expense is recorded in other non-interest expense in the Consolidated Statements of Income.

Troubled Debt Restructurings Loan Modifications

Prior to July 1, 2023, a troubled debt restructuring ("TDR")

A modification to occurred when the terms of a loan is generally considered a TDR if were modified because of deterioration in the Company grants a concession to a borrower, that it would not otherwise consider, due to financial condition of the borrower's financial difficulties. In granting the concession, the Company's general objective is to obtain more cash or other value from the borrower or otherwise increase the probability of repayment.

A TDR may borrower. TDRs could include, but is were not necessarily limited to, the modification of loan terms such as the reduction of the loan's stated interest rate, extension of the maturity date and/or reduction or deferral of amounts owed under the terms of the loan agreement. In measuring the impairment associated with restructured loans that qualify qualified as TDRs, the Company compares compared the present value of the cash flows that are were expected to be received in accordance with the loan's modified terms, discounted at the loan's original contractual interest rate, with the pre-modification carrying value to measure impairment.

Effective July 1, 2023, the Company adopted ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), which replaced the accounting and recognition of TDRs. ASU 2022-02 eliminated the accounting guidance on troubled debt restructurings for creditors in ASC 310-40 and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. ASU 2022-02 also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty.

Under ASU 2022-02, the Company assesses all loan modifications to determine whether one is granted to a borrower experiencing financial difficulty, regardless of whether the modified loan terms include a concession. Modifications granted to borrowers experiencing financial difficulty may be in the form of an interest rate reduction, an other-than-insignificant payment delay, a term extension, principal forgiveness or a combination thereof.

All restructured modified loans that qualify as TDRs to borrowers experiencing financial difficulty are placed on nonaccrual status for a period of no less than six months after restructuring, irrespective of the borrower's adherence to a TDR's modified repayment terms during which time TDRs continue to be adversely classified and reported as impaired. TDRs modification. Modified loans may be returned to accrual status and a non-adverse classification if (1) the borrower has paid timely P&I payments in accordance with the terms of the restructured modified loan agreement for no less than six consecutive months after restructuring, modification due to a borrower experiencing financial difficulty, and (2) the Company expects to receive all P&I payments owed substantially in accordance with the terms of the restructured modified loan agreement.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Premises and Equipment

Land is carried at cost. Office buildings, leasehold improvements and furniture, fixtures and equipment are carried at cost, less accumulated depreciation and amortization. Office buildings and furniture, fixtures and equipment are depreciated using the straight-line method over their estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the terms of the respective leases or lives of the assets, whichever is shorter.

Construction in progress primarily represents facilities under construction for future use in our business and includes all costs to acquire land and construct buildings, as well as capitalized interest during the construction period. Interest is capitalized at the Company's average cost of interest-bearing liabilities.

Other Real Estate Owned and Other Repossessed Assets

Properties and other assets acquired through foreclosure, deed in lieu of foreclosure or repossession are carried at estimated fair value, less estimated selling costs. The estimated fair value of real estate property and other repossessed assets is generally based on independent appraisals. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for credit losses. Thereafter, decreases in the properties' estimated fair value are charged to income along with any additional property maintenance and protection expenses incurred in owning the properties.

Federal Home Loan Bank Stock

Federal law requires a member institution of the FHLB system to hold restricted stock of its district FHLB according to a predetermined formula. The restricted stock is carried at cost, less any applicable impairment. Both cash and stock dividends are reported as income.

Goodwill and Other Intangible Assets

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performed its annual impairment test during the fourth quarter of its fiscal year ended June 30, 2023 June 30, 2024. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on our audited Consolidated Statements of Financial Condition.

In assessing impairment, the Company has the option to perform a qualitative analysis to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount. If, after assessing the totality of such events or circumstances, the Company determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then the Company would not be required to perform a quantitative impairment test.

For the year ended June 30, 2023 June 30, 2024, the annual quantitative assessment of goodwill for our single reporting unit was performed utilizing a discounted cash flow analysis ("income approach") and estimates of selected market information ("market approaches"). The income approach measures the fair value of an interest in a business by discounting expected future cash flows to present value. The market approaches take into consideration fair values of comparable companies operating in similar lines of business that are potentially subject to similar economic and environmental factors and could be considered reasonable investment alternatives. The result of the income approach was weighted at 50% and the results of the market approaches comprised the remaining 50% in determining the fair value of our single reporting unit. The results of the annual quantitative impairment analysis indicated that the fair value exceeded did not exceed the carrying value for our single reporting unit.

A pre-tax goodwill impairment of \$97.4 million was required to be recorded as a non-cash expense in the Consolidated Statements of Income (Loss) for the year ended June 30, 2024. No impairment charges were required to be recorded in the years ended June 30, 2023, 2022 or 2021. If an impairment loss is determined to exist in the future, such loss will be reflected as an expense in the Consolidated Statements of Income in the period in which the impairment loss is determined. 2022. (See Note 8, Goodwill and Other Intangible Assets, for additional information).

The balance of other intangible assets at June 30, 2023 June 30, 2024 and 2022 2023 totaled \$2.5 million \$1.9 million and \$3.0 million \$2.5 million, respectively, representing the remaining unamortized balance of the core deposit intangibles ascribed to the value of deposits acquired by the Bank through the acquisition of Clifton Bancorp Inc. in April 2018 and MSB Financial Corp. in July 2020.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Bank Owned Life Insurance

Bank owned life insurance is accounted for using the cash surrender value method and is recorded at its net realizable value. The change in the net asset value is recorded as a component of non-interest income. A deferred liability has been recorded for the estimated cost of postretirement life insurance benefits accruing to applicable employees and directors covered by an endorsement split-dollar life insurance arrangement.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Income Taxes

The Company and its subsidiaries file consolidated federal income tax returns. Federal income taxes are allocated to each entity based on their respective contributions to the taxable income of the consolidated income tax returns. Separate state income tax returns are filed for the Company and its subsidiaries on either a consolidated or unconsolidated basis as required by the jurisdiction. The federal income tax rate of 21% was applicable for the years ended June 30, 2023 June 30, 2024, 2022 or 2021, 2023 and 2022.

Federal and state income taxes have been provided on the basis of the Company's income or loss as reported in accordance with GAAP. The amounts reflected on the Company's state and federal income tax returns differ from these provisions due principally to temporary differences in the reporting of certain items for financial statement reporting and income tax reporting purposes. The tax effect of these temporary differences is accounted for as deferred taxes applicable to future periods. Deferred income tax expense or benefit is determined by recognizing deferred tax assets and liabilities for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. The realization of deferred tax assets is assessed and a valuation allowance provided for the full amount which is not more likely than not to be realized.

The Company identified no significant income tax uncertainties through the evaluation of its income tax positions as of June 30, 2023 June 30, 2024 and 2022, 2023. Therefore, the Company has no unrecognized income tax benefits as of those dates. Our policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the Consolidated Statements of Income, Income (Loss). The Company recognized no material interest and penalties during the years ended June 30, 2023 June 30, 2024, 2022 2023 or 2021, 2022. The tax years subject to examination by the taxing authorities are the years ended June 30, 2022 June 30, 2023, 2021 2022 and 2020, 2021.

Retirement Plans

Pension expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. Employee 401(k) and profit sharing plan expense is the amount of matching contributions. Deferred compensation plan expense allocates the benefits over years of service.

Employee Stock Ownership Plan

The cost of shares issued to the Employee Stock Ownership Plan (the "ESOP"), but not yet allocated to participants, is shown as a reduction of shareholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated and unallocated ESOP shares either reduce retained earnings or reduce debt and accrued interest as determined by the ESOP Plan Administrator.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) includes items recorded in equity, such as unrealized gains and losses on securities available for sale, unrealized gains and losses on derivatives and amortization related to post-retirement obligations. Comprehensive income is presented in a separate Consolidated Statement of Comprehensive Income, Income (Loss).

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Loan Commitments and Related Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded. (See Note 17, 16, Commitments, for additional information).

Derivatives and Hedging

The Company utilizes derivative instruments in the form of interest rate swaps, caps and caps floors to hedge its exposure to interest rate risk in conjunction with its overall asset/liability management process. In accordance with accounting requirements, the Company formally designates all of its hedging relationships as either fair value hedges, intended to offset the changes in the value of certain financial instruments due to movements in interest rates, or cash flow hedges, intended to offset changes in the cash flows of certain financial instruments due to movement in interest rates, and documents the strategy for undertaking the hedge transactions, and its method of assessing ongoing effectiveness. The Company does not use derivative instruments for speculative purposes.

All derivatives are recognized as either assets or liabilities in the Consolidated Statements of Financial Statements Condition at their fair values. For a derivative designated as a cash flow hedge, the gain or loss on the derivative is recorded in other comprehensive income and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. For a derivative designated as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings.

Derivative instruments qualify for hedge accounting treatment only if they are designated as such on the date on which the derivative contract is entered and are expected to be, and are, effective in substantially reducing interest rate risk arising from the assets and liabilities identified as exposing the Company to risk. Those derivative financial instruments that do not meet the hedging criteria discussed below would be classified as undesignated derivatives and would be recorded at fair value with changes in fair value recorded in income.

The Company discontinues hedge accounting when (a) it determines that a derivative is no longer effective in offsetting changes in cash flows of a hedged item; (b) the derivative expires or is sold, terminated or exercised; (c) probability exists that the forecasted transaction will no longer occur; or (d) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all cases in which hedge accounting is discontinued and a derivative remains outstanding, the Company will carry the derivative at fair value in the Consolidated Financial Statements, recognizing changes in fair value in current period income in the Consolidated Statements of Income.

In accordance with the applicable accounting guidance, the Company takes into account the impact of collateral and master netting agreements that allow it to settle all derivative contracts held with a single counterparty on a net basis, and to offset the net derivative position with the related collateral when recognizing derivative assets and liabilities. As a result, the Company's Statements of Financial Condition could reflect derivative contracts with negative fair values included in derivative assets, and contracts with positive fair values included in derivative liabilities.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

The Company's interest rate derivatives are comprised of interest rate swaps and caps hedging variable rate wholesale funding and accounted for as cash flow hedges. The carrying value of interest rate derivatives is included in the balance of other assets or other liabilities and comprises the remaining unamortized cost of interest rate caps and the cumulative changes in the fair value of interest rate derivatives. Such changes in fair value are offset against accumulated other comprehensive income, net of deferred income tax.

In general, the cash flows received and/or exchanged with counterparties for those derivatives qualifying as interest rate hedges are generally classified in the financial statements in the same category as the cash flows of the items being hedged.

Interest differentials paid or received under the swap agreements are reflected as adjustments to interest expense. The notional amounts of the interest rate swaps are not exchanged and do not represent exposure to credit loss. In the event of default by a counter party, the risk in these transactions is the cost of replacing the agreements at current market rates.

Net Income per Common Share ("EPS")

Basic EPS is based on the weighted average number of common shares actually outstanding adjusted for the ESOP shares not yet committed to be released. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as outstanding stock options or restricted stock units, were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. Diluted EPS is calculated by adjusting the weighted average number of shares of common stock outstanding to include the effect of contracts or securities exercisable or which could be converted into common stock, if dilutive, using the treasury stock method. Shares issued and reacquired during any period are weighted for the portion of the period they were outstanding.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 18, 17, Fair Value of Financial Instruments. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Operating Segments

Public companies are required to report certain financial information about significant revenue-producing segments of the business for which such information is available and utilized by the chief operating decision makers. Substantially all of the Company's operations occur through the Bank and involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of its banking operation, which constitutes the Company's only operating segment for financial reporting purposes.

Stock Compensation Plans

Compensation expense related to stock options, non-vested stock awards and non-vested stock units is based on the fair value of the award on the measurement date with expense recognized on a straight-line basis over the service period of the award. The fair value of stock options is estimated using the Black-Scholes valuation model. The fair value of non-vested stock awards and stock units is generally the closing market price of the Company's common stock on the date of grant. The Company accounts for forfeitures as they occur.

Advertising and Marketing Expenses

The Company expenses advertising and marketing costs as incurred.

Reclassification

Certain reclassifications have been made in the consolidated financial statements to conform to the current year presentation. Such reclassifications had no impact on net income or stockholders' equity as previously reported.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 2 – Recent Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures (Topic 280)*, to improve reportable segment disclosures by requiring public entities to disclose significant expense categories and amounts for each reportable segment, where significant expense categories are defined as those that are regularly reported to an entity's chief operating decision-maker and included in a segment's reported measures of profit or loss. For public companies, the requirements will become effective for fiscal years beginning after December 15, 2023, and

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 2 – Recent Accounting Pronouncements (continued)

interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. As the Company has only one reportable segment, this ASU is not expected to have a material effect on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes - Improvements to Income Tax Disclosures (Topic 740)*, which requires reporting companies to improve the transparency of certain income tax related disclosures, including the rate reconciliation and taxes paid disclosures. For public companies, the requirements will become effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company does not expect this ASU to have a material effect on the Company's consolidated financial statements.

Adoption of New Accounting Standards

In March 2022, the Financial Accounting Standards Board (the "FASB") FASB issued ASU 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" ("ASU 2022-02") to improve the usefulness of information provided to investors about certain loan refinancings, restructurings and writeoffs. ASU 2022-02 eliminates the accounting guidance for troubled debt restructurings by creditors and enhances disclosure requirements for certain modifications made to borrowers experiencing financial difficulty. In addition, ASU 2022-02 requires public business entities to disclose current-period gross writeoffs for financing receivables and net investments in leases by year of origination in the vintage disclosures. For entities that have adopted ASU 2016-13, the amendments in ASU 2022-02 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. Early adoption is permitted if an entity has

Effective July 1, 2023, the Company adopted ASU 2016-13, including adoption in an interim period. If an entity elects to early adopt the amendments in 2022-02. Under ASU 2022-02, the guidance should Company assesses all loan modifications to determine whether one is granted to a borrower experiencing financial difficulty, regardless of whether the modified loan terms include a concession. Modifications granted to borrowers experiencing financial difficulty may be applied as in the form of the beginning of the fiscal year that includes the interim period. An entity may elect to early adopt the amendments about TDRs and related disclosure enhancements separately from the amendments related to vintage disclosures. an interest rate reduction, an other-than-insignificant payment delay, a term extension, principal forgiveness or a combination thereof.

The amendments in Company adopted ASU 2022-02 should be applied prospectively, but for the amendments related to the recognition and measurement of TDRs, an entity has the option to apply on a modified retrospective transition method that would result in a cumulative-effect adjustment to retained earnings in the period of adoption. prospective basis. The Company is currently evaluating the impact of the adoption of this ASU did not have a material effect on its the Company's consolidated financial statements.

Adoption Prior to the adoption of New Accounting Standards

In December 2022, ASU 2022-02, a TDR occurred when the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral terms of a loan were modified because of deterioration in the financial condition of the Sunset Date of Topic 848" that extends the period of time preparers can utilize the reference rate reform relief guidance. In 2020, the

FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation **borrower. Modifications could include extension** of the Effects of Reference Rate Reform on Financial Reporting" which provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The objective **repayment terms** of the guidance in Topic 848 is to provide relief during the temporary transition period, so the FASB included a sunset provision within Topic 848 based on expectations **loan, reduced interest rates, or forgiveness** of when LIBOR would cease being published. In 2021, the UK Financial Conduct Authority delayed the intended cessation date of certain tenors of USD LIBOR to June 30, 2023. To ensure the relief in Topic 848 covers the period of time during which a significant number of modifications may take place, ASU 2022-06 defers the sunset date of Topic 848 from December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. For all entities, the amendments in ASU 2022-06 are effective upon issuance. The Company adopted this ASU on December 21, 2022 on a prospective basis; therefore, there was no impact to its consolidated financial statements upon adoption.

In March 2022, the FASB issued ASU 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method" which clarifies the guidance in ASC 815 on fair value hedge accounting of **accrued** interest rate risk for portfolios of financial assets. This ASU amends the guidance in ASU 2017-12 (released in August 2017) that, among other things, established the last-of-layer method to enable fair value hedge accounting for these portfolios to be more accessible. ASU 2022-01 expands the current last-of-layer method to allow multiple hedged layers of a single closed portfolio under this method. To reflect that expansion, the last-of-layer method is renamed the portfolio layer method. The scope of last-of-layer hedging will be expanded so that the portfolio layer method can be utilized for nonprepayable financial assets. In addition, ASU 2022-01 specifies eligible hedging instruments in a single-layer hedge, provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method, and specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. For public business entities, the amendments in ASU 2022-01 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. Early adoption is permitted on any date on **and/or** after the issuance of ASU 2022-01 for any entity that has adopted the amendments in ASU 2017-12 for the corresponding period. The Company adopted this ASU on July 1, 2022 on a prospective basis; therefore, there was no impact to its consolidated financial statements upon adoption.

Note 3 – Business Combination

On July 10, 2020, the Company completed its acquisition of MSB Financial Corp. ("MSB") and its subsidiary, Millington Bank. In accordance with the merger agreement, approximately \$9.8 million in cash and 5,853,811 shares of Company common stock were distributed to former MSB shareholders in exchange for their shares of MSB common stock.

The assets acquired and liabilities assumed have been accounted for under the acquisition method of accounting. Management engaged a third-party specialist to develop the fair value estimate of certain MSB's assets and liabilities as of the acquisition date. The assets and liabilities, both tangible and intangible, were recorded at their fair values as of July 10, 2020 based on management's best estimate using the information available as of the merger date. The application of the acquisition method of accounting resulted in the recognition of bargain purchase gain of \$3.1 million and a core deposit intangible of \$690,000. During the year ended June 30, 2021, the Company completed all MSB tax returns and determined that there were no material adjustments to the balance of deferred income tax assets or bargain purchase gain associated with the MSB acquisition. **principal.**

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 3 – Business Combination (continued)

The Company recorded the assets acquired and liabilities assumed through the merger at fair value as summarized in the following table:

	As Recorded by MSB	Fair Value Adjustments	As Recorded at Acquisition
	(In Thousands)		
Cash paid for acquisition			\$ 9,830
Value of stock issued			45,133
Total purchase price			<u>\$ 54,963</u>
Cash and cash equivalents	\$ 14,126	\$ —	\$ 14,126
Investment securities	4,000	(510) (a)	3,490
Loans receivable	537,589	(7,345) (b)	530,244
Allowance for loan losses	(6,037)	6,037 (c)	—
Premises and equipment	7,698	(3,221) (d)	4,477
FHLB stock	3,345	—	3,345
Accrued interest receivable	1,701	—	1,701
Core deposit intangibles	—	690 (e)	690
Bank owned life insurance	14,663	—	14,663
Deferred income taxes, net	1,729	2,152 (f)	3,881
Other assets	4,830	495 (g)	5,325
Total assets acquired	<u>\$ 583,644</u>	<u>\$ (1,702)</u>	<u>\$ 581,942</u>
Deposits	\$ 458,392	\$ 1,786 (h)	\$ 460,178
FHLB borrowings	62,900	—	62,900

Advance payments by borrowers for taxes	794	—	794
Other liabilities	810	(756) (i)	54
Total liabilities assumed	\$ 522,896	\$ 1,030	\$ 523,926
Net assets acquired			\$ 58,016
Bargain purchase gain			\$ (3,053)

Explanation of certain fair value related adjustments:

- (a) Represents the fair value adjustments on investment securities.
- (b) Represents the fair value adjustments on the net book value of loans, which includes an interest rate mark and credit mark adjustment and the reversal of deferred fees/costs and premiums.
- (c) Represents the elimination of MSB's allowance for loan losses.
- (d) Represents the fair value adjustments to reflect the fair value of land and buildings and premises and equipment, which will be amortized on a straight-line basis over the estimated useful lives of the individual assets.
- (e) Represents the intangible assets recorded to reflect the fair value of core deposits. The core deposit asset was recorded as an identifiable intangible asset and will be amortized on an accelerated basis over the estimated average life of the deposit base.
- (f) Represents an adjustment to net deferred tax assets resulting from the fair value adjustments related to the acquired assets, liabilities assumed and identifiable intangible assets recorded.
- (g) Represents an adjustment to other assets acquired.
- (h) Represents fair value adjustments on time deposits, which will be treated as a reduction of interest expense over the remaining term of the time deposits.
- (i) Represents an adjustment to other liabilities assumed.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 3 – Business Combination (continued)

The fair value of loans acquired from MSB was estimated using cash flow projections based on the remaining maturity and repricing terms. Cash flows were adjusted by estimating future credit losses and the rate of prepayments. Projected monthly cash flows were then discounted to present value using a risk-adjusted market rate for similar loans. There was no carryover of MSB's allowance for loan losses associated with the loans that were acquired. For information regarding purchased loans which have been determined to be PCD, refer to Note 5, Loans Receivable.

The core deposit intangible asset recognized is being amortized over its estimated useful life of approximately 10 years utilizing the sum-of-the-years digits method.

The fair value of retail demand and interest bearing deposit accounts was assumed to approximate the carrying value as these accounts have no stated maturity and are payable on demand. The fair value of time deposits was estimated by discounting the contractual future cash flows using market rates offered for time deposits of similar remaining maturities.

Merger-related expenses were recorded in the Consolidated Statements of Income as a component of non-interest expense and include costs relating to the Company's acquisition of MSB, as described above. These charges represent one-time costs associated with acquisition activities and are expensed as incurred. Direct acquisition and other charges were recorded in merger-related expense on the Consolidated Statements of Income. Direct acquisition and other charges incurred in connection with the MSB merger totaled \$4.3 million for the year ended June 30, 2021.

Note 4 - Securities

The following tables present the amortized cost, gross unrealized gains and losses and estimated fair values for available for sale securities and the amortized cost, gross unrecognized gains and losses and estimated fair values for held to maturity securities as of the dates indicated.

	June 30, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
(In Thousands)					
Available for sale:					
Debt securities:					
Asset-backed securities	\$ 80,305	\$ 217	\$ 82	\$ —	\$ 80,440
Collateralized loan obligations	386,983	2,574	14	—	389,543
Corporate bonds	150,891	64	19,158	—	131,797
Total debt securities	618,179	2,855	19,254	—	601,780
Mortgage-backed securities:					

Residential pass-through securities ⁽¹⁾	429,473	2	92,211	—	337,264
Commercial pass-through securities ⁽¹⁾	155,854	63	22,128	—	133,789
Total mortgage-backed securities	585,327	65	114,339	—	471,053
Total securities available for sale	\$ 1,203,506	\$ 2,920	\$ 133,593	\$ —	\$ 1,072,833

(1) Government-sponsored enterprises.

June 30, 2023					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
(In Thousands)					
Available for sale:					
Debt securities:					
Asset-backed securities	\$ 138,281	\$ 4	\$ 2,115	\$ —	\$ 136,170
Collateralized loan obligations	381,915	268	5,187	—	376,996
Corporate bonds	159,666	—	24,648	—	135,018
Total debt securities	679,862	272	31,950	—	648,184
Mortgage-backed securities:					
Residential pass-through securities ⁽¹⁾	539,506	2	103,357	—	436,151
Commercial pass-through securities ⁽¹⁾	164,499	—	21,105	—	143,394
Total mortgage-backed securities	704,005	2	124,462	—	579,545
Total securities available for sale	\$ 1,383,867	\$ 274	\$ 156,412	\$ —	\$ 1,227,729

(1) Government-sponsored enterprises.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 43 - Securities (continued)

June 30, 2022					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
(In Thousands)					
Available for sale:					
Held to maturity:					
Debt securities:					
Debt securities:					
Debt securities:	Debt securities:				

Obligations of state and political subdivisions	\$ 16,051	\$ —	\$ 321	\$ —	\$ 15,730
Total debt securities	16,051	—	321	—	15,730
Mortgage-backed securities:					
Residential pass-through securities ⁽¹⁾	118,166	—	12,736	—	105,430
Commercial pass-through securities ⁽¹⁾	12,248	—	2,239	—	10,009
Total mortgage-backed securities	130,414	—	14,975	—	115,439
Total securities held to maturity	\$ 146,465	\$ —	\$ 15,296	\$ —	\$ 131,169

(1) Government-sponsored enterprises.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 43 - Securities (continued)

	June 30, 2022				
	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Allowance for Credit Losses	Fair Value
	(In Thousands)				
Held to maturity:					
Debt securities:					
Obligations of state and political subdivisions	\$ 21,159	\$ 44	\$ 78	\$ —	\$ 21,125
Total debt securities	21,159	44	78	—	21,125
Mortgage-backed securities:					
Residential pass-through securities ⁽¹⁾	84,851	—	8,587	—	76,264
Commercial pass-through securities ⁽¹⁾	12,281	—	1,552	—	10,729
Total mortgage-backed securities	97,132	—	10,139	—	86,993
Total securities held to maturity	\$ 118,291	\$ 44	\$ 10,217	\$ —	\$ 108,118

(1) Government-sponsored enterprises.

Excluding the balances of mortgage-backed securities, the following tables present the amortized cost and estimated fair values of debt securities available for sale and held to maturity, by contractual maturity, at **June 30, 2023** **June 30, 2024**:

		June 30, 2023	
		Amortized Cost	Fair Value
		(In Thousands)	
June 30, 2024		June 30, 2024	
Amortized Cost		Amortized Cost	Fair Value
(In Thousands)		(In Thousands)	
Available for sale debt securities:	Available for sale debt securities:		
Due in one year or less	Due in one year or less		
Due in one year or less	Due in one year or less		

Due in one year or less	Due in one year or less	\$	—	\$	—
Due after one year through five years	Due after one year through five years		21,865		21,526
Due after five years through ten years	Due after five years through ten years		363,433		339,589
Due after ten years	Due after ten years		294,564		287,069
Total	Total	\$	679,862	\$	648,184

	June 30, 2023	
	Amortized Cost	Fair Value
	(In Thousands)	
Held to maturity debt securities:		
Due in one year or less	\$ 3,386	\$ 3,361
Due after one year through five years	12,054	11,776
Due after five years through ten years	611	593
Due after ten years	—	—
Total	\$ 16,051	\$ 15,730

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4 - Securities (continued)

	June 30, 2024	
	Amortized Cost	Fair Value
	(In Thousands)	
Held to maturity debt securities:		
Due in one year or less	\$ 5,579	\$ 5,543
Due after one year through five years	7,334	7,093
Due after five years through ten years	—	—
Due after ten years	—	—
Total	\$ 12,913	\$ 12,636

Sales of securities available for sale were as follows for the periods presented below:

	Year Ended June 30,		Year Ended June 30,	
	2024	2024	2023	2022
	(In Thousands)		(In Thousands)	
Available for sale securities sold:				

Proceeds from sales of securities				
Proceeds from sales of securities				
Proceeds from sales of securities				
	Year Ended June 30,			
Gross realized losses				
	2023	2022	2021	
Gross realized losses				
	(In Thousands)			
Available for sale securities sold:				
Proceeds from sales of securities	\$105,199	\$100,336	\$98,084	
Gross realized gains	\$ —	\$ —	\$ 1,196	
Gross realized losses	(15,227)	(565)	(470)	
Net (loss) gain on sales of securities	\$ (15,227)	\$ (565)	\$ 726	
Net loss on sales of securities				

Gains resulting from calls of securities available for sale were as follows for the periods presented below:

		Year Ended June 30,		
		2023	2022	2021
		(In Thousands)		
	Year Ended June 30,	Year Ended June 30,		
	2024	2024	2023	2022
	(In Thousands)	(In Thousands)		
Available for sale securities called:	Available for sale securities called:			
Gross realized gains	Gross realized gains	\$ —	\$ 6	\$ 41
Gross realized losses	Gross realized losses	—	—	—
Gross realized gains	Gross realized gains			
Gross realized gains	Gross realized gains			
Net gain on calls of securities	Net gain on calls of securities	\$ —	\$ 6	\$ 41
Net gain on calls of securities	Net gain on calls of securities			
Net gain on calls of securities	Net gain on calls of securities			

During the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022, there were no gains or losses recorded on sales or calls of securities held to maturity.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 3 - Securities (continued)

The carrying value of securities pledged for borrowings at the FHLB and other institutions, and securities pledged for public funds and other purposes, were as follows as of the dates presented below:

	June 30, 2023	June 30, 2022
	(In Thousands)	
Securities pledged:		
Pledged for borrowings at the FHLB of New York	\$ —	\$ 178,048
Pledged to secure public funds on deposit	201,239	357,841
Pledged for potential borrowings at the Federal Reserve Bank of New York	529,216	378,071
Total carrying value of securities pledged	<u>\$ 730,455</u>	<u>\$ 913,960</u>

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 4 - Securities (continued)

	June 30, 2024	June 30, 2023
	(In Thousands)	
Securities pledged:		
Pledged for borrowings at the FHLB of New York	\$ —	\$ —
Pledged to secure public funds on deposit	100,238	201,239
Pledged for potential borrowings at the Federal Reserve Bank of New York	482,044	529,216
Pledged for the bank term funding program	88,899	—
Total carrying value of securities pledged	<u>\$ 671,181</u>	<u>\$ 730,455</u>

The following tables present the gross unrealized losses on securities and the estimated fair value of the related securities, aggregated by investment category and length of time that securities have been in a continuous unrealized loss position within the available for sale portfolio at **June 30, 2023**, **June 30, 2024** and **2022**, **2023**:

	June 30, 2024							
	Less than 12 Months		12 Months or More		Total			
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	
	(Dollars in Thousands)							
Securities Available for Sale:								
Asset-backed securities	\$ 14,093	\$ 16	\$ 43,411	\$ 66	8	\$ 57,504	\$ 82	
Collateralized loan obligations	3,863	—	24,986	14	4	28,849	14	
Corporate bonds	—	—	121,733	19,158	26	121,733	19,158	
Commercial pass-through securities	—	—	110,741	22,128	8	110,741	22,128	
Residential pass-through securities	141	2	336,772	92,209	103	336,913	92,211	
Total	\$ 18,097	\$ 18	\$ 637,643	\$ 133,575	149	\$ 655,740	\$ 133,593	

June 30, 2023						
Less than 12 Months		12 Months or More		Number of Securities	Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses		Fair Value	Unrealized Losses
(Dollars in Thousands)						

Asset-backed securities	\$ 33,833	\$ 129	\$ 98,828	\$ 1,986	14	\$ 132,661	\$ 2,115
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Collateralized loan obligations	46,903	135	294,813	5,052	26	341,716	5,187
Corporate bonds	25,511	1,354	109,507	23,294	31	135,018	24,648
Commercial pass-through securities	63,531	1,380	79,863	19,725	12	143,394	21,105
Residential pass-through securities	10,520	702	425,170	102,655	108	435,690	103,357
Total	\$ 180,298	\$ 3,700	\$ 1,008,181	\$ 152,712	191	\$ 1,188,479	\$ 156,412

	June 30, 2022												
	Less than 12 Months		12 Months or More		Total								
	Fair	Unrealized	Fair	Unrealized	Number of	Fair	Unrealized						
	Value	Losses	Value	Losses	Securities	Value	Losses						
(Dollars in Thousands)													
Securities Available for Sale:													
Obligations of state and political subdivisions	\$	11,310	\$	89	\$	—	\$	—	30	\$	11,310	\$	89
Asset-backed securities		161,303		2,928		5,254		21	15		166,557		2,949
Collateralized loan obligations		236,967		6,435		70,846		1,445	24		307,813		7,880
Corporate bonds		129,407		6,464		3,815		185	27		133,222		6,649
Collateralized mortgage obligations		7,122		329		—		—	6		7,122		329
Commercial pass-through securities		63,045		3,194		102,817		16,577	21		165,862		19,771
Residential pass-through securities		237,928		26,566		274,197		54,058	106		512,125		80,624
Total	\$	847,082	\$	46,005	\$	456,929	\$	72,286	229	\$	1,304,011	\$	118,291

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 43 - Securities (continued)

The following table presents the gross unrecognized losses on securities and the estimated fair value of the related securities, aggregated by investment category and length of time that securities have been in a continuous unrecognized loss position within the held to maturity portfolio at **June 30, 2023**, **June 30, 2024** and **2022; 2023**:

June 30, 2024								
Less than 12 Months			12 Months or More			Total		
Fair Value	Unrecognized Losses		Fair Value	Unrecognized Losses	Number of Securities	Fair Value	Unrecognized Losses	
(Dollars in Thousands)								
Securities Held to Maturity:								
Obligations of state and political subdivisions	\$ 449	\$ 14	\$ 11,886	\$ 263	23	\$ 12,335	\$ 277	
Commercial pass-through securities	—	—	10,162	2,053	1	10,162	2,053	
Residential pass-through securities	35,287	327	61,193	13,807	9	96,480	14,134	
Total	\$ 35,736	\$ 341	\$ 83,241	\$ 16,123	33	\$ 118,977	\$ 16,464	

	June 30, 2023						
	Less than 12 Months		12 Months or More			Total	
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Number of Securities	Fair Value	Unrecognized Losses
	(Dollars in Thousands)						
Securities Held to Maturity:							
Obligations of state and political subdivisions	\$ 13,642	\$ 268	\$ 2,088	\$ 53	32	\$ 15,730	\$ 321
Commercial pass-through securities	—	—	10,009	2,239	1	10,009	2,239
Residential pass-through securities	38,135	319	67,295	12,417	9	105,430	12,736

Total	\$	51,777	\$	587	\$	79,392	\$	14,709	42	\$	131,169	\$	15,296
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	June 30, 2022							
	Less than 12 Months		12 Months or More		Total			
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Number of Securities	Fair Value	Unrecognized Losses	
	(Dollars in Thousands)							
Securities Held to Maturity:								
Obligations of state and political subdivisions	\$ 8,681	\$ 78	\$ —	\$ —	15	\$ 8,681	\$ 78	
Commercial pass-through securities	10,729	1,552	—	—	1	10,729	1,552	
Residential pass-through securities	76,264	8,587	—	—	8	76,264	8,587	
Total	\$ 95,674	\$ 10,217	\$ —	\$ —	24	\$ 95,674	\$ 10,217	

Available for sale securities are evaluated to determine if a decline in fair value below the amortized cost basis has resulted from a credit loss or from other factors. An impairment related to credit factors would be recorded through an allowance for credit losses. The allowance is limited to the amount by which the security's amortized cost basis exceeds the fair value. An impairment that has not been recorded through an allowance for credit losses shall be recorded through other comprehensive income, net of applicable taxes. Investment securities will be written down to fair value through the Consolidated Statement of Income (Loss) if management intends to sell, or may be required to sell, the securities before they recover in value. The issuers of these securities continue to make timely principal and interest payments and none of these securities were past due or were placed in nonaccrual status at **June 30, 2023** **June 30, 2024**. Management believes that the unrealized losses on these securities are a function of changes in market interest rates and credit spreads, not changes in credit quality. No allowance for credit losses was recorded at **June 30, 2023** **June 30, 2024** on available for sale securities.

The **sale sales** of available for sale securities during the **year years** ended **June 30, 2024** and **June 30, 2023** **was**, were part of a **wholesale restructuring restructurings** and the proceeds were reinvested in higher yielding securities. The Company was not required to sell these securities.

At **June 30, 2023** **June 30, 2024**, the held to maturity securities portfolio consisted of agency mortgage-backed securities and obligations of state and political subdivisions. The mortgage-backed securities are issued by U.S. government agencies and are implicitly guaranteed by the U.S. government. The obligations of state and political subdivisions in the portfolio are highly rated by major rating agencies and have a long history of no credit losses. The Company regularly monitors the obligations of state and political subdivisions sector of the market and reviews collectability including such factors as the financial condition of the issuers as well as credit ratings in effect as of the reporting period. No allowance for credit losses was recorded at **June 30, 2023** **June 30, 2024** on held to maturity securities.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 54 – Loans Receivable

The following table sets forth the composition of the Company's loan portfolio at **June 30, 2023** **June 30, 2024** and **2022: 2023:**

		June 30, 2023	June 30, 2022
		(In Thousands)	
June 30, 2024		June 30, 2024	June 30, 2023
		(In Thousands)	
Commercial loans:	Commercial loans:		
Multi-family mortgage	Multi-family mortgage		
Multi-family mortgage	Multi-family mortgage	\$2,761,775	\$2,409,090
Nonresidential mortgage	Nonresidential mortgage	968,574	1,019,838
Commercial business	Commercial business	146,861	176,807
Construction	Construction	226,609	140,131
Total commercial loans	Total commercial loans	4,103,819	3,745,866

One- to four-family residential mortgage	One- to four-family residential mortgage	1,700,559	1,645,816
One- to four-family residential mortgage			
One- to four-family residential mortgage			
Consumer loans:	Consumer loans:		
Consumer loans:			
Home equity loans			
Home equity loans			
Home equity loans	Home equity loans	43,549	42,028
Other consumer	Other consumer	2,549	2,866
Total consumer loans	Total consumer loans	46,098	44,894
Total loans	Total loans	5,850,476	5,436,576
Total loans			
Total loans			
Unaccreted yield adjustments ⁽¹⁾			
Unaccreted yield adjustments ⁽¹⁾			
Unaccreted yield adjustments ⁽¹⁾	Unaccreted yield adjustments ⁽¹⁾	(21,055)	(18,731)
Total loans receivable, net of yield adjustments	Total loans receivable, net of yield adjustments	\$5,829,421	\$5,417,845
Total loans receivable, net of yield adjustments			
Total loans receivable, net of yield adjustments			

(1) At June 30, 2023, June 30, 2024 and 2023, included a fair value adjustment to the carrying amount of hedged one- to four-family residential mortgage loans.

The Bank has granted loans to officers and directors of the Company and its subsidiaries and to their associates. As of June 30, 2023 June 30, 2024 and 2022, 2023, such loans totaled approximately \$2.5 million \$2.4 million and \$2.6 million \$2.5 million, respectively. During the year fiscal years ended June 30, 2024 and June 30, 2023, the Bank granted no new loans to related parties. During the year ended June 30, 2022, the Bank granted two new loans to related parties totaling \$1.8 million.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 54 – Loans Receivable (continued)

Past Due Loans

Past due status is based on the contractual payment terms of the loans. The following tables present the payment status of past due loans as of June 30, 2023 June 30, 2024 and 2022, 2023, by loan segment:

Payment Status					
June 30, 2023					
30-59 Days	60-89 Days	90 Days and Over	Total Past Due	Current	Total

(In Thousands)							
Payment Status							
June 30, 2024							
Payment Status							
June 30, 2024							
30-59 Days							
30-59 Days							
60-89 Days							
90 Days and Over							
Total Past Due							
Current							
Total							
(In Thousands)							
(In Thousands)							
Multi-family mortgage	Multi-family mortgage	\$2,958	\$ —	\$10,756	\$13,714	\$2,748,061	\$2,761,775
Nonresidential mortgage	Nonresidential mortgage	792	—	8,233	9,025	959,549	968,574
Commercial business	Commercial business	528	16	236	780	146,081	146,861
Construction	Construction	—	—	—	—	226,609	226,609
One- to four-family residential mortgage	One- to four-family residential mortgage	2,019	1,202	3,731	6,952	1,693,607	1,700,559
Home equity loans	Home equity loans	25	—	50	75	43,474	43,549
Other consumer	Other consumer	—	—	—	—	2,549	2,549
Total loans	Total loans	\$6,322	\$1,218	\$23,006	\$30,546	\$5,819,930	\$5,850,476
Payment Status							
June 30, 2022							
30-59 Days							
60-89 Days							
90 Days and Over							
Total Past Due							
Current							
Total							
(In Thousands)							
(In Thousands)							
Multi-family mortgage	Multi-family mortgage	\$3,148	\$3,056	\$7,788	\$13,992	\$2,395,098	\$2,409,090
Nonresidential mortgage	Nonresidential mortgage	4,026	—	18,132	22,158	997,680	1,019,838
Commercial business	Commercial business	98	57	155	310	176,497	176,807
Construction	Construction	—	—	—	—	140,131	140,131
One- to four-family residential mortgage	One- to four-family residential mortgage	1,525	253	3,455	5,233	1,640,583	1,645,816
Home equity loans	Home equity loans	28	35	—	63	41,965	42,028
Other consumer	Other consumer	—	—	—	—	2,866	2,866
Total loans	Total loans	\$8,825	\$3,401	\$29,530	\$41,756	\$5,394,820	\$5,436,576

Nonperforming Loans

Loans are generally placed on nonaccrual status when contractual payments become 90 or more days past due or when the Company does not expect to receive all P&I payment owed substantially in accordance with the terms of the loan agreement, regardless of past due status. Loans that become 90 days past due, but are well secured and in the process of collection, may remain on accrual status. Nonaccrual loans are generally returned to accrual status when all payments due are brought current and the Company expects to receive all remaining P&I payments owed substantially in accordance with the terms of the loan agreement. Payments received in cash on nonaccrual loans, including both the principal and interest portions of those payments, are generally applied to reduce the carrying value of the loan. The Company did not recognize interest income on non-accrual loans during the years ended **June 30, 2023**, **June 30, 2024**, **2022** 2023 and **2021**, 2022.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 54 – Loans Receivable (continued)

The following tables present information relating to the Company's nonperforming loans as of **June 30, 2023**, **June 30, 2024** and **2022**; **2023**:

	Performance Status						
	June 30, 2024						
	Nonaccrual Loans						
	90 Days and Over Past Due Accruing	Nonaccrual Loans with Allowance for	Nonaccrual Loans with no Allowance for	Total Nonperforming	Performing	Total	
		Credit Losses	Credit Losses				
(In Thousands)							
Multi-family mortgage	\$ —	\$ —	\$ 22,591	\$ 22,591	\$ 2,623,260	\$ 2,645,851	
Nonresidential mortgage	—	5,695	4,128	9,823	938,252	948,075	
Commercial business	—	714	—	714	142,033	142,747	
Construction	—	—	—	—	209,237	209,237	
One- to four-family residential mortgage	—	2,295	4,410	6,705	1,749,346	1,756,051	
Home equity loans	—	—	44	44	44,060	44,104	
Other consumer	—	—	5	5	2,680	2,685	
Total loans	\$ —	\$ 8,704	\$ 31,178	\$ 39,882	\$ 5,708,868	\$ 5,748,750	

	Performance Status						
	June 30, 2023						
	90 Days and Over Past Due Accruing	Nonaccrual Loans with Allowance for Credit Losses	Nonaccrual Loans with no Allowance for				Total
			Credit Losses	Total Nonperforming	Performing		
(In Thousands)							
Multi-family mortgage	\$ —	\$ 5,686	\$ 13,428	\$ 19,114	\$ 2,742,661	\$ 2,761,775	
Nonresidential mortgage	—	11,815	4,725	16,540	952,034	968,574	
Commercial business	—	71	181	252	146,609	146,861	
Construction	—	—	—	—	226,609	226,609	
One- to four-family residential mortgage	—	1,640	5,031	6,671	1,693,888	1,700,559	
Home equity loans	—	—	50	50	43,499	43,549	
Other consumer	—	—	—	—	2,549	2,549	
Total loans	\$ —	\$ 19,212	\$ 23,415	\$ 42,627	\$ 5,807,849	\$ 5,850,476	

	Performance Status						
	June 30, 2022						
			Nonaccrual Loans				
	90 Days and Over Past Due Accruing	Nonaccrual Loans with Allowance for Credit Losses	with no Allowance for		Total Nonperforming	Performing	Total
			Credit Losses	Credit Losses			
(In Thousands)							
Multi-family mortgage	\$ —	\$ 8,367	\$ 18,286	\$ 26,653	\$ 2,382,437	\$ 2,409,090	
Nonresidential mortgage	—	12,602	19,292	31,894	987,944	1,019,838	
Commercial business	—	212	81	293	176,514	176,807	
Construction	—	—	1,561	1,561	138,570	140,131	
One- to four-family residential mortgage	—	3,543	4,946	8,489	1,637,327	1,645,816	
Home equity loans	—	302	1,129	1,431	40,597	42,028	
Other consumer	—	—	—	—	2,866	2,866	
Total loans	\$ —	\$ 25,026	\$ 45,295	\$ 70,321	\$ 5,366,255	\$ 5,436,576	

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

Effective July 1, 2023, the Company adopted ASU 2022-02, which eliminated the accounting for TDRs while expanding loan modification and vintage disclosure requirements. See Note 2 to the consolidated financial statements for further information.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4 – Loans Receivable (continued)

The following tables presents the amortized cost basis at June 30, 2024 of loan modifications made to borrowers experiencing financial difficulty during the year ended June 30, 2024 by type of modification:

	Year Ended June 30, 2024			
				Percent of Total
	Payment Delay	Term Extension	Total	Class
	(Dollars in Thousands)			
Multi-family mortgage	\$ 2,774	\$ —	\$ 2,774	0.10 %
Nonresidential mortgage	—	786	786	0.08 %
Commercial business	45	—	45	0.03 %
One- to four-family residential mortgage	960	45	1,005	0.06 %
Home equity loans	—	25	25	0.06 %
Total	\$ 3,779	\$ 856	\$ 4,635	0.08 %

No modifications involved forgiveness of principal or interest rate reductions. There were no commitments to lend additional funds to borrowers experiencing financial difficulty whose terms have been restructured at June 30, 2024.

During the year ended June 30, 2024 (since adoption of ASU 2022-02), two residential mortgage loans with a carrying value of \$514,000 were modified and subsequently defaulted on payment. For restructured loans, a subsequent payment default is defined in terms of delinquency, when a principal or interest payment is 90 days past due or classified into non-accrual status during the reporting period.

The following table presents the payment status of the loans that were modified to borrowers experiencing financial difficulties as of June 30, 2024:

	June 30, 2024				
	Current	30-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total Past Due
	(Dollars In Thousands)				
Multi-family mortgage	\$ 5,407	\$ —	\$ —	\$ 2,702	\$ 5,407
Nonresidential mortgage	141	284	—	1,052	425
Commercial business	205	101	—	101	306
One- to four-family residential mortgage	4,652	1,209	1,048	2,417	6,909
Home equity loans	253	—	24	24	277
Total	\$ 10,658	\$ 1,594	\$ 1,072	\$ 6,296	\$ 13,324

Troubled Debt Restructurings

On a case-by-case basis, Prior to the adoption of ASU 2022-02, the Company may agree classified certain loans as TDRs when credit terms to modify the contractual terms of a loan to assist a borrower who may be experiencing in financial difficulty as well as were modified, in accordance with ASC 310-40. With the adoption of ASU 2022-02 the Company has ceased to preserve recognize or measure for new TDRs, but those existing at June 30, 2023 will remain until settled.

At June 30, 2023, the Company's position in the loan. If the borrower is experiencing financial difficulties and a concession has been made at the time of such modification, the loan is classified as a TDR. The Company had TDRs totaling \$17.4 million and \$22.2 million as of June 30, 2023 and 2022, respectively. The allowance for credit losses associated with the these TDRs presented in the tables below totaled \$274,000 and \$365,000 as of June 30, 2023 and 2022, respectively.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4 – Loans Receivable (continued)

The following tables present total TDRs at June 30, 2023:

	June 30, 2023

	Accrual		Non-accrual		Total	
	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount
(Dollars In Thousands)						
Commercial loans:						
Multi-family mortgage	—	\$ —	2	\$ 5,400	2	\$ 5,400
Nonresidential mortgage	3	170	2	700	5	870
Commercial business	6	3,197	0	—	6	3,197
Construction	—	—	0	—	0	—
Total commercial loans	9	3,367	4	6,100	13	9,467
One- to four-family residential mortgage	39	6,752	4	774	43	7,526
Consumer loans:						
Home equity loans	6	368	0	—	6	368
Total	54	\$ 10,487	8	\$ 6,874	62	\$ 17,361

As of June 30, 2023, there were no significant commitments to lend additional funds to borrowers whose loans had been restructured in a TDR.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5 – Loans Receivable (continued)

The following tables present total TDRs at June 30, 2023 and 2022:

	June 30, 2023					
	Accrual		Non-accrual		Total	
	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount
(Dollars In Thousands)						
Commercial loans:						
Multi-family mortgage	—	\$ —	2	\$ 5,400	2	\$ 5,400
Nonresidential mortgage	3	170	2	700	5	870
Commercial business	6	3,197	—	—	6	3,197
Construction	—	—	—	—	—	—
Total commercial loans	9	3,367	4	6,100	13	9,467
One- to four-family residential mortgage	39	6,752	4	774	43	7,526
Consumer loans:						
Home equity loans	6	368	—	—	6	368
Total	54	\$ 10,487	8	\$ 6,874	62	\$ 17,361

	June 30, 2022					
	Accrual		Non-accrual		Total	
	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount
(Dollars In Thousands)						
Commercial loans:						
Multi-family mortgage	—	\$ —	2	\$ 5,626	2	\$ 5,626
Nonresidential mortgage	4	389	2	1,565	6	1,954
Commercial business	5	3,631	2	82	7	3,713
Construction	—	—	1	1,561	1	1,561
Total commercial loans	9	4,020	7	8,834	16	12,854

One- to four-family residential mortgage	29	4,488	16	3,314	45	7,802
Consumer loans:						
Home equity loans	5	164	2	1,364	7	1,528
Total	43	\$ 8,672	25	\$ 13,512	68	\$ 22,184

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5 – Loans Receivable (continued)

The following table presents information regarding TDRs that occurred during the years year ended June 30, 2023 and 2022 :

		Year Ended June 30, 2023					
		Year Ended June 30, 2023					
		Year Ended June 30, 2023					

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4 – Loans Receivable (continued)

less costs to sell, and the amortized cost basis of the loan as of the measurement date. See Note 18 17 for additional disclosure regarding fair value of individually analyzed collateral dependent loans.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5 – Loans Receivable (continued)

The following table presents the carrying value and related allowance of collateral dependent individually analyzed loans at the dates indicated:

		June 30, 2023		June 30, 2022	
		Carrying Value	Related Allowance	Carrying Value	Related Allowance
		(In Thousands)			
June 30, 2024		June 30, 2024		June 30, 2023	
Carrying Value		Carrying Value	Related Allowance	Carrying Value	Related Allowance
(In Thousands)		(In Thousands)			
Commercial loans:	Commercial loans:				
Multi-family mortgage	Multi-family mortgage				
Multi-family mortgage	Multi-family mortgage				
Multi-family mortgage	Multi-family mortgage	\$19,114	\$ 326	\$26,653	\$ 849
Nonresidential mortgage (1)	Nonresidential mortgage (1)	16,207	3,001	30,733	2,696
Construction		—	—	1,561	—
Total commercial loans					
Total commercial loans					
Total commercial loans	Total commercial loans	35,321	3,327	58,947	3,545
One- to four-family residential mortgage (2)	One- to four-family residential mortgage (2)	2,875	—	4,305	77
One- to four-family residential mortgage (2)	One- to four-family residential mortgage (2)				
One- to four-family residential mortgage (2)	One- to four-family residential mortgage (2)				
Consumer loans:	Consumer loans:				
Consumer loans:	Consumer loans:				
Home equity loans (2)	Home equity loans (2)				
Home equity loans (2)	Home equity loans (2)				
Home equity loans (2)	Home equity loans (2)	—	—	35	—
Total	Total	\$38,196	\$ 3,327	\$63,287	\$ 3,622
Total	Total				
Total	Total				

- (1) Secured by income-producing nonresidential property.
(2) Secured by one- to four-family residential properties.

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually to classify the loans as to credit risk. The Company uses the following definitions for risk ratings:

Pass – Loans that are well protected by the current net worth and paying capacity of the obligor (or guarantors, if any) or by the fair value, less cost to acquire and sell, of any underlying collateral in a timely manner.

Special Mention – Loans which do not currently expose the Company to a sufficient degree of risk to warrant an adverse classification but have some credit deficiencies or other potential weaknesses.

Substandard – Loans which are inadequately protected by the paying capacity and net worth of the obligor or the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans which have all of the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions and values.

Loss – Loans which considered uncollectible or of so little value that their continuance as assets is not warranted.

The following table presents the risk category of loans as of June 30, 2024 by loan segment and vintage year:

KEARNY FINANCIAL CORP. AND SUBSIDIARIES Notes to Consolidated Financial Statements

Note 54 – Loans Receivable (continued)

	Term Loans by Origination Year for Fiscal Years ended June 30,								Revolving Loans	Total						
	2024	2023	2022	2021	2020	Prior										
	(In Thousands)															
Multi-family mortgage:																
Pass	\$	26,683	\$	596,321	\$	949,690	\$	219,850	\$	201,611	\$	607,332	\$	—	\$	2,601,487
Special Mention		—		—		—		—		—		6,475		—		6,475
Substandard		—		—		—		9,570		—		28,319		—		37,889
Doubtful		—		—		—		—		—		—		—		—
Total multi-family mortgage		26,683		596,321		949,690		229,420		201,611		642,126		—		2,645,851
Multi-family current period gross charge-offs		—		—		—		—		—		398		—		398
Nonresidential mortgage:																
Pass		87,380		105,768		199,829		90,312		44,598		389,680		30		917,597
Special Mention		—		—		—		447		—		14,714		—		15,161
Substandard		—		—		—		867		—		14,450		—		15,317
Doubtful		—		—		—		—		—		—		—		—
Total nonresidential mortgage		87,380		105,768		199,829		91,626		44,598		418,844		30		948,075
Nonresidential current period gross charge-offs		—		—		—		—		—		5,975		—		5,975
Commercial business:																
Pass		12,152		8,273		27,615		18,242		4,337		7,863		56,592		135,074
Special Mention		—		—		1,559		437		—		1,754		—		3,750
Substandard		—		—		—		—		1,767		2,003		153		3,923
Doubtful		—		—		—		—		—		—		—		—
Total commercial business		12,152		8,273		29,174		18,679		6,104		11,620		56,745		142,747
Commercial current period gross charge-offs		—		—		—		3,391		464		11		—		3,866
Construction loans:																
Pass		51,261		45,180		14,284		62,584		2,602		3,647		5,735		185,293
Special Mention		3,450		—		—		20,494		—		—		—		23,944
Substandard		—		—		—		—		—		—		—		—
Doubtful		—		—		—		—		—		—		—		—
Total construction loans		54,711		45,180		14,284		83,078		2,602		3,647		5,735		209,237

Construction current period gross charge-offs	—	—	—	—	—	—	—	—
Residential mortgage:								
Pass	185,034	184,737	431,346	458,696	77,442	406,677	291	1,744,223
Special Mention	—	—	—	—	—	1,453	—	1,453
Substandard	—	509	796	—	—	9,070	—	10,375
Doubtful	—	—	—	—	—	—	—	—
Total residential mortgage	185,034	185,246	432,142	458,696	77,442	417,200	291	1,756,051
Residential current period gross charge-offs	—	—	—	—	—	37	—	37
Home equity loans:								
Pass	1,919	5,698	2,173	347	1,019	8,086	24,535	43,777
Special Mention	—	—	—	—	—	—	93	93
Substandard	—	—	—	—	—	234	—	234
Doubtful	—	—	—	—	—	—	—	—
Total home equity loans	1,919	5,698	2,173	347	1,019	8,320	24,628	44,104
Home equity current period gross charge-offs	—	—	—	—	—	—	—	—
Other consumer loans								
Pass	804	211	204	127	224	990	39	2,599
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	86	86
Other consumer loans	804	211	204	127	224	990	125	2,685
Other consumer current period gross charge-offs	—	—	—	—	—	—	—	—
Total loans	\$ 368,683	\$ 946,697	\$ 1,627,496	\$ 881,973	\$ 333,600	\$ 1,502,747	\$ 87,554	\$ 5,748,750
Total current period gross charge-offs	\$ —	\$ —	\$ —	\$ 3,391	\$ 464	\$ 6,421	\$ —	\$ 10,276

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4 – Loans Receivable (continued)

The following table presents the risk category of loans as of June 30, 2023 by loan segment and vintage year:

		Term Loans by Origination Year for Fiscal Years ended June 30,							Revolving	
		2023	2022	2021	2020	2018	Prior		Loans	Total
(In Thousands)										
		Term Loans by Origination Year for Fiscal Years ended June 30,								
		2023								
		2023								
		2023								
		2023								
(In Thousands)										
		2023								
		2023								
		2023								
(In Thousands)										
Multi-family mortgage:		Multi-family mortgage:								
Pass										
Pass										
Pass		Pass	\$603,260	\$ 954,554	\$213,482	\$198,969	\$226,929	\$ 510,485	\$ —	\$2,707,679
Special Mention		Special Mention	—	—	—	—	6,006	6,647	—	12,653
Substandard		Substandard	—	—	9,809	—	9,432	22,202	—	41,443
Doubtful		Doubtful	—	—	—	—	—	—	—	—
Total multi-family mortgage		Total multi-family mortgage	603,260	954,554	223,291	198,969	242,367	539,334	—	2,761,775

Nonresidential mortgage:	Nonresidential mortgage:								
Pass	Pass	109,725	220,443	83,032	51,933	59,197	414,742	6,000	945,072
Pass									
Pass									
Special Mention	Special Mention	—	—	—	—	—	378	—	378
Substandard	Substandard	—	—	708	—	919	21,497	—	23,124
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total nonresidential mortgage	Total nonresidential mortgage	109,725	220,443	83,740	51,933	60,116	436,617	6,000	968,574
Commercial business:	Commercial business:								
Pass									
Pass									
Pass	Pass	10,364	28,644	25,304	7,875	1,731	8,776	59,031	141,725
Special Mention	Special Mention	—	—	—	47	176	2,456	371	3,050
Substandard	Substandard	—	—	—	395	60	1,385	246	2,086
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total commercial business	Total commercial business	10,364	28,644	25,304	8,317	1,967	12,617	59,648	146,861
Construction loans:	Construction loans:								
Pass	Pass	25,070	36,389	143,086	12,275	2,961	1,093	5,735	226,609
Pass									
Pass									
Special Mention	Special Mention	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total construction loans	Total construction loans	25,070	36,389	143,086	12,275	2,961	1,093	5,735	226,609
Residential mortgage:	Residential mortgage:								
Pass									
Pass									
Pass	Pass	195,521	454,504	491,460	80,431	45,741	422,472	—	1,690,129
Special Mention	Special Mention	—	—	—	—	1,168	425	—	1,593
Substandard	Substandard	—	542	—	—	80	8,215	—	8,837
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total residential mortgage	Total residential mortgage	195,521	455,046	491,460	80,431	46,989	431,112	—	1,700,559
Home equity loans:	Home equity loans:								
Pass	Pass	7,682	2,567	607	1,264	2,478	7,280	21,384	43,262
Pass									
Pass									

Special Mention	Special Mention	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	287	—	287
Doubtful	Doubtful	—	—	—	—	—	—	—	—
Total home equity loans	Total home equity loans	7,682	2,567	607	1,264	2,478	7,567	21,384	43,549
Other consumer loans	Other consumer loans								
Pass	Pass	367	247	110	494	302	912	42	2,474
Pass	Pass								
Special Mention	Special Mention	—	—	—	—	—	—	—	—
Substandard	Substandard	—	—	—	—	—	—	—	—
Doubtful	Doubtful	—	—	—	—	—	—	75	75
Other consumer loans	Other consumer loans	367	247	110	494	302	912	117	2,549
Total loans	Total loans	\$951,989	\$1,697,890	\$967,598	\$353,683	\$357,180	\$1,429,252	\$92,884	\$5,850,476

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Notes to Consolidated Financial Statements

Note 5 – Loans Receivable (continued)

The following table presents the risk category of loans as of June 30, 2022 by loan segment and vintage year:

	Term Loans by Origination Year for Fiscal Years ended June 30,							Revolving Loans	Total							
	2022		2021		2020		2018			2017		Prior				
	(In Thousands)															
Multi-family mortgage:																
Pass	\$	963,263	\$	250,385	\$	211,101	\$	264,174	\$	248,058	\$	438,642	\$	—	\$	2,375,623
Special Mention		—		—		—		—		—		6,814		—		6,814
Substandard		—		—		—		9,821		5,935		10,897		—		26,653
Doubtful		—		—		—		—		—		—		—		—
Total multi-family mortgage		963,263		250,385		211,101		273,995		253,993		456,353		—		2,409,090
Nonresidential mortgage:																
Pass		231,777		87,309		53,983		60,714		49,285		491,849		6,052		980,969
Special Mention		—		—		—		—		—		591		—		591
Substandard		—		720		—		933		4,026		32,599		—		38,278
Doubtful		—		—		—		—		—		—		—		—
Total nonresidential mortgage		231,777		88,029		53,983		61,647		53,311		525,039		6,052		1,019,838
Commercial business:																
Pass		46,888		38,791		12,155		3,581		4,861		6,455		58,662		171,393
Special Mention		—		—		62		186		2,173		873		215		3,509
Substandard		—		38		319		—		1,347		61		58		1,823
Doubtful		—		—		—		—		—		80		2		82
Total commercial business		46,888		38,829		12,536		3,767		8,381		7,469		58,937		176,807
Construction loans:																
Pass		16,407		95,526		10,337		3,039		6,509		1,017		5,735		138,570
Special Mention		—		—		—		—		—		—		—		—

Substandard	—	—	—	—	—	1,561	—	1,561
Doubtful	—	—	—	—	—	—	—	—
Total construction loans	16,407	95,526	10,337	3,039	6,509	2,578	5,735	140,131
Residential mortgage:								
Pass	472,160	524,163	88,645	49,316	55,139	442,517	374	1,632,314
Special Mention	—	—	—	1,205	—	621	—	1,826
Substandard	—	—	—	83	—	11,593	—	11,676
Doubtful	—	—	—	—	—	—	—	—
Total residential mortgage	472,160	524,163	88,645	50,604	55,139	454,731	374	1,645,816
Home equity loans:								
Pass	3,197	692	1,681	3,117	2,027	7,321	22,334	40,369
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	120	—	1,539	—	1,659
Doubtful	—	—	—	—	—	—	—	—
Total home equity loans	3,197	692	1,681	3,237	2,027	8,860	22,334	42,028
Other consumer loans								
Pass	442	308	471	375	258	895	34	2,783
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	83	83
Other consumer loans	442	308	471	375	258	895	117	2,866
Total loans	\$ 1,734,134	\$ 997,932	\$ 378,754	\$ 396,664	\$ 379,618	\$ 1,455,925	\$ 93,549	\$ 5,436,576

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
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Note 54 – Loans Receivable (continued)

Purchased Credit Deteriorated (“PCD”) Loans

PCD loans are acquired loans that, as of the acquisition date, have experienced a more-than-insignificant deterioration in credit quality since origination. Non-PCD loans are acquired loans that have experienced no or insignificant deterioration in credit quality since origination. To distinguish between the two types of acquired loans, the Company evaluates risk characteristics that have been determined to be indicators of deteriorated credit quality. The determining criteria may involve loan specific characteristics such as payment status, debt service coverage or other changes in creditworthiness since the loan was originated, while others are relevant to recent economic conditions, such as borrowers in industries impacted by the pandemic.

As part of June 30, 2024, the acquisition of MSB, the Company purchased loans, for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of those PCD loans is as follows:

	At July 10, 2020
	(In Thousands)
Purchase price of PCD loans at acquisition	\$ 65,347
Allowance for credit losses at acquisition	3,901
Non-credit discount at acquisition	167
Par value of acquired PCD loans at acquisition	\$ 69,415

was

\$15.7 million and a related allowance for credit losses of \$141,000. As of June 30, 2023, the carrying amount of PCD loans was \$18.9 million and a related allowance for credit losses of \$215,000.

Residential Mortgage Loans in Foreclosure

The Company may obtain physical possession of one- to four-family real estate collateralizing a residential mortgage loan or nonresidential real estate collateralizing a nonresidential mortgage loan via foreclosure or through an in-substance repossession. As of June 30, 2023 June 30, 2024, the Company held one no nonresidential property with a carrying value of \$13.0 million in other real estate owned that was acquired through foreclosure on a nonresidential mortgage loan. As of that same date, the Company held three residential mortgage loans with aggregate carrying values totaling \$950,000 \$1.2 million and six commercial mortgage loans with aggregate carrying values totaling \$9.2 million \$13.6 million which were in the process of foreclosure. As of June 30, 2022 June 30, 2023, the Company held one single-family nonresidential property in other real estate

owned with a carrying value of \$178,000 \$13.0 million that was acquired through foreclosure on a residential nonresidential mortgage loan. As of that same date, the Company held seven three residential mortgage loans with aggregate carrying values totaling \$1.5 million \$1.0 million which were in the process of foreclosure.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 65 – Allowance for Credit Losses

Adoption of Topic 326

On July 1, 2020, the Company adopted ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which replaced the incurred loss methodology with an expected loss methodology, referred to as the "CECL" methodology. See Note 1, Summary of Significant Accounting Policies, for additional information on the adoption of Topic 326.

Allowance for Credit Losses on Loans Receivable

The following tables present the balance of the allowance for credit losses ("ACL") at June 30, 2023 June 30, 2024 and 2022, 2023. The balance of the ACL is based on the CECL methodology, as noted above. The tables identify the valuation allowances attributable to specifically identified impairments on individually analyzed loans, including those acquired with deteriorated credit quality, as well as valuation allowances for impairments on loans collectively evaluated. The tables include the underlying balance of loans receivable applicable to each category as of those dates.

Allowance for Credit Losses					
June 30, 2024					
	Loans acquired with deteriorated credit quality individually analyzed	Loans acquired with deteriorated credit quality collectively evaluated	Loans individually analyzed	Loans collectively evaluated	Total allowance for credit losses
(In Thousands)					
Multi-family mortgage	\$ —	\$ —	\$ —	\$ 24,125	\$ 24,125
Nonresidential mortgage	—	31	517	5,577	6,125
Commercial business	—	6	228	1,339	1,573
Construction	—	—	—	1,230	1,230
One- to four-family residential mortgage	9	95	108	11,249	11,461
Home equity loans	—	—	—	349	349
Other consumer	—	—	—	76	76
Total loans	\$ 9	\$ 132	\$ 853	\$ 43,945	\$ 44,939

Balance of Loans Receivable					
June 30, 2024					
	Loans acquired with deteriorated credit quality individually analyzed	Loans acquired with deteriorated credit quality collectively evaluated	Loans individually analyzed	Loans collectively evaluated	Total loans
(In Thousands)					
Multi-family mortgage	\$ —	\$ —	\$ 22,591	\$ 2,623,260	\$ 2,645,851
Nonresidential mortgage	284	2,145	9,539	936,107	948,075
Commercial business	—	2,794	714	139,239	142,747
Construction	—	5,735	—	203,502	209,237
One- to four-family residential mortgage	1,276	3,431	5,429	1,745,915	1,756,051
Home equity loans	24	—	20	44,060	44,104
Other consumer	—	—	—	2,685	2,685
Total loans	\$ 1,584	\$ 14,105	\$ 38,293	\$ 5,694,768	\$ 5,748,750
Unaccreted yield adjustments					(15,963)

Loans receivable, net of yield adjustments	\$ 5,732,787
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KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5 – Allowance for Credit Losses (continued)

Allowance for Credit Losses June 30, 2023					
	Loans acquired with deteriorated credit quality individually analyzed	Loans acquired with deteriorated credit quality collectively evaluated	Loans individually analyzed	Loans collectively evaluated	Total allowance for credit losses
(In Thousands)					
Multi-family mortgage	\$ —	\$ —	\$ 326	\$ 26,036	\$ 26,362
Nonresidential mortgage	—	70	3,001	5,882	8,953
Commercial business	—	9	20	1,411	1,440
Construction	—	—	—	1,336	1,336
One- to four-family residential mortgage	3	132	70	10,032	10,237
Home equity loans	—	—	—	338	338
Other consumer	—	—	—	68	68
Total loans	\$ 3	\$ 211	\$ 3,417	\$ 45,103	\$ 48,734

Balance of Loans Receivable June 30, 2023					
	Loans acquired with deteriorated credit quality individually analyzed	Loans acquired with deteriorated credit quality collectively evaluated	Loans individually analyzed	Loans collectively evaluated	Total loans
(In Thousands)					
Multi-family mortgage	\$ —	\$ —	\$ 19,114	\$ 2,742,661	\$ 2,761,775
Nonresidential mortgage	333	3,562	16,207	948,472	968,574
Commercial business	—	4,237	252	142,372	146,861
Construction	—	5,735	—	220,874	226,609
One- to four-family residential mortgage	570	4,433	6,101	1,689,455	1,700,559
Home equity loans	25	—	25	43,499	43,549
Other consumer	—	—	—	2,549	2,549
Total loans	\$ 928	\$ 17,967	\$ 41,699	\$ 5,789,882	\$ 5,850,476
Unaccreted yield adjustments					(21,055)
Loans receivable, net of yield adjustments					\$ 5,829,421

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 6 – Allowance for Credit Losses (continued)

Allowance for Credit Losses June 30, 2022					

	Loans acquired with deteriorated credit quality individually analyzed		Loans acquired with deteriorated credit quality collectively evaluated		Loans individually analyzed	Loans collectively evaluated	Total allowance for credit losses
	(In Thousands)						
Multi-family mortgage	\$	—	\$	—	\$ 849	\$ 24,472	\$ 25,321
Nonresidential mortgage		—		73	2,696	7,821	10,590
Commercial business		—		9	16	1,767	1,792
Construction		—		—	—	1,486	1,486
One- to four-family residential mortgage		—		229	148	7,163	7,540
Home equity loans		26		—	—	219	245
Other consumer		—		—	—	84	84
Total loans	\$	26	\$	311	\$ 3,709	\$ 43,012	\$ 47,058

	Balance of Loans Receivable				
	June 30, 2022				
	Loans acquired with deteriorated credit quality individually analyzed	Loans acquired with deteriorated credit quality collectively evaluated	Loans individually analyzed	Loans collectively evaluated	Total loans
	(In Thousands)				
Multi-family mortgage	\$ —	\$ —	\$ 26,653	\$ 2,382,437	\$ 2,409,090
Nonresidential mortgage	377	5,033	31,517	982,911	1,019,838
Commercial business	—	1,267	293	175,247	176,807
Construction	—	5,735	1,561	132,835	140,131
One- to four-family residential mortgage	87	6,460	8,402	1,630,867	1,645,816
Home equity loans	329	58	1,102	40,539	42,028
Other consumer	—	—	—	2,866	2,866
Total loans	\$ 793	\$ 18,553	\$ 69,528	\$ 5,347,702	\$ 5,436,576
Unaccreted yield adjustments					(18,731)
Loans receivable, net of yield adjustments				\$	5,417,845

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
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Note 65 – Allowance for Credit Losses (continued)

The following tables present the activity in the ACL on loans for the years ended **June 30, 2023**, **June 30, 2024**, **2022** and **2021**.

Changes in the Allowance for Credit Losses Year Ended June 30, 2023					
Balance at June 30, 2022	Charge- offs	Recoveries	Provision for (reversal of) credit losses	Balance at June 30, 2023	
(In Thousands)					
Changes in the Allowance for Credit Losses Year Ended June 30, 2024					
Changes in the Allowance for Credit Losses Year Ended June 30, 2024					

		Balance at June 30, 2023					Balance at June 30, 2023		Charge-offs		Recoveries		Provision for (reversal of) credit losses		Balance at June 30, 2024	
		(In Thousands)					(In Thousands)									
Multi-family mortgage	Multi-family mortgage	\$25,321	\$ (493)	\$ —	\$ 1,534	\$26,362										
Nonresidential mortgage	Nonresidential mortgage	10,590	(39)	—	(1,598)	8,953										
Commercial business	Commercial business	1,792	(364)	29	(17)	1,440										
Construction	Construction	1,486	—	—	(150)	1,336										
One- to four-family residential mortgage	One- to four-family residential mortgage	7,540	—	2	2,695	10,237										
Home equity loans	Home equity loans	245	—	—	93	338										
Other consumer	Other consumer	84	—	55	(71)	68										
Total loans	Total loans	\$47,058	\$ (896)	\$ 86	\$ 2,486	\$48,734										
Changes in the Allowance for Credit Losses Year Ended June 30, 2022																
(Reversal of)																
Balance at							provision for		Balance at							
June 30, 2021							charge-offs		Recoveries		credit losses		June 30, 2022			
(In Thousands)																

Changes in the Allowance for Credit Losses Year Ended June 30, 2023							Changes in the Allowance for Credit Losses Year Ended June 30, 2023									
Balance at June 30, 2022							Balance at June 30, 2022		Charge-offs		Recoveries		(Reversal of) provision for credit losses		Balance at June 30, 2023	
(In Thousands)							(In Thousands)									
Multi-family mortgage	Multi-family mortgage	\$28,450	\$ (1,896)	\$ —	\$ (1,233)	\$25,321										
Nonresidential mortgage	Nonresidential mortgage	16,243	(2,646)	812	(3,819)	10,590										
Commercial business	Commercial business	2,086	(193)	160	(261)	1,792										
Construction	Construction	1,170	—	—	316	1,486										
One- to four-family residential mortgage	One- to four-family residential mortgage	9,747	—	147	(2,354)	7,540										
Home equity loans	Home equity loans	433	—	27	(215)	245										
Other consumer	Other consumer	36	(2)	2	48	84										
Total loans	Total loans	\$58,165	\$ (4,737)	\$ 1,148	\$ (7,518)	\$47,058										
Changes in the Allowance for Loan Losses Year Ended June 30, 2021																

		<div>Balance at June 30, 2020 (prior to adoption of ASC 326):</div> <div>Impact of adopting Topic 326</div> <div>Charge-offs</div> <div>Recoveries</div> <div>Initial allowance on PCD loans</div> <div>(Reversal of) provision for credit losses</div> <div>Balance at June 30, 2021</div>							
		(In Thousands)							
		<div>Changes in the Allowance for Loan Losses</div> <div>Year Ended June 30, 2022</div>							
		<div>Balance at June 30, 2021 (prior to adoption of ASC 326):</div> <div>Impact of adopting Topic 326</div> <div>Charge-offs</div> <div>Recoveries</div> <div>Initial allowance on PCD loans</div> <div>(Reversal of) provision for credit losses</div> <div>Balance at June 30, 2022</div>							
		(In Thousands)							
Multi-family mortgage	Multi-family mortgage	\$20,916	\$ 8,408	\$ —	\$ —	\$ 250	\$(1,124)	\$28,450	
Nonresidential mortgage	Nonresidential mortgage	8,763	2,390	(80)	—	1,720	3,450	16,243	
Commercial business	Commercial business	1,926	(421)	(1,446)	17	1,007	1,003	2,086	
Construction	Construction	236	80	—	—	99	755	1,170	
One- to four-family residential mortgage	One- to four-family residential mortgage	4,860	9,106	(13)	4	720	(4,930)	9,747	
Home equity loans	Home equity loans	568	92	(32)	—	105	(300)	433	
Other consumer	Other consumer	58	(15)	(41)	9	—	25	36	
Total loans	Total loans	\$37,327	\$19,640	\$(1,612)	\$ 30	\$ 3,901	\$(1,121)	\$58,165	

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 65 – Allowance for Credit Losses (continued)

Allowance for Credit Losses on Off Balance Sheet Commitments

The following table presents the activity in the ACL on off balance sheet commitments recorded in other non-interest expense for the years ended June 30, 2023, June 30, 2024, 2022 and 2021: 2022:

	Year Ended June 30,		
	2023	2022	2021
	(In Thousands)		
Balance at beginning of the period	\$ 1,041	\$ 1,708	\$ —
Impact of adopting Topic 326 ⁽¹⁾	—	—	536
(Reversal of) provision for credit losses	(300)	(667)	1,172
Balance at end of the period	\$ 741	\$ 1,041	\$ 1,708

(1) Adoption of CECL accounting standard effective July 1, 2020.

Year Ended June 30,

	2024	2023	2022
	(In Thousands)		
Balance at beginning of the period	\$ 741	\$ 1,041	\$ 1,708
Provision for (reversal of) credit losses	55	(300)	(667)
Balance at end of the period	\$ 796	\$ 741	\$ 1,041

Note 76 – Leases

The Company leases certain premises and equipment under operating leases. As of **June 30, 2023** **June 30, 2024**, the Company had right-of-use assets totaling **\$16.1 million** **\$14.5 million** and lease liabilities totaling **\$17.2 million** **\$15.3 million**, which were recorded in other assets and other liabilities, respectively, on the Statement of Financial Condition. By comparison at **June 30, 2022** **June 30, 2023**, the Company had right-of-use assets of totaling **\$18.4 million** **\$16.1 million** and lease liabilities of totaling **\$19.2 million** **\$17.2 million**.

As of **June 30, 2023** **June 30, 2024**, the weighted average remaining lease term for operating leases was **6.56** **5.85** years and the weighted average discount rate used in the measurement of operating lease liabilities was **2.70%** **3.16%**. Total operating lease costs for the years ended **June 30, 2023** **June 30, 2024**, **2022** **2023** and **2021** **2022** was **\$3.7 million** **\$3.5 million**, **\$3.7 million** and **\$3.8 million** **\$3.7 million**, respectively.

There were no sale and leaseback transactions, leveraged leases or lease transactions with related parties during the year ended June 30, **2023** **2024**. At **June 30, 2023** **June 30, 2024**, the Company had no leases that had not yet commenced.

A maturity analysis of operating lease liabilities and reconciliation of the undiscounted cash flows to the total operating lease liability at **June 30, 2023** **June 30, 2024** and **2022** **2023** is as follows:

		June 30,	
		2023	2022
		(In Thousands)	
		June 30,	June 30,
		2024	2023
		(In Thousands)	
Less than one year	Less than one year	\$ 3,445	\$ 3,614
After one year but within two years	After one year but within two years	3,183	3,187
After two years but within three years	After two years but within three years	3,071	2,905
After three years but within four years	After three years but within four years	2,963	2,817
After four years but within five years	After four years but within five years	1,941	2,707
Greater than five years	Greater than five years	4,305	5,956
Total undiscounted cash flows	Total undiscounted cash flows	18,908	21,186
Less: discount on cash flows	Less: discount on cash flows	(1,687)	(2,001)
Total lease liability	Total lease liability	\$ 17,221	\$ 19,185

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 87 – Premises and Equipment

		June 30,	
		2023	2022
		(In Thousands)	
		June 30,	June 30,
		2024	2023
		(In Thousands)	
Land	Land	\$11,773	\$12,192
Buildings and improvements	Buildings and improvements	45,886	48,156
Leasehold improvements	Leasehold improvements	12,029	11,336
Furnishings and equipment	Furnishings and equipment	29,720	29,431
Construction in progress	Construction in progress	71	426
		99,479	101,541
		98,993	
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	51,170	48,260
Total premises and equipment	Total premises and equipment	\$48,309	\$53,281

Depreciation expense on premises and equipment for the fiscal years ended **June 30, 2023** **June 30, 2024**, **2023** and **2022** totaled **\$4.7 million**, **\$5.7 million** and **2021** totaled **\$5.7 million**, **\$6.0 million** and **\$5.9 million**, respectively.

Note 98 – Goodwill and Other Intangible Assets

	Goodwill		Core Deposit Intangibles	
	(In Thousands)		(In Thousands)	
Balance at June 30, 2020	\$	210,895	\$	3,995
Acquisition of MSB Financial Corp.		—		690
Amortization		—		(980)
Balance at June 30, 2021		210,895		3,705
Amortization		—		(685)
Balance at June 30, 2022		210,895		3,020
Amortization		—		(563)
Balance at June 30, 2023	\$	210,895	\$	2,457

The Company performed the annual quantitative goodwill impairment analyses in the fourth quarter of its fiscal year ended June 30, 2024. Based on the results of the impairment analyses, the Company concluded that the carrying value of its single reporting unit exceeded its respective fair value, resulting in the recognition of a non-cash, pre-tax goodwill impairment of \$97.4 million for the fiscal year ended June 30, 2024. The fair value of the single reporting unit was estimated using the income approach and a market-based approaches, weighted 50% and 50%, respectively. The goodwill impairment was primarily due to the continued impact of higher interest rates and discount rates on the Company's reporting unit, and a sustained decline in the banking industry share prices, including the Company's. Based on the quantitative assessment performed, the Company concluded that the fair value of its single reporting unit was below its respective carrying amount as of the date on which the quantitative impairment test was conducted. The goodwill impairment has no impact on the Company's liquidity, regulatory capital ratios.

	Goodwill		Core Deposit Intangibles	
	(In Thousands)		(In Thousands)	

Balance at June 30, 2021	\$	210,895	\$	3,705
Amortization		—		(685)
Balance at June 30, 2022		210,895		3,020
Amortization		—		(563)
Balance at June 30, 2023		210,895		2,457
Amortization		—		(526)
Impairment		(97,370)		—
Balance at June 30, 2024	\$	113,525	\$	1,931

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 8 – Goodwill and Other Intangible Assets (continued)

As of June 30, 2023, there was no accumulated goodwill impairment. At June 30, 2024, accumulated goodwill impairment was \$97.4 million.

Scheduled amortization of core deposit intangibles for each of the next five years and thereafter is as follows:

Year Ending June 30,	Year Ending June 30,	Core Deposit Intangible Amortization	Year Ending June 30,	Core Deposit Intangible Amortization
(In Thousands)				
2024	\$	526		
(In Thousands)				(In Thousands)
2025	2025	495		
2026	2026	467		
2027	2027	441		
2028	2028	353		
2029				
Thereafter	Thereafter	175		

Note 9 – Deposits

Deposits at June 30, 2024 and 2023 are summarized as follows:

	June 30,			
	2024		2023	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
(Dollars in Thousands)				
Non-interest-bearing demand	\$ 598,366	0.00 %	\$ 609,999	0.00 %
Interest-bearing demand	2,308,915	3.06	2,252,912	2.43
Savings	643,481	0.80	748,721	0.48
Certificates of deposits	1,607,361	4.39	2,017,551	3.02
Total deposits	\$ 5,158,123	2.84 %	\$ 5,629,183	2.12 %

Brokered deposits at June 30, 2024 and 2023 are summarized as follows:

	June 30,			
	2024		2023	
	Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
(Dollars in Thousands)				

Certificates of deposits	\$	408,234	5.30 %	\$	635,314	4.28 %
Total brokered deposits	\$	408,234	5.30 %	\$	635,314	4.28 %

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 109 – Deposits (continued)

Deposits at June 30, 2023 and 2022 are summarized as follows:

	June 30,			
	2023		2022	
	Balance	Weighted Average	Balance	Weighted Average
		Interest Rate		Interest Rate
	(Dollars in Thousands)			
Non-interest-bearing demand	\$ 609,999	0.00 %	\$ 653,899	0.00 %
Interest-bearing demand	2,252,912	2.43	2,265,597	0.56
Savings	748,721	0.48	1,053,198	0.17
Certificates of deposits	2,017,551	3.02	1,889,562	0.80
Total deposits	\$ 5,629,183	2.12 %	\$ 5,862,256	0.50 %

Brokered deposits at June 30, 2023 and 2022 are summarized as follows:

	June 30,			
	2023		2022	
	Balance	Weighted Average	Balance	Weighted Average
		Interest Rate		Interest Rate
(Dollars in Thousands)				
Certificates of deposits	\$ 635,314	4.28 %	\$ 761,862	1.14 %
Total brokered deposits	\$ 635,314	4.28 %	\$ 761,862	1.14 %

A summary of certificates of deposit by maturity at June 30, 2023 June 30, 2024 follows:

	June 30,	
	2023	2024
	(In Thousands)	
One year or less	\$ 1,896,132	1,487,483
After one year to two years	71,317	94,013
After two years to three years	23,155	12,349
After three years to four years	13,775	5,672
After four years to five years	7,590	2,454
After five years	5,582	5,390
Total certificates of deposit	\$ 2,017,551	1,607,361

Certificates of deposit with balances of \$250,000 or more at June 30, 2023 June 30, 2024 and 2022, 2023, totaled approximately \$883.7 million \$633.0 million and \$897.4 million \$883.7 million, respectively. The Bank's deposits are insurable to applicable limits by the FDIC.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 11.10 – Borrowings

Borrowings at June 30, 2023 June 30, 2024 and 2022 2023 consisted of the following:

		June 30, 2023	June 30, 2022
		(In Thousands)	
	June 30, 2024	June 30, 2024	June 30, 2023
		(In Thousands)	
FHLB advances	FHLB advances	\$ 1,281,812	\$ 651,337
Federal Reserve Bank Term Funding Program ("BTFP")			
Total fixed-rate advances			
Overnight borrowings ⁽¹⁾	Overnight borrowings ⁽¹⁾	225,000	250,000
Total borrowings	Total borrowings	\$ 1,506,812	\$ 901,337

- (1) At June 30, 2024, represented \$175.0 million of FHLB overnight line of credit borrowings. At June 30, 2023, represented \$125.0 million of FHLB overnight line of credit borrowings and \$100.0 million of unsecured overnight borrowings from other financial institutions. At June 30, 2022, represented FHLB overnight line of credit borrowings.

Fixed-rate advances from FHLB of New York and BTFP borrowings mature as follows:

		June 30, 2023		June 30, 2022	
		Weighted Average Interest Rate	Balance	Weighted Average Interest Rate	Balance
		(Dollars in Thousands)		(Dollars in Thousands)	
	June 30, 2024	Balance	June 30, 2024	Balance	June 30, 2024
		Balance	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate
		(Dollars in Thousands)		(Dollars in Thousands)	
By remaining period to maturity:	By remaining period to maturity:				
Less than one year	Less than one year				
Less than one year	Less than one year				
Less than one year	Less than one year	\$ 972,500	5.36 %	\$ 520,000	2.04 %
One to two years	One to two years	103,500	2.68	22,500	2.63
Two to three years	Two to three years	6,500	2.82	103,500	2.68
Three to four years	Three to four years	—	—	6,500	2.82
Four to five years	Four to five years	200,000	3.98	—	—
Greater than five years	Greater than five years	—	—	—	—

Total advances	Total advances	1,282,500	4.92 %	652,500	2.17 %	Total advances	1,535,000	5.07	5.07 %	1,282,500	4.92	4.92 %
Unamortized fair value adjustments	Unamortized fair value adjustments	(688)		(1,163)								
Total advances, net of fair value adjustments	Total advances, net of fair value adjustments	\$1,281,812		\$651,337								
Total advances, net of fair value adjustments												
Total advances, net of fair value adjustments												

At June 30, 2023 June 30, 2024, FHLB advances and overnight line of credit borrowings were collateralized by the FHLB capital stock owned by the Bank and mortgage loans with carrying values totaling approximately \$4.60 billion \$4.38 billion. At June 30, 2022 June 30, 2023, FHLB advances and

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 10 – Borrowings (continued)

overnight line of credit borrowings were collateralized by the FHLB capital stock owned by the Bank and mortgage loans and securities with carrying values totaling approximately \$3.58 billion \$4.60 billion. Based on this collateral and \$178.0 million the Company's holding of FHLB stock, the Company maintained available borrowing capacity of \$1.82 billion at June 30, 2024.

At June 30, 2024, respectively, BTFP borrowings were secured by agency mortgage-backed securities with a par value of \$113.5 million. At June 30, 2023, the Company had no BTFP borrowings. The BTFP allows depository institutions to borrow up to the par value of eligible securities pledged at the Federal Reserve Bank.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 12 11 – Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The Company uses various financial instruments, including derivatives, to manage its exposure to interest rate risk. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to specific wholesale funding positions and assets.

Fair Values of Derivative Instruments on the Statement of Financial Condition

The tables below present the fair value of the Company's derivative financial instruments as well as their classification on the Statement of Financial Condition as of June 30, 2023 June 30, 2024 and 2022: 2023:

June 30, 2023 2024					
Asset Derivatives			Liability Derivatives		
Location	Fair Value		Location	Fair Value	
(In Thousands)					
Derivatives designated as hedging instruments:					
Interest rate contracts	Other assets	\$ 71,624 54,362	Other liabilities	\$	—
Total		\$ 71,624 54,362		\$	—

June 30, 2022 2023

		Asset Derivatives		Liability Derivatives	
		Location	Fair Value	Location	Fair Value
(In Thousands)					
Derivatives designated as hedging instruments:					
Interest rate contracts	Other assets	\$	41,223 71,624	Other liabilities	\$ —
Total		\$	41,223 71,624	\$	—

Cash Flow Hedges of Interest Rate Risk

The Company uses derivatives to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company has entered into interest rate swaps, interest rate caps and an interest rate floor as part of its interest rate risk management strategy. These interest rate products are designated as cash flow hedges. As of June 30, 2023 June 30, 2024, the Company had a total of 13 12 interest rate swaps and caps with a total notional amount of \$1.45 billion \$1.43 billion hedging specific wholesale funding positions and one six interest rate floor with a notional amount of \$100.0 million \$600.0 million hedging floating-rate available for sale securities.

For derivatives designated as cash flow hedges, the gain or loss on the derivatives is recorded in other comprehensive income (loss), net of tax, and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings.

For cash flow hedges on the Company's wholesale funding positions, amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense as interest payments are made on the Company's hedged variable rate wholesale funding positions. During the year ended June 30, 2023 June 30, 2024, the Company reclassified \$20.4 million \$37.2 million as

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 11 – Derivative Instruments and Hedging Activities (continued)

a reduction in interest expense. During the next 12 months, the Company estimates that \$33.8 million \$28.2 million will be reclassified as a reduction in interest expense.

For cash flow hedges on the Company's assets, amounts reported in accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest income as interest payments are received on the Company's hedged variable rate assets. During the year ended June 30, 2023 June 30, 2024, the Company did not reclassify any amount to reclassified \$248,000 as a reduction in interest income. During the next twelve months, the Company estimates that \$200,000 \$725,000 will be reclassified as a reduction in interest income.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 12 – Derivative Instruments and Hedging Activities (continued)

The table below presents the pre-tax effects of the Company's derivative instruments designated as cash flow hedges on the Consolidated Statements of Income for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021; 2022;

		Year Ended June 30,		
		2023	2022	2021
		(In Thousands)		
		Year Ended June 30,		
		2024	2023	2022
		(In Thousands)		
Amount of gain recognized in other comprehensive income	Amount of gain recognized in other comprehensive income	\$ 39,002	\$ 35,844	\$ 10,825

Amount of gain	Amount of gain			
(loss)	(loss)			
reclassified	reclassified			
from	from			
accumulated	accumulated			
other	other			
comprehensive	comprehensive			
income to	income to			
interest	interest			
expense	expense	20,393	(4,273)	(8,281)
Amount of loss				
reclassified				
from				
accumulated				
other				
comprehensive				
income to				
interest income				

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Such derivatives are used to hedge the changes in fair value of certain of its pools of fixed rate assets. As of **June 30, 2023** **June 30, 2024**, the Company had five interest rate swaps with a notional amount of **\$675.0 million** **\$725.0 million** hedging fixed-rate residential mortgage loans.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivatives as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The table below presents the effects of the Company's derivative instruments designated as fair value hedges on the Consolidated Statements of Income for the **year ended June 30, 2023**. There were no fair value hedges for the years ended **June 30, 2022** **June 30, 2024** and **2021**; **2023**:

	Year Ended June 30,
	2023
	(In Thousands)
Loss on hedged items recorded in interest income on loans	\$ (11,437)
Gain on hedges recorded in interest income on loans	14,563

	Year Ended June 30,	
	2024	2023
	(In Thousands)	
Gain (loss) on hedged items recorded in interest income on loans	\$ 2,117	\$ (11,437)
Gain on hedges recorded in interest income on loans	\$ 8,684	\$ 14,563

As of **June 30, 2023** **June 30, 2024** and **2023**, the following amounts were recorded on the Statement of Financial Condition related to cumulative basis adjustment for fair value hedges. There were no fair value hedges at **June 30, 2022**; **hedges**:

	June 30, 2023
Loans receivable:	
Carrying amount of the hedged assets	\$ 663,563
Fair value hedging adjustment included in the carrying amount of the hedged assets	(11,437)

	June 30, 2024	June 30, 2023
	(In Thousands)	
Loans receivable:		
Carrying amount of the hedged assets	\$ 715,680	\$ 663,563
Fair value hedging adjustment included in the carrying amount of the hedged assets	\$ (9,320)	\$ (11,437)

- (1) This amount includes the amortized cost basis of the closed portfolios of loans receivable used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolios anticipated to be outstanding for the designated hedge period. At June 30, 2024 and June 30, 2023, the amortized cost basis of the closed portfolios used in these hedging relationships was \$1.10 billion, \$1.29 billion and \$1.10 billion, respectively.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 12.11 – Derivative Instruments and Hedging Activities (continued)

Offsetting Derivatives

The tables below present a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives in the Consolidated Statement of Financial Condition as of June 30, 2023, June 30, 2024 and 2022, 2023, respectively. The net amounts presented for derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the Consolidated Statement of Financial Condition.

June 30, 2023										
Gross Amounts Not Offset										
Cash Collateral										
Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Received (Posted)	Net Amount					
(In Thousands)										
June 30, 2024						June 30, 2024				
Gross Amounts Not Offset										
Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Received (Posted)	Net Amount					
Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Received (Posted)	Net Amount					
Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Received (Posted)	Net Amount					
(In Thousands)						Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Cash Collateral Received (Posted)	Net Amount
(In Thousands)						(In Thousands)				
Assets:	Assets:									
Interest rate contracts	Interest rate contracts									
Interest rate contracts	Interest rate contracts									
Interest rate contracts	Interest rate contracts	\$ 72,418	\$ (794)	\$ 71,624	\$ —	\$ —	\$ —	\$ —	\$ 71,624	
Total	Total	\$ 72,418	\$ (794)	\$ 71,624	\$ —	\$ —	\$ —	\$ —	\$ 71,624	
Liabilities:	Liabilities:									
Liabilities:	Liabilities:									
Liabilities:	Liabilities:									
Interest rate contracts	Interest rate contracts									
Interest rate contracts	Interest rate contracts									
Interest rate contracts	Interest rate contracts	\$ 794	\$ (794)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Total	Total	\$ 794	\$ (794)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
June 30, 2022										

Note 13.12 – Benefit Plans

Components of Net Periodic Expense

The following table sets forth the aggregate net periodic benefit expense for the Bank's Benefit Equalization Plan, Postretirement Welfare Plan, Directors' Consultation and Retirement Plan, Atlas Bank Retirement Income Plan and Supplemental Executive Retirement Plan:

					Affected Line						
Year Ended June 30,					Item in the						
					Consolidated						
2023 2022 2021					Statements						
					of Income						
(In Thousands)											
Year Ended June 30,					Year Ended June 30,	Affected Line Item in					
2024						the Consolidated					
(In Thousands)						Statements of Income					
(In Thousands)											
(In Thousands)											
Service cost											
Service cost											
				Salaries and							
Service cost	Service cost	\$281	\$547	\$106	benefits	\$ 77	\$ 281	\$ 547	Salaries and	Salaries and	
									employee	employee	
Interest cost	Interest cost	369	279	262	Other	Interest cost	369	369	279	Other	
(Accretion)	(Accretion)				expense					expense	
amortization	amortization										
of	of										
unrecognized	unrecognized				Other	(Accretion) amortization of				Other	
(gain) loss	(gain) loss	(24)	80	83	expense	unrecognized (gain) loss	(58)	(24)	(24)	80	expense
Expected	Expected				Other						
return on	return on	(99)	(110)	(113)	expense	Expected return on assets	(92)	(99)	(99)	(110)	Other
assets	assets										expense
Net	Net										
periodic	periodic										
benefit	benefit										
cost	cost	\$527	\$796	\$338							

(In Thousands)		(In Thousands)	
Shares purchased by ESOP	Shares purchased by ESOP	6,022	6,022
Less: Shares allocated	Less: Shares allocated	3,564	3,363
Less: Shares committed to be released	Less: Shares committed to be released	100	100
Remaining unearned ESOP shares	Remaining unearned ESOP shares	2,358	2,559
Fair value of unearned ESOP shares	Fair value of unearned ESOP shares	\$16,624	\$28,430
Fair value of unearned ESOP shares			
Fair value of unearned ESOP shares			

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 12 – Benefit Plans (continued)

Employee Stock Ownership Plan Benefit Equalization Plan (“ESOP BEP”)

The Bank has a non-qualified plan to compensate its executive officers who participate in the Bank’s ESOP for certain benefits lost under such plan by reason of benefit limitations imposed by the Internal Revenue Code (“IRC”). The ESOP BEP expense was approximately \$12,000, \$17,000 \$40,000 and \$37,000 \$40,000 for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively. The liability totaled approximately \$13,000 and \$16,000 at June 30, 2024 and \$20,000 at June 30, 2023 and 2022, 2023, respectively.

Employees’ Savings and Profit Sharing Plan

The Bank sponsors the Employees’ Savings and Profit Sharing Plan and Trust (the “Plan”), pursuant to Section 401(k) of the Internal Revenue Code, for all eligible employees. Employees may elect to contribute up to 75% of their compensation subject to the limitations imposed by the Internal Revenue Code. The Bank will contribute a matching contribution up to 3.5% of an eligible employee’s salary deferral contribution, provided the eligible employee has contributed 6%. The Plan expense amounted to approximately \$1.4 million, \$1.4 million and \$1.3 million for the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively.

Multi-Employer Retirement Plan

The Bank participates in the Pentegra Defined Benefit Plan for Financial Institutions (“The Pentegra DB Plan”), a tax-qualified defined-benefit pension plan. The Pentegra DB Plan’s Employer Identification Number is 13-5645888 and the Plan Number is 001. The Pentegra DB Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under the Employee Retirement Income Security Act of 1974 and the IRC. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan.

The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the Pentegra DB Plan contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

The Pentegra DB Plan is non-contributory and covers all eligible employees. In April 2007, the Board of Directors of the Bank approved, effective July 1, 2007, freezing all future benefit accruals under the Pentegra DB Plan.

Funded status (market value of plan assets divided by funding target) of the Pentegra DB Plan based on valuation reports as of July 1, 2022 July 1, 2023 and 2021 2022 was 103.17% 98.87% and 113.78% 103.17%, respectively. Total contributions, made to the Pentegra DB Plan, which include contributions from all participating employers and not just the Company, as reported on Form 5500, were \$142.4 million \$151.8 million and \$248.6 million \$142.4 million for the plan years ended June 30, 2022 June 30, 2023 and 2021, 2022, respectively. The Bank’s contributions to the Pentegra DB Plan were not more than 5% of the total contributions to the Pentegra DB Plan. During the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, the total expense recorded for the Pentegra DB Plan was approximately \$172,000, \$180,000 \$372,000 and \$329,000, \$372,000, respectively.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13.12 – Benefit Plans (continued)

Atlas Bank Retirement Income Plan (“ABRIP”)

Through the merger with Atlas Bank, the Company acquired a non-contributory defined benefit pension plan covering all eligible employees of Atlas Bank. Effective January 31, 2013, the ABRIP was frozen by Atlas Bank. All benefits for eligible participants accrued in the ABRIP to the freeze date have been retained. The benefits are based on years of service and employee’s compensation. The ABRIP is funded in conformity with funding requirements of applicable government regulations.

The following tables set forth the ABRIP’s funded status and net periodic benefit cost:

		June 30,	
		2023	2022
		(In Thousands)	
		June 30,	
		2024	2023
		(In Thousands)	
Change in benefit obligation:	Change in benefit obligation:		
Projected benefit obligation - beginning			
Projected benefit obligation - beginning			
Projected benefit obligation - beginning	Projected benefit obligation - beginning	\$ 1,816	\$ 2,149
Interest cost	Interest cost	78	62
Actuarial gain	Actuarial gain	(46)	(247)
Benefit payments	Benefit payments	(148)	(148)
Projected benefit obligation - ending	Projected benefit obligation - ending	\$ 1,700	\$ 1,816
Change in plan assets:	Change in plan assets:		
Change in plan assets:			
Fair value of assets - beginning			
Fair value of assets - beginning			
Fair value of assets - beginning	Fair value of assets - beginning	\$ 2,907	\$ 3,220
Actual return on assets	Actual return on assets	(42)	(165)
Benefit payments	Benefit payments	(148)	(148)
Fair value of assets - ending	Fair value of assets - ending	\$ 2,717	\$ 2,907

Total expense (benefit)	Total expense (benefit)	\$ 7	\$ (27)	\$ (30)
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[illegible]**Note 13.12 – Benefit Plans (continued)**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

At **June 30, 2023**, **June 30, 2024** and **2022, 2023**, unrecognized net loss of **\$475,000**, **\$528,000** and **\$475,000**, respectively, was included in accumulated other comprehensive income (loss).

The overall investment objective of the ABRIP is to ensure safety of principal and seek an attractive rate of return. The GDF utilizes a full spectrum of fixed income asset classes to provide the opportunity to maximize portfolio returns and diversification.

June 30, 2023

	Quoted Prices				Total			
	in Active		Significant					
	Markets for		Other					
	Identical	Observable	Significant					
	Assets	Inputs	Unobservable					
	(Level 1)	(Level 2)	(Level 3)					
	(In Thousands)							
Prudential Guaranteed Deposit Fund	\$	—	\$	2,717	\$	—	\$	2,717

		June 30, 2024						
	Quoted Prices		Significant		Total			
	in Active		Other					
	Markets for		Observable					
	Identical		Unobservable					
	Assets		Inputs					
	(Level 1)	(Level 2)	(Level 3)					
(In Thousands)								
Prudential Guaranteed Deposit Fund	\$	—	\$	2,649	\$	—	\$	2,649

		June 30, 2022					
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
		(In Thousands)					
Prudential Guaranteed Deposit Fund	\$	—	\$	2,907	\$	—	\$ 2,907

	June 30, 2023							
	Quoted Prices							
	in Active	Significant						
	Markets for	Other	Significant					
	Identical	Observable	Unobservable					
	Assets	Inputs	Inputs					
(Level 1)	(Level 2)	(Level 3)	Total					
(In Thousands)								
Prudential Guaranteed Deposit Fund	\$	—	\$	2,717	\$	—	\$	2,717

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 12 – Benefit Plans (continued)

Benefit Equalization Plan (“BEP”)

The Bank has an unfunded non-qualified plan to compensate executive officers of the Bank who participate in the Bank’s qualified defined benefit plan for certain benefits lost under such plans by reason of benefit limitations imposed by Sections 415 and 401 of the IRC. There were approximately \$246,000, \$244,000 \$241,000 and \$239,000 \$241,000 in contributions made to and benefits paid under the BEP during each of the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, respectively.

The following tables set forth the BEP’s funded status and components of net periodic benefit cost:

	June 30,	
	2023	2022
(In Thousands)		

	June 30,		June 30,	
	2024		2023	
	(In Thousands)		(In Thousands)	
Change in benefit obligation:	Change in benefit obligation:			
Projected benefit obligation - beginning	Projected benefit obligation - beginning			
Projected benefit obligation - beginning	Projected benefit obligation - beginning			
Projected benefit obligation - beginning	Projected benefit obligation - beginning	\$ 2,592	\$ 2,999	
Interest cost	Interest cost	111	86	
Actuarial gain	Actuarial gain	(34)	(252)	
Benefit payments	Benefit payments	(244)	(241)	
Projected benefit obligation - ending	Projected benefit obligation - ending	\$ 2,425	\$ 2,592	
Change in plan assets:	Change in plan assets:			
Change in plan assets:	Change in plan assets:			
Fair value of assets - beginning	Fair value of assets - beginning			
Fair value of assets - beginning	Fair value of assets - beginning			
Fair value of assets - beginning	Fair value of assets - beginning	\$ —	\$ —	
Contributions	Contributions	244	241	
Benefit payments	Benefit payments	(244)	(241)	
Fair value of assets - ending	Fair value of assets - ending	\$ —	\$ —	
Reconciliation of funded status:	Reconciliation of funded status:			
Reconciliation of funded status:	Reconciliation of funded status:			
Accumulated benefit obligation	Accumulated benefit obligation			
Accumulated benefit obligation	Accumulated benefit obligation			
Accumulated benefit obligation	Accumulated benefit obligation	\$(2,425)	\$(2,592)	
Projected benefit obligation	Projected benefit obligation			
Projected benefit obligation	Projected benefit obligation			
Projected benefit obligation	Projected benefit obligation	\$(2,425)	\$(2,592)	
Fair value of assets	Fair value of assets	—	—	

It is estimated that contributions of approximately \$241,000 \$243,000 will be made during the year ending June 30, 2024 June 30, 2025.

Note 1312 – Benefit Plans (continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

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Benefit Payments		Benefit Payments	
(In Thousands)		(In Thousands)	
Years ending June 30:	Years ending June 30:		
2024	\$ 241		
2025			
2025			
2025	2025	237	
2026	2026	232	
2027	2027	227	
2028	2028	221	
2029-2033		999	
2029			
2030-2034			

In April 2007, the Board of Directors of the Bank approved, effective July 1, 2007, freezing all future benefit accruals under the BEP related to the Bank's defined benefit pension plan.

At June 30, 2023 June 30, 2024 and 2022, 2023, unrecognized net loss of \$626,000 \$544,000 and \$707,000, \$626,000, respectively, was included in accumulated other comprehensive income (loss).

Postretirement Welfare Plan

The Bank has an unfunded postretirement group term life insurance plan covering all eligible employees. The benefits are based on age and years of service. During the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, contributions and benefits paid totaled \$13,000, \$12,000 \$13,000 and \$12,000, respectively.

The following tables set forth the accrued accumulated postretirement benefit obligation and the net periodic benefit cost:

		June 30,	
		2023	2022
		(In Thousands)	
		June 30,	
		2024	2023
		(In Thousands)	
Change in benefit obligation:	Change in benefit obligation:		
Projected benefit obligation - beginning	Projected benefit obligation - beginning		
Projected benefit obligation - beginning	Projected benefit obligation - beginning	\$ 1,085	\$ 1,108
Service cost	Service cost	95	116
Interest cost	Interest cost	48	33
Actuarial gain	Actuarial gain	(214)	(160)
Premiums/claims paid	Premiums/claims paid	(13)	(12)
Plan amendments	Plan amendments	35	—
Projected benefit obligation - ending	Projected benefit obligation - ending	\$ 1,036	\$ 1,085
Change in plan assets:	Change in plan assets:		
Change in plan assets:	Change in plan assets:		

Change in plan assets:									
Fair value of assets - beginning									
Fair value of assets - beginning									
Fair value of assets - beginning	Fair value of assets - beginning	\$	—	\$	—				
Contributions	Contributions		13		12				
Premiums/claims paid	Premiums/claims paid		(13)		(12)				
Fair value of assets - ending	Fair value of assets - ending	\$	—	\$	—				
Reconciliation of funded status:									
Reconciliation of funded status:									
Reconciliation of funded status:									
Projected benefit obligation									
Projected benefit obligation									
Projected benefit obligation	Projected benefit obligation		\$(1,036)		\$(1,085)				
Fair value of assets	Fair value of assets		—		—				
Funded status included in other liabilities	Funded status included in other liabilities		\$(1,036)		\$(1,085)				
Valuation assumptions									
Valuation assumptions									
Discount rate									
Discount rate									
Discount rate	Discount rate		5.00 %		4.50 %		5.50 %		5.00 %
Salary increase rate	Salary increase rate		3.25 %		3.25 %		Salary increase rate		3.25 %

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 12 – Benefit Plans (continued)

		Years Ended June 30,						
		2023	2022	2021				
		(In Thousands)						
		Years Ended June 30,			Years Ended June 30,			
		2024			2024	2023	2022	
		(In Thousands)			(In Thousands)			
Net periodic benefit cost:	Net periodic benefit cost:							
Service cost	Service cost							
Service cost	Service cost							
Service cost	Service cost	\$ 95	\$116	\$106				
Interest cost	Interest cost	48	33	27				
Amortization of net actuarial gain	Amortization of net actuarial gain	(28)	(12)	(14)				

Total expense	Total expense	\$115	\$137	\$119
Valuation assumptions	Valuation assumptions			
Valuation assumptions				
Valuation assumptions				
Discount rate				
Discount rate				
Discount rate	Discount rate	4.50 %	3.00 %	2.75 %
				5.00 %
				4.50 %
				3.00 %
Salary increase rate	Salary increase rate	3.25 %	3.25 %	3.25 %
	Salary increase rate			3.25 %
				3.25 %
				3.25 %

It is estimated that contributions of approximately \$54,000 \$59,000 will be made during the year ending June 30, 2024 June 30, 2025.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Benefit Payments		(In Thousands)	
Benefit Payments		Benefit Payments	
(In Thousands)		(In Thousands)	
Years ending June 30:	Years ending June 30:		
2024	\$	54	
2025			
2025			
2025	2025	62	
2026	2026	74	
2027	2027	82	
2028	2028	99	
2029-2033		580	
2029			
2030-			
2034			

At June 30, 2023 June 30, 2024 and 2022, 2023, unrecognized net gain of \$529,000 \$576,000 and \$377,000, \$529,000, respectively, were included in accumulated other comprehensive income (loss).

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 13 12 – Benefit Plans (continued)

Directors' Consultation and Retirement Plan ("DCRP")

The Bank has an unfunded retirement plan for non-employee directors. The benefits are payable based on term of service as a director. In December 2015, the Board of Directors of the Bank approved freezing all future benefit accruals under the DCRP effective December 31, 2015.

During the years ended June 30, 2023 June 30, 2024, 2022 2023 and 2021, 2022, contributions and benefits paid totaled \$49,000, \$49,000 and \$69,000, \$49,000, respectively.

The following table sets forth the DCRP's funded status and components of net periodic cost:

June 30,	
2023	2022

(In Thousands)			
June 30,		June 30,	
2024		2024	2023
(In Thousands)		(In Thousands)	
Change in benefit obligation:	Change in benefit obligation:		
Projected benefit obligation - beginning			
Projected benefit obligation - beginning			
Projected benefit obligation - beginning	Projected benefit obligation - beginning	\$ 2,646	\$ 3,116
Interest cost	Interest cost	117	92
Actuarial gain	Actuarial gain	(194)	(513)
Benefit payments	Benefit payments	(49)	(49)
Projected benefit obligation - ending	Projected benefit obligation - ending	\$ 2,520	\$ 2,646
Change in plan assets:	Change in plan assets:		
Change in plan assets:			
Change in plan assets:			
Fair value of assets - beginning			
Fair value of assets - beginning			
Fair value of assets - beginning	Fair value of assets - beginning	\$ —	\$ —
Contributions	Contributions	49	49
Benefit payments	Benefit payments	(49)	(49)
Fair value of assets - ending	Fair value of assets - ending	\$ —	\$ —
Reconciliation of funded status:	Reconciliation of funded status:		
Reconciliation of funded status:			
Reconciliation of funded status:			
Accumulated benefit obligation			
Accumulated benefit obligation			
Accumulated benefit obligation	Accumulated benefit obligation	\$(2,520)	\$(2,646)
Projected benefit obligation			
Projected benefit obligation			
Projected benefit obligation	Projected benefit obligation	\$(2,520)	\$(2,646)
Fair value of assets	Fair value of assets	—	—

Funded status included in other liabilities	Funded status included in other liabilities	\$ (2,520)	\$ (2,646)
Valuation assumptions	Valuation assumptions		
Valuation assumptions			
Discount rate			
Discount rate			
Discount rate	Discount rate	5.00 %	4.50 %
Sales increase rate	Sales increase rate	N/A	N/A
Salary increase rate	Salary increase rate	N/A	N/A

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

It is estimated that contributions of approximately \$72,000 \$101,000 will be made during the year ending June 30, 2024 June 30, 2025.

**Benefit
Payments**

**(In
Thousands)**

Reconciliation of funded status:					
Reconciliation of funded status:					
Projected benefit obligation					
Projected benefit obligation					
Projected benefit obligation	Projected benefit obligation	\$(633)	\$(437)		
Fair value of assets	Fair value of assets	—	—		
Funded status included in other liabilities	Funded status included in other liabilities	\$(633)	\$(437)		
Valuation assumptions					
Valuation assumptions					
Discount rate					
Discount rate					
Discount rate	Discount rate	3.00 %	3.00 %	— %	3.00 %
Salary increase rate					
Salary increase rate	Salary increase rate	N/A	4.00 %	N/A	N/A

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 12 – Benefit Plans (continued)

		Year Ended June 30,	
		2023	2022
		(In Thousands)	
		Year Ended June 30,	
		Year Ended June 30,	
		Year Ended June 30,	
		2024	
		(In Thousands)	
		(In Thousands)	
		(In Thousands)	
Net periodic benefit cost:	Net periodic benefit cost:		
Service cost	Service cost	\$ 185	\$ 431
Service cost			
Service cost			
Interest cost	Interest cost	11	6
Interest cost			
Interest cost			
Total expense	Total expense		
Total expense	Total expense		
Total expense	Total expense	\$ 196	\$ 437
Valuation assumptions			
Valuation assumptions			

Valuation assumptions					
Discount rate					
Discount rate					
Discount rate	Discount rate	3.00	%	3.00	%
Salary increase rate	Salary increase rate	4.00	%	4.00	%
Salary increase rate					
Salary increase rate					

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

		Benefit Payments
		(In Thousands)
Years ending June 30:		
2024	2025	\$ —
2025		—
2026		—
2027		—
2028		—
2029-2033	2029	—
2030-2034		633

Note 14.13 – Stock Based Compensation

Kearny Financial Corp. 2021 Equity Incentive Plan (“2021 Plan”)

At the Company's 2021 Annual Meeting of Stockholders held on October 28, 2021, the stockholders approved the 2021 Plan which provides for the grant of stock options, restricted stock and restricted stock units (“RSUs”). The 2021 Plan authorized the issuance of up to 7,500,000 shares (the “Share Limit”); provided, however that the Share Limit is reduced, on a one-for-one-basis, for each share of common stock subject to a stock option grant, and on a three-for-one basis for each share of common stock issued pursuant to restricted stock awards or RSUs.

During the years ended June 30, 2023, June 30, 2024 and 2022, 2023, the Company granted 349,257 RSUs (comprised of 255,062 service-based RSUs and 94,195 performance-based RSUs) and 323,218 RSUs (comprised of 238,121 service-based RSUs and 85,097 performance-based RSUs) and 251,905 RSUs (comprised of 181,588 service-based RSUs and 70,317 performance-based RSUs), respectively. The service-based RSUs generally vest in three tranches over a period of 3.0 years and the performance-based RSUs will cliff vest upon the achievement of performance measures over a three-year period. The total number of performance-based RSUs that will vest, if any, will depend on whether and to what extent the performance measures are achieved. Common stock will be issued from authorized shares upon the vesting of the RSUs. At June 30, 2023, June 30, 2024, there were 5,825,421 4,851,915 shares remaining available for future grants of stock options, restricted stock or RSUs under the 2021 Plan, subject to the limitations noted above.

Kearny Financial Corp. 2016 Equity Incentive Plan (“2016 Plan”)

No grants were made under the 2016 Plan during the years ended June 30, 2023, June 30, 2024 and 2022, 2023. As of October 28, 2021, the 2016 Plan was frozen and the Company no longer makes grants under the 2016 Plan.

Stock options granted under the 2016 Plan vest in equal installments over a five-year service period. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on the closing market price and have an expiration period of 10 years. No stock options were granted during the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022.

There were no restricted stock awards granted during the years ended June 30, 2024, 2023 and 2022.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 14.13 – Stock Based Compensation (continued)

There were no restricted stock awards granted during the years ended June 30, 2023 and 2022. There were 53,706 restricted stock awards granted during the year ended June 30, 2021.

2021 Plan and 2016 Plan

The following table presents stock-based compensation expense for the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022:

Years Ended June 30,				
2023	2022	2021		
Years Ended June 30,				Years Ended June 30,

	2024	2024	2023	2022
	(In Thousands)			(In Thousands)
Stock option expense	Stock option expense	\$ 153	\$ 849	\$1,823
Restricted stock expense	Restricted stock expense	725	2,049	3,850
Restricted stock unit expense	Restricted stock unit expense	2,058	896	—
Total stock-based compensation expense	Total stock-based compensation expense	\$2,936	\$3,794	\$5,673

During the years ended **June 30, 2023**, **June 30, 2024**, **2022**, **2023** and **2021**, **2022**, the income tax benefit attributed to our stock-based compensation expense was **\$746,000**, **\$836,000**, **\$1.0 million** and **\$1.6 million**, **\$1.0 million**, respectively.

Stock Options

The following is a summary of the Company's stock option activity and related information for its option plans for the year ended **June 30, 2023**, **June 30, 2024**:

		Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
		(In Thousands)				(In Thousands)
Outstanding at June 30, 2022		3,253	\$ 14.97	4.5 years	\$	61

Stock Options		Stock Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	
(In Thousands)		(In Thousands)					(In Thousands)
Outstanding at June 30, 2023							
Granted	Granted	—	—	—			
Exercised	Exercised	—	—	—			
Exercised							
Exercised							
Forfeited	Forfeited	(269)	14.76				
Outstanding at June 30, 2023		2,984	\$ 14.99	3.5 years	\$	—	
Forfeited							
Forfeited							
Outstanding at June 30, 2024							
Outstanding at June 30, 2024							
Outstanding at June 30, 2024							
Exercisable at June 30, 2023		2,924	\$ 15.03	3.5 years	\$	—	
Exercisable at June 30, 2024							

Exercisable at June 30, 2024

Exercisable at June 30, 2024

The Company generally issues shares from authorized but unissued shares upon the exercise of vested options.

There were no vested options exercised during the years ended June 30, 2023 and June 30, 2024, 2023 or 2022. A total of 41,412 vested options, with an aggregate intrinsic value of \$158,000, were exercised during the year ended June 30, 2021. In fulfillment of these exercises, the Company issued 41,412 shares from authorized but unissued shares. The cash proceeds from stock option exercises during the year ended June 30, 2021 totaled approximately \$373,000. A portion of such exercises represented disqualifying dispositions of incentive stock options for which the Company recognized \$47,000 in income tax benefit.

Expected future compensation expense relating to the 60,000 non-vested options outstanding as of June 30, 2023 is \$59,000 over a weighted average period of 0.5 years.

Restricted Stock

Restricted shares awarded under the 2016 Plan generally vest in equal installments over a five-year service period. In addition to the requisite service period, the vesting of certain restricted shares awarded to management are also conditioned upon the achievement of one or more objective performance factors established by the Compensation Committee of the Company's Board of Directors. In accordance with the terms of the 2016 Plan, such factors may be based on the performance of the Company as a whole or on any one or more business units of the Company or its subsidiaries. Performance factors may be measured relative to a peer group, an index or certain financial targets established in the Company's strategic business plan and budget.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 14 – Stock Based Compensation (continued)

The Company fully achieved the applicable performance targets for fiscal 2022 2023 and therefore all eligible performance-based restricted shares successfully vested during the year ended June 30, 2023 June 30, 2024.

The performance factors and underlying cost basis of the remaining unvested performance-based restricted shares are generally expected to be determined annually concurrent with the anniversary date of the original grants.

For service based awards management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period. For performance vesting awards management recognizes compensation expense for the fair

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 13 – Stock Based Compensation (continued)

value of restricted shares on a straight-line basis over the requisite service period; however, if the corporate performance goals to which the vesting of such shares are tied are not achieved, recognized compensation expense is adjusted accordingly.

The following is a summary of the Company's restricted share award activity for the year ended June 30, 2023 June 30, 2024:

	Vesting Contingent on Service Conditions		Vesting Contingent on Performance and Service Conditions	
	Restricted Shares	Fair Value	Restricted Shares	Fair Value
	(In Thousands)		(In Thousands)	
Non-vested at June 30, 2022	75	\$ 13.34	61	\$ 13.33
Vesting Contingent on Service Conditions		Vesting Contingent on Service Conditions		Vesting Contingent on Performance and Service Conditions

Restricted Shares		Restricted Shares		Restricted Shares	
(In Thousands)		(In Thousands)		(In Thousands)	
Non-vested at June 30, 2023					
Granted	Granted	—	—	—	—
Vested	Vested	(32)	13.38	(25)	13.38
Forfeited	Forfeited	—	—	—	—
Non-vested at June 30, 2023		43	\$ 13.31	36	\$ 13.30
Non-vested at June 30, 2024					

During the years ended **June 30, 2023**, **June 30, 2024**, **2022** and **2021**, the total fair value of vested restricted shares were \$767,000, **\$4.3 million**, **\$767,000** and **\$4.2 million**, respectively. Expected future compensation expense relating to the **78,826** non-vested restricted shares at **June 30, 2023** is **\$527,000** over a weighted average period of **2.9** years.

Restricted Stock Units

RSUs awarded under the 2021 Plan generally vest in equal installments over a specified service period. In addition to the requisite service period, the vesting of certain RSUs are also conditioned upon the achievement of one or more objective performance measures established by the Compensation Committee of the Company's Board of Directors. In accordance with the terms of the 2021 Plan, such measures may be based on the performance of the Company as a whole or on any one or more business units of the Company or its subsidiaries. Performance measures may be measured relative to a peer group, an index or certain financial targets established in the Company's strategic business plan and budget.

For service-based RSUs, the Company recognizes compensation expense for the fair value of RSUs on a straight-line basis over the requisite service period of each tranche. For performance-based RSUs, the Company recognizes compensation expense for the fair value of RSUs on a straight-line basis over the requisite service period; however, the compensation will be adjusted accordingly based on the achievement of the performance measures.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 14 – Stock Based Compensation (continued)

The following is a summary of the Company's RSU activity for the year ended **June 30, 2023**:

	Vesting Contingent on Service Conditions		Vesting Contingent on Performance and Service Conditions	
	Weighted Average Grant Date Fair Value	Restricted Stock Units	Weighted Average Grant Date Fair Value	Restricted Stock Units
	(In Thousands)		(In Thousands)	
Non-vested at June 30, 2022	182	\$ 13.68	70	\$ 13.68
Vesting Contingent on Service Conditions			Vesting Contingent on Service Conditions	Vesting Contingent on Performance and Service Conditions

Restricted Stock Units (In Thousands)						Restricted Stock Units			Weighted Average Grant Date Fair Value			Restricted Stock Units			Weighted Average Grant Date Fair Value		
Non-vested at June 30, 2023																	
Non-vested at June 30, 2023																	
Non-vested at June 30, 2023																	
Granted	Granted	238	11.85	85	11.85	Granted	349	8.59	8.59			—	—				—
Vested	Vested	(61)	13.68	—	—	Vested	(133)	12.63	12.63			—	—				—
Forfeited	Forfeited	(17)	12.73	—	—	Forfeited	(25)	10.35	10.35			—	—				—
Non-vested at June 30, 2023																	
		342	\$ 12.45	155	\$ 12.68												
Non-vested at June 30, 2024																	

Expected future compensation expense relating to the 497,664 689,252 non-vested RSUs at June 30, 2023 June 30, 2024 is \$3.6 million \$3.2 million over a weighted average period of 2.1 years.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES Notes to Consolidated Financial Statements

Note 15 14 – Stockholders' Equity

Regulatory Capital

Federal banking regulators impose various restrictions or requirements on the ability of savings institutions to make capital distributions, including cash dividends. A savings institution that is a subsidiary of a savings and loan holding company, such as the Bank, must file an application or a notice with federal banking regulators at least 30 days before making a capital distribution. A savings institution must file an application for prior approval of a capital distribution if: (i) it is not eligible for expedited treatment under the applications processing rules of federal banking regulators; (ii) the total amount of all capital distributions, including the proposed capital distribution, for the applicable calendar year would exceed an amount equal to the savings institution's net income for that year to date plus the institution's retained net income for the preceding two years; (iii) it would not adequately be capitalized after the capital distribution; or (iv) the distribution would violate an agreement with federal banking regulators or applicable regulations. Federal banking regulators may disapprove a notice or deny an application for a capital distribution if: (i) the savings institution would be undercapitalized following the capital distribution; (ii) the proposed capital distribution raises safety and soundness concerns; or (iii) the capital distribution would violate a prohibition contained in any statute, regulation or agreement.

During the fiscal year ended June 30, 2023, an application for quarterly capital distributions from the Bank to the Company was approved by federal banking regulators. The amount of dividends payable is based on 60 percent of quarterly net income of the Bank.

During the years ended June 30, 2023, 2022 and 2021, dividends paid by the Bank to the Company, in conjunction with quarterly capital distributions, as discussed above, totaled \$26.3 million, \$56.7 million and \$43.9 million, respectively.

The Bank and the Company are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and consolidated Company must meet specific capital guidelines that involve quantitative measures of their respective assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's and consolidated Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting, and other factors.

The minimum capital level requirements applicable to both the Bank and the consolidated Company include: (i) a common equity Tier 1 capital ratio of 4.5%; (ii) a Tier 1 capital ratio of 6%; (iii) a total capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4% for all institutions. The Bank and the consolidated Company are also required to maintain a "capital conservation buffer" of 2.5% above the regulatory minimum capital ratios which results in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1 capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. An institution will be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES Notes to Consolidated Financial Statements

Note 15 – Stockholders' Equity (continued)

At **June 30, 2023** **June 30, 2024** and **2022, 2023**, the regulatory capital ratios, of both the Company and the Bank were in excess of the levels required by federal banking regulators to be classified as "well-capitalized" under regulatory guidelines.

The following tables present information regarding the Bank's regulatory capital levels at **June 30, 2023** **June 30, 2024** and **2022, 2023**:

At June 30, 2023									
				For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions			
Actual									
Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)									
Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)	
\$695,417	13.31 %	\$417,853	8.00 %	\$522,316	10.00 %	\$688,597	14.42 %	\$382,034	8.00 %
Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)	
659,783	12.63 %	313,389	6.00 %	417,853	8.00 %	651,620	13.65 %	286,525	6.00 %
Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)	
659,783	12.63 %	235,042	4.50 %	339,505	6.50 %	651,620	13.65 %	214,894	4.50 %
Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)	
659,783	8.15 %	323,922	4.00 %	404,902	5.00 %	651,620	8.44 %	308,656	4.00 %
At June 30, 2024									
				For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions			
Actual									
Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)									
Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)	
\$695,417	13.31 %	\$417,853	8.00 %	\$522,316	10.00 %	\$688,597	14.42 %	\$382,034	8.00 %
Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)	
659,783	12.63 %	313,389	6.00 %	417,853	8.00 %	651,620	13.65 %	286,525	6.00 %
Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)	
659,783	12.63 %	235,042	4.50 %	339,505	6.50 %	651,620	13.65 %	214,894	4.50 %
Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)	
659,783	8.15 %	323,922	4.00 %	404,902	5.00 %	651,620	8.44 %	308,656	4.00 %
At June 30, 2022									
				For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions			
Actual									
Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)									
Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)		Total capital (to risk-weighted assets)	
\$672,274	13.10 %	\$410,429	8.00 %	\$513,036	10.00 %	\$410,429	8.00 %	\$307,822	6.00 %
Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)		Tier 1 capital (to risk-weighted assets)	
642,336	12.52 %	307,822	6.00 %	410,429	8.00 %	307,822	6.00 %	230,866	4.50 %
Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)		Common equity tier 1 capital (to risk-weighted assets)	
642,336	12.52 %	230,866	4.50 %	333,473	6.50 %	230,866	4.50 %	295,163	4.00 %
Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)		Tier 1 capital (to adjusted total assets)	
642,336	8.70 %	295,163	4.00 %	368,954	5.00 %	295,163	4.00 %	295,163	4.00 %

The following tables present information regarding the consolidated Company's regulatory capital levels at June 30, 2023 and 2022:

	At June 30, 2023			
	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)			
Total capital (to risk-weighted assets)	\$ 770,621	14.75 %	\$ 418,015	8.00 %
Tier 1 capital (to risk-weighted assets)	734,987	14.07 %	313,511	6.00 %
Common equity tier 1 capital (to risk-weighted assets)	734,987	14.07 %	235,133	4.50 %
Tier 1 capital (to adjusted total assets)	734,987	9.07 %	324,170	4.00 %

At June 30, 2022			
Actual		For Capital Adequacy Purposes	
Amount	Ratio	Amount	Ratio
(Dollars in Thousands)			

At June 30, 2023										At June 30, 2023										
										For Capital Adequacy Purposes				To Be Well Capitalized Under Prompt Corrective Action Provisions						
Actual										Actual										
Amount										Amount		Ratio		Amount		Ratio		Amount		Ratio
(Dollars in Thousands)										(Dollars in Thousands)										
Total capital (to risk-weighted assets)	Total capital (to risk-weighted assets)	\$778,253	15.17	%	\$410,515	8.00	%	Total capital (to risk-weighted assets)	\$695,417	13.31	13.31	%	\$417,853	8.00	8.00	%	\$522,316	10.00	10.00	%
Tier 1 capital (to risk-weighted assets)	Tier 1 capital (to risk-weighted assets)	748,315	14.58	%	307,886	6.00	%	Tier 1 capital (to risk-weighted assets)	659,783	12.63	12.63	%	313,389	6.00	6.00	%	417,853	8.00	8.00	%
Common equity tier 1 capital (to risk-weighted assets)	Common equity tier 1 capital (to risk-weighted assets)	748,315	14.58	%	230,914	4.50	%	Common equity tier 1 capital (to risk-weighted assets)	659,783	12.63	12.63	%	235,042	4.50	4.50	%	339,505	6.50	6.50	%
Tier 1 capital (to adjusted total assets)	Tier 1 capital (to adjusted total assets)	748,315	10.14	%	295,290	4.00	%	Tier 1 capital (to adjusted total assets)	659,783	8.15	8.15	%	323,922	4.00	4.00	%	404,902	5.00	5.00	%

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 15.14 – Stockholders' Equity (continued)

The following tables present information regarding the consolidated Company's regulatory capital levels at June 30, 2024 and 2023:

	At June 30, 2024			
	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)			
Total capital (to risk-weighted assets)	\$ 743,741	15.57 %	\$ 382,247	8.00 %
Tier 1 capital (to risk-weighted assets)	706,764	14.79 %	286,685	6.00 %
Common equity tier 1 capital (to risk-weighted assets)	706,764	14.79 %	215,014	4.50 %
Tier 1 capital (to adjusted total assets)	706,764	9.15 %	309,031	4.00 %

	At June 30, 2023			
	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)			
Total capital (to risk-weighted assets)	\$ 770,621	14.75 %	\$ 418,015	8.00 %
Tier 1 capital (to risk-weighted assets)	734,987	14.07 %	313,511	6.00 %
Common equity tier 1 capital (to risk-weighted assets)	734,987	14.07 %	235,133	4.50 %
Tier 1 capital (to adjusted total assets)	734,987	9.07 %	324,170	4.00 %

Federal banking regulators impose various restrictions or requirements on the ability of savings institutions to make capital distributions, including cash dividends. A savings institution that is a subsidiary of a savings and loan holding company, such as the Bank, must file an application or a notice with federal banking regulators at least 30 days before making a capital distribution. A savings institution must file an application for prior approval of a capital distribution if: (i) it is not eligible for expedited treatment under the applications processing rules of federal banking regulators; (ii) the total amount of all capital distributions, including the proposed capital distribution, for the applicable calendar year would exceed an amount equal to the savings institution's net income for that year to date plus the institution's retained net income for the preceding two years; (iii) it would not adequately be capitalized after the capital distribution; or (iv) the distribution would violate an agreement with federal banking regulators or applicable regulations. Federal banking regulators may disapprove a notice or deny an application for a capital distribution if: (i) the savings institution would be undercapitalized following the capital distribution; (ii) the proposed capital distribution raises safety and soundness concerns; or (iii) the capital distribution would violate a prohibition contained in any statute, regulation or agreement.

During the fiscal year ended June 30, 2024, an application for quarterly capital distributions from the Bank to the Company was approved by federal banking regulators. The amount of dividends payable is based on 70 percent of quarterly net income of the Bank.

During the years ended June 30, 2024, 2023 and 2022, dividends paid by the Bank to the Company, in conjunction with quarterly capital distributions, as discussed above, totaled \$19.3 million, \$26.3 million and \$56.7 million, respectively.

Stock Repurchase Plans

On August 1, 2022, the Company announced the authorization of a new stock repurchase plan to repurchase up to 4,000,000 shares, and the completion of the Company's previous stock repurchase plan, which authorized the repurchase of 7,602,021 shares.

During the year ended June 30, 2023 June 30, 2024, the Company repurchased a total of 2,820,398 1,504,747 shares of its common stock at a total cost of \$27.4 million \$11.2 million, or \$9.73 \$7.40 per share, including 2,495,253 share. On November 7, 2023, the Company announced the completion of its ninth stock repurchase plan, with a total of 4,000,000 shares or 62.4% of the shares authorized for repurchase under the current repurchase program, repurchased at a cost of \$23.8 million \$34.9 million, or \$9.54 \$8.74 per share.

Note 16 – Income Taxes

The components of income taxes are as follows:

	Years Ended June 30,		
	2023	2022	2021
	(In Thousands)		
Current income tax expense:			
Federal	\$ 6,145	\$ 12,720	\$ 12,051
State	2,634	7,057	5,058
	8,779	19,777	17,109
Deferred income tax expense:			
Federal	1,902	2,895	2,673
State	887	2,128	2,016
	2,789	5,023	4,689
Valuation allowance	—	—	(535)

Total income tax expense	\$	11,568	\$	24,800	\$	21,263
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KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16 15 – Income Taxes (continued)

The components of income taxes are as follows:

	Years Ended June 30,		
	2024	2023	2022
	(In Thousands)		
Current income tax expense:			
Federal	\$ 4,352	\$ 6,145	\$ 12,720
State	2,406	2,634	7,057
	6,758	8,779	19,777
Deferred income tax expense:			
Federal	4	1,902	2,895
State	(871)	887	2,128
	(867)	2,789	5,023
Total income tax expense	\$ 5,891	\$ 11,568	\$ 24,800

The following table presents a reconciliation between the reported income taxes for the periods presented and the income taxes which would be computed by applying the federal income tax rates applicable to those periods. The federal income tax rate of 21% was applicable for the years ended June 30, 2023, June 30, 2024, 2022, 2023 and 2021, 2022.

		Years Ended June 30,		
		2023	2022	2021
		(Dollars In Thousands)		
Income before income taxes		\$52,379	\$92,347	\$84,496

	Years Ended June 30,			Years Ended June 30,		
	2024			2024	2023	2022
	(Dollars In Thousands)			(Dollars In Thousands)		
(Loss) income before income taxes						
Statutory federal tax rate	Statutory federal tax rate	21 %	21 %	21 %	Statutory federal tax rate	21 %
Federal income tax expense at statutory rate	Federal income tax expense at statutory rate	\$11,000	\$19,393	\$17,744		
(Reduction) increases in income taxes resulting from:	(Reduction) increases in income taxes resulting from:					
Tax exempt interest	Tax exempt interest	(143)	(266)	(345)		
Tax exempt interest	Tax exempt interest					
State tax, net of federal tax effect	State tax, net of federal tax effect	2,781	7,257	5,464		

Incentive stock options compensation expense	Incentive stock options compensation expense	12	45	85	
Income from bank-owned life insurance	Income from bank-owned life insurance	(1,840)	(1,281)	(1,255)	
Disqualifying disposition on incentive stock options		—	—	(33)	
Non-deductible merger-related expenses		—	—	49	
Bargain purchase gain		—	—	(641)	
Goodwill impairment					
Goodwill impairment					
Goodwill impairment					
Surrender of bank-owned life insurance policies					
Surrender of bank-owned life insurance policies					
Surrender of bank-owned life insurance policies					
Other items, net	Other items, net	(242)	(348)	730	
Other items, net					
Other items, net					
		5,891			
		11,568	24,800	21,798	
Valuation allowance		—	—	(535)	
Total income tax expense					
Total income tax expense					
Total income tax expense	Total income tax expense	\$11,568	\$24,800	\$21,263	
Effective income tax rate	Effective income tax rate	22.09 %	26.86 %	25.16 %	Effective income tax rate
					(7.29) %
					22.09 %
					26.86 %

The effective income tax rate represents total income tax expense divided by income before income taxes. Retained earnings at **June 30, 2023** **June 30, 2024**, includes approximately \$38.4 million of bad debt allowance, pursuant to the IRC, for which income taxes have not been provided. If such amount is used for purposes other than to absorb bad debts, including distributions in liquidation, it will be subject to income tax at the then current rate.

A tax position is recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation process, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 15 – Income Taxes (continued)

than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment.

Realization of deferred tax assets is dependent upon the generation of future taxable income or the existence of sufficient taxable income within the carryover period. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. In assessing the need for a valuation allowance, management considers the scheduled reversal of the deferred tax liabilities, the level of historical taxable income, and the projected future taxable income over the periods in which the temporary

differences comprising the deferred tax assets will be deductible. Based on its assessments as of **June 30, 2023**, **June 30, 2024** and **2022, 2023**, the Company determined it is more likely than not that all deferred tax assets will be realized.

During the year ended June 30, 2021, the Company reversed a valuation allowance totaling \$535,000 which was associated with the realization of a capital loss carryforward.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 16 – Income Taxes (continued)

The tax effects of existing temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	June 30, 2024 (In Thousands)	2024	June 30, 2023 (In Thousands)
Deferred income tax assets:			
Purchase accounting			
Purchase accounting			
Purchase accounting			
Accumulated other comprehensive income:			
	June 30,		
Unrealized loss on securities available for sale			
	2023	2022	
	(In Thousands)		
Deferred income tax assets:			
Purchase accounting	\$ 4,098	\$ 6,327	
Accumulated other comprehensive income:			
Defined benefit plans	—	26	
Unrealized loss on securities available for sale			
Unrealized loss on securities available for sale	45,018	34,104	
Allowance for credit losses	14,211	13,809	
Benefit plans	2,603	2,494	
Compensation	1,440	2,023	
Stock-based compensation	3,161	2,834	
Uncollected interest	1,313	1,705	
Depreciation	2,335	1,931	
Net operating loss carryover	2	4	
Capital loss carryforward	191	141	
Other items	839	844	

		75,211	66,242
		66,612	
Deferred income tax liabilities:	Deferred income tax liabilities:		
Deferred income tax liabilities:	Deferred income tax liabilities:		
Deferred loan fees and costs	Deferred loan fees and costs		
Deferred loan fees and costs	Deferred loan fees and costs		
Deferred loan fees and costs	Deferred loan fees and costs	1,710	838
Accumulated other comprehensive income:	Accumulated other comprehensive income:		
Derivatives	Derivatives	16,940	11,542
Derivatives	Derivatives		
Defined benefit plans	Defined benefit plans	78	—
Goodwill	Goodwill	4,510	4,510
Other items	Other items	—	2
		23,238	16,892
		16,273	
		16,273	
		16,273	
Net deferred income tax asset	Net deferred income tax asset	\$51,973	\$49,350

The Company has various state and local NOL carryforwards which will begin to expire in the year ending June 30, 2025.

The Company and its subsidiaries are subject to U.S. federal income tax, as well as income tax of the state of New Jersey and various other states. The Company is generally no longer subject to examination by federal, state and local taxing authorities for tax years prior to **June 30, 2020** **June 30, 2021**.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17 16 – Commitments

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. These transactions involve elements of credit and interest rate risk in excess of the amounts recognized in the Consolidated Statements of Financial Condition. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation of the borrower. At **June 30, 2023** **June 30, 2024** and **2022** **2023**, the Bank had **\$251.2 million** **\$280.9 million** and **\$510.5 million** **\$251.2 million** in commitments to originate loans, including unused lines of credit.

The Bank is party to standby letters of credit through which it guarantees certain specific business obligations of its commercial customers. The balance of standby letters of credit at **June 30, 2023** **June 30, 2024** and **2022** **2023** were approximately **\$115,000** **\$160,000** and **\$130,000** **\$115,000**, respectively.

In addition to the commitments noted above, at **June 30, 2023** **June 30, 2024**, the Company's pipeline of loans held for sale included **\$11.7 million** **\$16.0 million** of in-process loans whose terms included interest rate locks to borrowers that were paired with a best-efforts commitment to sell the loan to a buyer at a fixed price within a predetermined timeframe

after the sale commitment is established.

The Company and subsidiaries are also party to litigation which arises primarily in the ordinary course of business. In the opinion of management, the ultimate disposition of such litigation should not have a material adverse effect on the consolidated financial position of the Company.

Note 18 17 – Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from, or corroborated by, market data by correlation or other means.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18 17 – Fair Value of Financial Instruments (continued)

Assets Measured on a Recurring Basis:

The following methods and significant assumptions were used to estimate the fair values of the Company's assets measured at fair value on a recurring basis at June 30, 2023 June 30, 2024 and 2022: 2023:

Investment Securities Available for Sale

The Company's available for sale investment securities are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the securities' terms and conditions, among other things. From time to time, the Company validates prices supplied by the independent pricing service by comparison to prices obtained from third-party sources or derived using internal models.

Derivatives

The Company has contracted with a third party vendor to provide periodic valuations for its interest rate derivatives to determine the fair value of its interest rate caps and swaps. The vendor utilizes standard valuation methodologies applicable to interest rate derivatives such as discounted cash flow analysis and extensions of the Black-Scholes model. Such valuations are based upon readily observable market data and are therefore considered Level 2 valuations by the Company.

Those assets and liabilities measured at fair value on a recurring basis are summarized below:

June 30, 2023			
Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In Thousands)			
June 30, 2024		June 30, 2024	
Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In Thousands)		(In Thousands)	
Assets:	Assets:		

Debt securities available for sale:	Debt securities available for sale:								
Debt securities available for sale:									
Debt securities available for sale:									
Asset-backed securities									
Asset-backed securities									
Asset-backed securities	Asset-backed securities	\$	—	\$	136,170	\$	—	\$	136,170
Collateralized loan obligations	Collateralized loan obligations		—		376,996		—		376,996
Corporate bonds	Corporate bonds		—		135,018		—		135,018
Total debt securities	Total debt securities		—		648,184		—		648,184
Mortgage-backed securities available for sale:	Mortgage-backed securities available for sale:								
Mortgage-backed securities available for sale:									
Mortgage-backed securities available for sale:									
Residential pass-through securities									
Residential pass-through securities									
Residential pass-through securities	Residential pass-through securities		—		436,151		—		436,151
Commercial pass-through securities	Commercial pass-through securities		—		143,394		—		143,394
Total mortgage-backed securities	Total mortgage-backed securities		—		579,545		—		579,545
Total securities available for sale	Total securities available for sale	\$	—	\$	1,227,729	\$	—	\$	1,227,729
Interest rate contracts	Interest rate contracts	\$	—	\$	71,624	\$	—	\$	71,624
Interest rate contracts									
Interest rate contracts									
Total assets									
Total assets									
Total assets	Total assets	\$	—	\$	1,299,353	\$	—	\$	1,299,353

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18.17 – Fair Value of Financial Instruments (continued)

		June 30, 2022									
		Quoted Prices in Active Markets									
		Significant Other		Significant							
		Observable		Unobservable							
		Inputs		Inputs							
		(Level 1)		(Level 2)							
		(Level 3)		Total							
		(In Thousands)									
		June 30, 2023									
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total	
		(In Thousands)						(In Thousands)			
Assets:	Assets:										
Debt securities available for sale:	Debt securities available for sale:										
Obligations of state and political subdivisions		\$	—	\$	28,435	\$	—	\$	28,435		
Debt securities available for sale:											
Debt securities available for sale:											
Asset-backed securities											
Asset-backed securities											
Asset-backed securities	Asset-backed securities	—	166,557	—	166,557						
Collateralized loan obligations	Collateralized loan obligations	—	307,813	—	307,813						
Corporate bonds	Corporate bonds	—	153,397	—	153,397						
Total debt securities	Total debt securities	—	656,202	—	656,202						
Mortgage- backed securities available for sale:	Mortgage- backed securities available for sale:										
Collateralized mortgage obligations		—	7,122	—	7,122						
Mortgage-backed securities available for sale:											
Mortgage-backed securities available for sale:											
Residential pass-through securities											
Residential pass-through securities											
Residential pass-through securities	Residential pass-through securities	—	514,758	—	514,758						

Commercial pass-through securities	Commercial pass-through securities	—	166,011	—	166,011
Total mortgage-backed securities	Total mortgage-backed securities	—	687,891	—	687,891
Total securities available for sale	Total securities available for sale	\$ —	\$ 1,344,093	\$ —	\$ 1,344,093
Interest rate contracts	Interest rate contracts	\$ —	\$ 41,223	\$ —	\$ 41,223
Interest rate contracts	Interest rate contracts				
Total assets	Total assets				
Total assets	Total assets	\$ —	\$ 1,385,316	\$ —	\$ 1,385,316

Assets Measured on a Non-Recurring Basis:

The following methods and assumptions were used to estimate the fair values of the Company's assets measured at fair value on a non-recurring basis at **June 30, 2023** **June 30, 2024** and **2022**: **2023**:

Individually Analyzed Collateral Dependent Loans:

The fair value of collateral dependent loans that are individually analyzed is determined based upon the appraised fair value of the underlying collateral, less costs to sell. Such collateral primarily consists of real estate and, to a lesser extent, other business assets. Management may also adjust appraised values to reflect estimated changes in market values or apply other adjustments to appraised values resulting from its knowledge of the collateral. Internal valuations may be utilized to determine the fair value of other business assets. For non-collateral-dependent loans, management estimates fair value using discounted cash flows based on inputs that are largely unobservable and instead reflect management's own estimates of the assumptions as a market participant would in pricing such loans. Individually analyzed collateral dependent loans are considered a Level 3 valuation by the Company.

Other Real Estate Owned

Other real estate owned is recorded at estimated fair value, less estimated selling costs when acquired, thus establishing a new cost basis. Fair value is generally based on independent appraisals. These appraisals include adjustments to comparable assets based on the appraisers' market knowledge and experience. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for credit losses. If further declines in the estimated fair value of the asset occur, a write-down is recorded through expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in economic conditions.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 18 17 – Fair Value of Financial Instruments (continued)

Those assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	June 30, 2024			June 30, 2024
Quoted Prices in Active Markets for Identical Assets (Level 1)		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In Thousands)				Total
				(In Thousands)
Collateral dependent loans:				

Multi-family mortgage
Multi-family mortgage
Multi-family mortgage
Nonresidential mortgage
Total

		June 30, 2023			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(In Thousands)			
Collateral dependent loans:					
Residential mortgage	\$	—	\$	—	\$ 449 \$ 449
Multi-family mortgage		—		—	7,300 7,300
Nonresidential mortgage		—		—	9,972 9,972
Total	\$	—	\$	—	\$ 17,721 \$17,721
Other real estate owned, net:					
Nonresidential	\$	—	\$	—	\$ 12,956 \$12,956
Total	\$	—	\$	—	\$ 12,956 \$12,956

		June 30, 2022			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
		(In Thousands)			

		June 30, 2023		June 30, 2023		
		Quoted Prices in Active Markets for Identical Assets (Level 1)		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) Total
		(In Thousands)		(In Thousands)		

Collateral dependent loans:	Collateral dependent loans:
Residential mortgage	

Residential mortgage						
Residential mortgage	Residential mortgage	\$	—	\$	—	\$ 2,035 \$ 2,035
Multi-family mortgage	Multi-family mortgage		—		—	7,517 7,517
Nonresidential mortgage	Nonresidential mortgage		—		—	11,479 11,479
Total	Total	\$	—	\$	—	\$ 21,031 \$21,031
Other real estate owned, net:						
Other real estate owned, net:						
Residential		\$	—	\$	—	\$ 178 \$ 178
Other real estate owned, net:						
Other real estate owned, net:						
Nonresidential						
Nonresidential						
Nonresidential						
Total	Total	\$	—	\$	—	\$ 178 \$ 178

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18.17 – Fair Value of Financial Instruments (continued)

The following table presents additional quantitative information about assets measured at fair value on a non-recurring basis and for which the Company has utilized adjusted Level 3 inputs to determine fair value:

		June 30, 2024				June 30, 2024				
		Fair Value				Fair Value	Valuation Techniques	Unobservable Input	Weighted Range	Average
		(Dollars in Thousands)				(Dollars in Thousands)				
Collateral dependent loans:										
Multi-family mortgage										
Multi-family mortgage										
Multi-family mortgage			\$1,896	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 13.32%	13.32	%		
Nonresidential mortgage		Nonresidential mortgage	5,014	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 8.93%	8.93	%		
Total										
		June 30, 2023								
		Fair Value	Valuation Techniques	Unobservable Input	Weighted Range	Average				
		(Dollars in Thousands)								
Collateral dependent loans:										

Residential mortgage	\$	449	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 6.93%	6.93 %
Multi-family mortgage		7,300	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 6% - 9%	7.78 %
Nonresidential mortgage		9,972	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 9% - 16%	11.78 %
Total	\$	17,721				
Other real estate owned, net:						
Nonresidential	\$	12,956	Market valuation of underlying collateral	(3) Adjustments to reflect current conditions/selling costs	(2) 4.00%	4.00 %
Total	\$	12,956				

June 30, 2022				
Fair Value	Valuation Techniques	Unobservable Input	Range	Weighted Average
(Dollars in Thousands)				

June 30, 2023			
Fair Value		Fair Value	Valuation Techniques
(Dollars in Thousands)			

Collateral dependent loans:	Collateral dependent loans:
-----------------------------	-----------------------------

Residential mortgage	
Residential mortgage	

Residential mortgage	Residential mortgage	\$	2,035	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 7% - 10%	8.97 %	\$	449	Market valuation of underlying collateral	Market valuation of underlying collateral	(1)	Adjustments to reflect current conditions/selling costs	(2)
Multi-family mortgage	Multi-family mortgage		7,517	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 10% - 12%	11.06 %	Multi-family mortgage	7,300	Market valuation of underlying collateral	Market valuation of underlying collateral	(1)	Adjustments to reflect current conditions/selli costs	
Nonresidential mortgage	Nonresidential mortgage		11,479	Market valuation of underlying collateral	(1) Adjustments to reflect current conditions/selling costs	(2) 9% - 18%	12.72 %	Nonresidential mortgage	9,972	Market valuation of underlying collateral	Market valuation of underlying collateral	(1)	Adjustments to reflect current conditions/selli costs	
Total	Total		\$21,031											
Other real estate owned, net:														
Residential		\$	178	Market valuation of underlying collateral	(3) Adjustments to reflect current conditions/selling costs	(2) 6.00%	6.00 %							

Other real estate owned, net:

Other real estate owned, net:				
Nonresidential				
Nonresidential				
Nonresidential				
		\$ 12,956	Market ⁽³⁾ valuation of underlying collateral	Adjustments to reflect ⁽²⁾ current conditions/selling costs
Total	Total	\$ 178		

- (1) The fair value basis of collateral dependent loans is generally determined based on an independent appraisal of the fair value of a loan's underlying collateral.
- (2) The fair value basis of collateral dependent loans and other real estate owned is adjusted to reflect management estimates of selling costs including, but not limited to, real estate brokerage commissions and title transfer fees.
- (3) The fair value basis of other real estate owned is generally determined based upon the lower of an independent appraisal of the property's fair value or the applicable listing price or contracted sales price.

At June 30, 2024, collateral dependent loans valued using Level 3 inputs comprised loans with principal balance totaling \$7.4 million and valuation allowance of \$508,000 reflecting an aggregate fair value of \$6.9 million. By comparison, at June 30, 2023, collateral dependent loans valued using Level 3 inputs comprised loans with principal balance totaling \$21.0 million and valuation allowance allowances of \$3.3 million reflecting an aggregate fair value of \$17.7 million. By comparison, at June 30, 2022, collateral dependent loans valued using Level 3 inputs comprised loans with principal balance totaling \$24.6 million and valuation allowances of \$3.6 million reflecting an aggregate fair value of \$21.0 million.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18 – Fair Value of Financial Instruments (continued)

Once a loan is foreclosed, the fair value of the other real estate owned continues to be evaluated based upon the fair value of the repossessed real estate originally securing the loan. At June 30, 2024, the Company had no other real estate owned assets. At June 30, 2023 and 2022, the Company held other real estate owned totaling \$13.0 million and \$178,000, respectively, whose carrying value was written down utilizing Level 3 inputs.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 17 – Fair Value of Financial Instruments (continued)

The following presents the carrying amount, fair value, and placement in the fair value hierarchy of the Company's financial instruments as of June 30, 2023 June 30, 2024 and 2022; 2023:

		June 30, 2023				
		Quoted Prices in Active Markets for Identical Assets (Level 1)				
		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Carrying Amount	Fair Value	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)		
(In Thousands)						
June 30, 2024						
		Quoted Prices in Active Markets for Identical Assets (Level 1)				
		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		
Carrying Amount	Fair Value	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)		
(In Thousands)						
Financial assets:	Financial assets:					
Cash and cash equivalents						

Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 70,515	\$ 70,515	\$ 70,515	\$ —	\$ —
Investment securities available for sale	Investment securities available for sale	1,227,729	1,227,729	—	1,227,729	—
Investment securities held to maturity	Investment securities held to maturity	146,465	131,169	—	131,169	—
Loans held-for-sale	Loans held-for-sale	9,591	9,442	—	9,442	—
Net loans receivable	Net loans receivable	5,780,687	5,261,808	—	—	5,261,808
FHLB Stock	FHLB Stock	71,734	—	—	—	—
Interest receivable	Interest receivable	28,133	28,133	14	8,924	19,195
Interest rate contracts	Interest rate contracts	71,624	71,624	—	71,624	—
Financial liabilities:	Financial liabilities:					
Financial liabilities:						
Financial liabilities:						
Deposits						
Deposits						
Deposits	Deposits	3,611,632	3,611,632	3,611,632	—	—
Certificates of deposits	Certificates of deposits	2,017,551	1,989,434	—	—	1,989,434
Borrowings	Borrowings	1,506,812	1,498,920	—	—	1,498,920
Interest payable on deposits	Interest payable on deposits	6,826	6,826	1,933	—	4,893
Interest payable on borrowings	Interest payable on borrowings	5,282	5,282	—	—	5,282

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18.17 – Fair Value of Financial Instruments (continued)

June 30, 2022				
Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		
		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
(In Thousands)				
June 30, 2023				

June 30, 2023

						Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Carrying Amount						Carrying Amount	Fair Value			
		(In Thousands)				(In Thousands)				
Financial assets:	Financial assets:									
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents	Cash and cash equivalents	\$ 101,615	\$ 101,615	\$ 101,615	\$ —	\$ —				
Investment securities available for sale	Investment securities available for sale	1,344,093	1,344,093	—	1,344,093	—				
Investment securities held to maturity	Investment securities held to maturity	118,291	108,118	—	108,118	—				
Loans held- for-sale	Loans held- for-sale	28,874	28,831	—	28,831	—				
Net loans receivable	Net loans receivable	5,370,787	5,215,079	—	—	5,215,079				
FHLB Stock	FHLB Stock	47,144	—	—	—	—				
Interest receivable	Interest receivable	20,466	20,466	2	5,210	15,254				
Interest rate contracts	Interest rate contracts	41,223	41,223	—	41,223	—				
Financial liabilities:	Financial liabilities:									
Financial liabilities:										
Deposits										
Deposits										
Deposits	Deposits	3,972,694	3,972,694	3,972,694	—	—				
Certificates of deposits	Certificates of deposits	1,889,562	1,866,341	—	—	1,866,341				
Borrowings	Borrowings	901,337	900,505	—	—	900,505				
Interest payable on deposits	Interest payable on deposits	722	722	147	—	575				
Interest payable on borrowings	Interest payable on borrowings	1,611	1,611	—	—	1,611				

Commitments. The fair value of commitments to fund credit lines and originate or participate in loans held in portfolio or loans held for sale is estimated using fees currently charged to enter into similar agreements taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, including those relating to loans held for sale that are considered derivative instruments for financial statement reporting purposes, the fair value also considers the difference between current levels of interest and the committed rates. The carrying value, represented by the net deferred fee arising from the unrecognized commitment, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar agreements with similar credit risk, is not considered material for disclosure.

Limitations. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no fair value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value estimates are based on existing on-and-off balance sheet financial instruments without attempting to value anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets and liabilities that are not considered financial assets and liabilities include premises and equipment, and advances from borrowers for taxes and insurance. In addition, the ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Finally, reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies introduces a greater degree of subjectivity to these estimated fair values.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 19 18 – Comprehensive Income (Loss)

The components of accumulated other comprehensive (loss) income included in stockholders' equity are as follows:

		June 30,	
		2023	2022
		(In Thousands)	
	June 30,	June 30,	
	2024	2024	2023
	(In Thousands)	(In Thousands)	
Net unrealized loss on securities available for sale	Net unrealized loss on securities available for sale	\$ (156,138)	\$ (118,031)
Tax effect	Tax effect	45,018	34,104
Net of tax amount	Net of tax amount	(111,120)	(83,927)
Fair value adjustments on derivatives	Fair value adjustments on derivatives	58,414	39,805
Fair value adjustments on derivatives	Fair value adjustments on derivatives		
Tax effect	Tax effect	(16,940)	(11,542)
Net of tax amount	Net of tax amount	41,474	28,263
Benefit plan adjustments	Benefit plan adjustments		
Benefit plan adjustments	Benefit plan adjustments	268	(89)
Tax effect	Tax effect	(78)	26
Net of tax amount	Net of tax amount	190	(63)
Total accumulated other comprehensive loss	Total accumulated other comprehensive loss	\$ (69,456)	\$ (55,727)
Total accumulated other comprehensive loss	Total accumulated other comprehensive loss		

**Total accumulated other
comprehensive loss**

Other comprehensive income (loss) income and related tax effects are presented in the following table:

	Years Ended June 30,			Years Ended June 30,		
	2024			2024	2023	2022
	(In Thousands)			(In Thousands)		
Net unrealized gain (loss) on securities available for sale						
	Years Ended June 30,					
	2023	2022	2021			
	(In Thousands)					
Net unrealized loss on securities available for sale	\$(53,334)	\$(128,601)	\$(11,704)			
Net realized loss on securities available for sale ⁽¹⁾						
Net realized loss on securities available for sale ⁽¹⁾						
Net realized loss (gain) on securities available for sale ⁽¹⁾	15,227	559	(767)			
Net realized loss on securities available for sale ⁽¹⁾						
Fair value adjustments on derivatives						
Fair value adjustments on derivatives						
Fair value adjustments on derivatives	Fair value adjustments on derivatives	18,609	40,117	19,106		
Benefit plans:	Benefit plans:					
Benefit plans:						
Benefit plans:						
(Accretion) amortization of actuarial (gain) loss ⁽²⁾						
(Accretion) amortization of actuarial (gain) loss ⁽²⁾						
(Accretion) amortization of actuarial (gain) loss ⁽²⁾	(24)	80	83			
Net actuarial gain	Net actuarial gain	381	924	236		
Net change in benefit plan accrued expense	Net change in benefit plan accrued expense	357	1,004	319		
Other comprehensive (loss) income before taxes		(19,141)	(86,921)	6,954		
Other comprehensive income (loss) before taxes						

Other comprehensive income (loss)				
before taxes				
Other comprehensive income (loss)				
before taxes				
Tax effect	Tax effect	5,412	25,050	(2,067)
Total other comprehensive (loss) income		\$ (13,729)	\$ (61,871)	\$ 4,887
Total other comprehensive income (loss)				

- (1) Represents amounts reclassified out of accumulated other comprehensive (loss) income and included in **gain loss** on sale of securities on the Consolidated Statements of **Income, Income (Loss)**.
- (2) Represents amounts reclassified out of accumulated other comprehensive (loss) income and included in the computation of net periodic pension expense. See Note **13 12** – Benefit Plans for additional information.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 20 19 – Revenue Recognition

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within noninterest income. The following table presents the Company's sources of noninterest income for the years ended **June 30, 2023** **June 30, 2024**, **2022 2023** and **2021, 2022**. Sources of revenue outside the scope of ASC 606 are noted as such.

		Years Ended June 30,		
		2023	2022	2021
		(In Thousands)		
		Years Ended June 30,		
		2024	2023	2022
		(In Thousands)		
Non-interest income:	Non-interest income:			
Deposit-related fees and charges	Deposit-related fees and charges	\$ 1,881	\$ 1,733	\$ 1,412
Deposit-related fees and charges				
Deposit-related fees and charges				
Loan-related fees and charges ⁽¹⁾	Loan-related fees and charges ⁽¹⁾	1,225	847	485
(Loss) gain on sale and call of securities ⁽¹⁾	(Loss) gain on sale and call of securities ⁽¹⁾	(15,227)	(559)	767
Loss on sale and call of securities ⁽¹⁾				
(Loss) gain on sale of loans ⁽¹⁾	(Loss) gain on sale of loans ⁽¹⁾	(1,645)	2,539	5,574
(Loss) gain on sale of other real estate owned	(Loss) gain on sale of other real estate owned	(139)	5	—

Income from bank owned life insurance (1)	Income from bank owned life insurance (1)	8,645	6,167	6,267
Electronic banking fees and charges (interchange income)	Electronic banking fees and charges (interchange income)	1,759	1,626	1,717
Bargain purchase gain (1)		—	—	3,053
Miscellaneous (1)				
Miscellaneous (1)				
Miscellaneous (1)	Miscellaneous (1)	6,252	1,576	1,751
Total non-interest income	Total non-interest income	\$ 2,751	\$13,934	\$21,026

(1) Not within the scope of ASC 606.

A description of the Company's revenue streams accounted for under ASC 606 is as follows:

Service Charges on Deposit Accounts

The Company earns fees from deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed at the point in the time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Gains/Losses on Sales of OREO

The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. Gain/Losses on the sales of OREO falls within the scope of ASC 606, if the Company finances the transaction. Under ASC 606, if the Company finances the sale of OREO to the buyer, the Company is required to assess whether the buyer is committed to perform their obligations under the contract and whether the collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related (loss) gain (loss) on sale if a significant financing component is present. Generally, the Company does not finance the sale of OREO properties.

Interchange Income

The Company earns interchange fees from debit and credit card holder transactions conducted through various payment networks. Interchange fees from cardholder transactions are recognized daily, concurrently with the transaction processing services provided by an outsourced technology solution.

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 21 20 – Parent Only Financial Information

Kearny Financial Corp. operates its wholly owned subsidiary Kearny Bank and the Bank's wholly-owned subsidiaries CJB Investment Corp. and, 189-245 Berdan Avenue LLC and Kearny Wealth Management LLC. The consolidated earnings of the subsidiaries are recognized by the Company using the equity method of accounting. Accordingly, the consolidated earnings of the subsidiaries are recorded as increases in the Company's investment in the subsidiaries. The following are the condensed financial statements for Kearny Financial Corp. (Parent Company only) as of June 30, 2023 June 30, 2024 and 2022, 2023, and for each of the years in the three-year period ended June 30, 2023 June 30, 2024.

Condensed Statements of Financial Condition

	June 30,	
	2023	2022
	(In Thousands)	
June 30,	June 30,	
2024	2024	2023

(In Thousands)		(In Thousands)	
Assets	Assets		
Cash and amounts due from depository institutions	Cash and amounts due from depository institutions	\$ 48,839	\$ 77,750
Cash and amounts due from depository institutions			
Cash and amounts due from depository institutions			
Loans receivable			
Loans receivable			
Loans receivable	Loans receivable	26,384	28,201
Investment in subsidiary	Investment in subsidiary	794,080	788,021
Other assets	Other assets	827	448
Total Assets	Total Assets	\$870,130	\$894,420
Liabilities and Stockholders' Equity	Liabilities and Stockholders' Equity		
Liabilities and Stockholders' Equity			
Liabilities and Stockholders' Equity			
Other liabilities			
Other liabilities			
Other liabilities	Other liabilities	846	420
Stockholders' equity	Stockholders' equity	869,284	894,000
Total Liabilities and Stockholders' Equity	Total Liabilities and Stockholders' Equity	\$870,130	\$894,420

Condensed Statements of Income (Loss) and Comprehensive Income (Loss)

		Years Ended June 30,		
		2023	2022	2021
		(In Thousands)		
		Years Ended June 30,		
		2024	2023	2022
		(In Thousands)		
Dividends from subsidiary	Dividends from subsidiary	\$26,282	\$156,728	\$178,918
Interest income	Interest income	1,749	1,508	1,993
Equity in undistributed earnings of subsidiaries	Equity in undistributed earnings of subsidiaries	14,912	(88,452)	(114,969)
Total income		42,943	69,784	65,942
Total (loss) income				
Directors' compensation				

Directors' compensation				
Directors' compensation	Directors' compensation	532	530	308
Other expenses	Other expenses	1,715	1,976	2,660
	Total expense	2,247	2,506	2,968
Income before income taxes		40,696	67,278	62,974
(Loss) income before income taxes				
Income tax expense	Income tax expense	(115)	(269)	(259)
Net income		\$40,811	\$ 67,547	\$ 63,233
Comprehensive income		\$27,082	\$ 5,676	\$ 68,120
Net (loss) income				
Comprehensive (loss) income				

KEARNY FINANCIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 21.20 – Parent Only Financial Information (continued)

Condensed Statements of Cash Flows

		Years Ended June 30,		
		2023	2022	2021
		(In Thousands)		
		Years Ended June 30,		
		2024	2023	2022
		(In Thousands)		
Cash Flows from Operating Activities:	Cash Flows from Operating Activities:			
Net income		\$40,811	\$ 67,547	\$ 63,233
Net (loss) income				
Net (loss) income				
Net (loss) income				
Adjustment to reconcile net income to net cash provided by operating activities:	Adjustment to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of subsidiaries				
Equity in undistributed earnings of subsidiaries				
Equity in undistributed earnings of subsidiaries	Equity in undistributed earnings of subsidiaries	(14,912)	88,452	114,969

(Increase) decrease in other assets	(Increase) decrease in other assets	(379)	176	484
Increase (decrease) in other liabilities	Increase (decrease) in other liabilities	271	(184)	160
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	25,791	155,991	178,846
Cash Flows from Investing Activities:	Cash Flows from Investing Activities:			
Cash Flows from Investing Activities:				
Cash Flows from Investing Activities:				
Repayment of loan to ESOP				
Repayment of loan to ESOP				
Repayment of loan to ESOP	Repayment of loan to ESOP	1,817	1,758	1,702
Proceeds from the maturity of investment securities available for sale	Proceeds from the maturity of investment securities available for sale	—	15,000	—
Outlays for business acquisitions		—	—	(9,008)
Other, net		—	—	118
Net Cash Provided by (Used in) Investing Activities		1,817	16,758	(7,188)
Net Cash Provided by Investing Activities				
Net Cash Provided by Investing Activities				
Net Cash Provided by Investing Activities				
Cash Flows from Financing Activities:	Cash Flows from Financing Activities:			
Exercise of stock options		—	—	373
Cash Flows from Financing Activities:				
Cash Flows from Financing Activities:				
Cash dividends paid				
Cash dividends paid				
Cash dividends paid	Cash dividends paid	(28,499)	(30,693)	(28,648)

Weighted average number of common shares outstanding - basic				
Weighted average number of common shares outstanding - basic				
Weighted average number of common shares outstanding - basic	Weighted average number of common shares outstanding - basic	64,804	70,911	82,387
Effect of dilutive securities	Effect of dilutive securities	—	22	4
Weighted average number of common shares outstanding-diluted	Weighted average number of common shares outstanding-diluted	64,804	70,933	82,391
Basic earnings per share	Basic earnings per share	\$ 0.63	\$ 0.95	\$ 0.77
Basic earnings per share				
Basic earnings per share				
Diluted earnings per share	Diluted earnings per share	\$ 0.63	\$ 0.95	\$ 0.77

Stock options for 2,751,902, 2,983,530 3,115,000 and 3,246,138 3,115,000 shares of common stock were not considered in computing diluted earnings per share at June 30, 2023June 30, 2024, 2022 2023 and 2021, 2022, respectively, because they were considered anti-dilutive. In addition, 497,664 689,252 and 251,905 497,664 RSUs were not considered in computing diluted earnings per share at June 30, 2023June 30, 2024 and 2022, 2023, respectively, because they were considered anti-dilutive.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

KEARNY FINANCIAL CORP.

Dated: August 25, 2023August 23, 2024

/s/ Craig L. Montanaro

By: Craig L. Montanaro

President and Chief Executive Officer

Pursuant to the requirement of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on August 25, 2023August 23, 2024 on behalf of the Registrant and in the capacities indicated.

/s/ Craig L. Montanaro	/s/ Keith Suchodolski Sean Byrnes
Craig L. Montanaro President, Chief Executive Officer and Director (Principal Executive Officer)	Keith Suchodolski Senior Sean Byrnes Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Theodore J. Aanensen	/s/ Raymond E. Chandonnet
Theodore J. Aanensen Director	Raymond E. Chandonnet Director
/s/ Curtland E. Fields	/s/ John N. Hopkins
Curtland E. Fields Director	John N. Hopkins Director
/s/ Catherine A. Lawton	/s/ John J. Mazur, Jr.
Catherine A. Lawton Director	John J. Mazur, Jr. Director
/s/ Joseph P. Mazza	/s/ John F. McGovern
Joseph P. Mazza Director	John F. McGovern Director
/s/ Leopold W. Montanaro	/s/ Christopher Petermann
Leopold W. Montanaro Director	Christopher Petermann Director
/s/ Charles J. Pivrotto	/s/ John F. Regan
Charles J. Pivrotto Director	John F. Regan Director
/s/ Melvina Wong-Zaza	
Melvina Wong-Zaza Director	

Exhibit 19.1

KEARNY FINANCIAL CORP.
POLICY REGARDING INSIDER TRADING

Kearny Financial Corp. (the "Company") is a public company, the common stock of which is quoted on the Nasdaq Global Select Market and registered under the Securities and Exchange Act of 1934, as amended. As a public company, the Company files periodic reports and proxy statements with the Securities and Exchange Commission (the "SEC"). Investment by directors, officers and employees in the Company stock is generally desirable and encouraged. However, such investments should be made with caution and with recognition of the legal prohibitions against the use of confidential information by "insiders" for their own profit.

As a director, officer or employee of a public company, you have the responsibility not to participate in the market for the Company stock while in possession of *material, inside information* about the Company. There are harsh civil and criminal penalties if you wrongly obtain or use such material, inside information when you are deciding whether to buy or sell securities, or if you give that information to another person who uses it in buying or selling securities. If you buy or sell securities while in possession of material, inside information, you will not only have to pay back any profit you made, but you could be found guilty of criminal charges, and face substantial fines or even prison. Additionally, the Company could be held liable for your violations of insider trading laws.

To avoid these harsh consequences, the Company has developed the following guidelines to briefly explain the insider trading laws and set forth procedures and limitations on trading by directors, officers and employees. However, these guidelines do not address all possible situations that you may face. If you are uncertain of your responsibilities under this policy, please contact the Company's SEC Compliance Officers (identified below).

Insider Trading Concepts

What is "Inside" Information?

Inside information includes anything you become aware of because of your "special relationship" with the Company as a director, officer or employee and which has not been disclosed to the public (*i.e.*, is non-public). The information may be about the Company, Kearny Bank (the "Bank") or other affiliates of the Company or the Bank. It may also include information you learn about another company (for example, companies that are current or prospective customers or suppliers to the Company or those with which the Company may be in negotiations regarding a potential transaction).

What is Material Information?

Information is material if an investor would think that it is important in deciding whether to buy, sell or hold stock, or if it could affect the market price of the stock. Either good or bad information may be material. If you are unsure whether the information is material, you should assume it is material.

Examples of material information typically include, but are not limited to:

- Earnings results, or expectations for the quarter or the year
- Financial forecasts
- Changes in the regular dividend
- Special dividends, including stock dividends and splits
- Proposals or agreements involving a merger, acquisition, joint venture, divestiture, or leveraged buy-out
- Changes in relationships with major customers
- Important product developments
- Major financing developments
- Major personnel changes
- Criminal indictments, material civil litigation, government investigations, or reports of examination

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- Substantial changes in accounting methods
- Debt service or liquidity problems
- Bankruptcy or insolvency
- Public offerings or private sales of debt or equity securities
- Repurchases of Company securities

What is Non-Public Information?

Non-public information is information that has not yet been made public by the Company. Information only becomes public when the Company makes an official announcement (in a publicly accessible conference call, a press release or in SEC filings, for example) and people have had an opportunity to see or hear it.

Trading Guidelines

A. Rules Applicable to All Directors, Officers and Employees.

No director, officer or employee may trade or gift *any security*, whether issued by the Company or by any other company, while in possession of "material inside information" about the issuer. Further, no director, officer or employee may disclose "material inside information" to any other person (including immediate family members, friends or stockbrokers) so that such other person may trade in the stock. It is usually safe to buy or sell stock after the information is officially announced, as long as you do not know of *other* material information that has not yet been announced. Even after the information is announced, you should generally wait about two full trading days before buying or selling securities to allow the market to absorb the information.

This means the following with respect to certain Bank or Company employee benefit plans:

- **401(k) Plan.** An officer or employee having material inside information regarding the Company may not (i) trade any Company stock owned through the Bank's 401(k) plan, or (ii) increase an existing election to invest funds in the Company stock in the 401(k) plan, or (iii) obtain a loan from their 401(k) plan. However, ongoing purchases of the Company's stock through the plan pursuant to a prior election are not prohibited.
- **Other Company Stock Purchase Plans.** A director, officer or employee having material inside information regarding the Company may not sign up for, or increase participation in, any employee stock purchase plan or dividend reinvestment plan, if such plans are created and available. However, ongoing purchases through those

plans pursuant to a prior election are not prohibited.

- **Stock Options.** A director, officer or employee may exercise a stock option at any time, but any stock acquired upon such exercise may not be sold (whether by means of a cashless exercise or otherwise) if the employee has material inside information regarding the Company. At any time, however, an employee may deliver Company stock already owned to pay the option exercise price and taxes.

B. Additional Rules Applicable to All Officers with the Title of Senior Vice President or Higher, All Directors and All Persons in the Accounting, Audit and Capital Markets Departments and Other Persons Having Access to Insider Information (the “Restricted Group”).

1. Blackout Periods

Quarterly Blackout Periods. No person in the Restricted Group may trade in Company securities during a blackout period that begins on the twenty-first day of the last month of each calendar quarter (i.e., on December 21, March 21, June 21 and September 21) and ends at the beginning of the third trading day after the public release of the Company’s earnings for such quarter. The blackout period applies to (i) open market purchases or sales, (ii) a sale of securities following exercise of a stock option (including a sale by way of a cashless exercise), (iii) signing up for, or increasing participation in, any employee stock purchase plan or dividend reinvestment plan, and (iv) initiating a transfer of funds into or out of any Company stock fund of a 401(k) plan or increasing an existing election to invest funds in any Company stock or obtain a loan from the

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401(k) plan. However, ongoing purchases by any person through the 401(k) plan or other Company-sponsored plan pursuant to a prior election are permitted at any time (i.e., they are not subject to the blackout period).

Temporary Blackout Periods. The Company may also institute temporary blackout periods in the event of a material corporate development. Notice of temporary blackout periods will be distributed by means of a written or electronic communication specifying the duration of the blackout period and the persons subject to it.

Written Plan Exception. The limitations of the blackout periods shall not apply to trading in Company securities pursuant to a “written plan or instructions for trading securities” provided that such plan meets the requirements of SEC Rule 10b5-1 and is approved in advance by the Company’s SEC Compliance Officers. These individuals are: (i) Gail Corrigan (Primary), and (ii) Keith Suchodolski (Alternate) (the “SEC Compliance Officers”).

- 2. Selling Short.** No person in the Restricted Group may at any time sell short Company stock or otherwise sell any equity securities of the Company that they do not own. Generally, a short sale means any transaction whereby one may benefit from a decline in the Company’s stock price.

- 3. Options.** No person in the Restricted Group may at any time buy or sell options on Company securities (so called “puts” and “calls”) except in accordance with a program approved by the Company’s Board of Directors or a trade cleared by the Company’s SEC Compliance Officers. This restriction does not apply to the exercise of employee or director stock options, which is treated under Section A above.

- 4. Gifting Shares.** In order to avoid the appearance of impropriety, when gifting shares, the giftee must agree to not sell such shares except during an open trading window while the grantor is an insider, and if the grantor is subject to Section 16 reporting requirements, such gift must be pre-cleared and reported pursuant to the procedures below.

C. Additional Rules.

- 1. Pre-Clearance and Reporting:** Any trade of, including the gifting of, the Company’s securities by a director or executive officer, or a family member sharing the same household or a corporation or trust they control, must be pre-cleared with the Company’s SEC Compliance Officers and must be reported promptly to the Company’s SEC Compliance Officers once made. **If, upon requesting clearance, you are advised that Company stock may not be traded, you may not engage in any trade of any type under any circumstances, nor may you inform anyone of the restriction.** You may re-apply for pre-clearance at a later date when trading restrictions may no longer be applicable. It is critical that you obtain pre-clearance of any trading to prevent both inadvertent short-swing or insider trading violations and to avoid *even the appearance* of an improper transaction (which could result, for example, when an officer engages in a trade while unaware of a pending major development).

Pre-clearance of a proposed purchase, sale or transfer of the Company’s securities may be given to either SEC Compliance Officer, who shall advise you on whether there is any basis to restrict a stock transaction during an open window period. **The requirement to follow the pre-clearance procedures applies to all trades and is not an exception to the Company’s trading window period.** For a trade to occur, first the transaction must occur during an open window period and second the trade must be pre-cleared in accordance with this policy.

Before approving a request for permission to engage in a stock transaction, the SEC Compliance Officer will review whether there exists any material, non-public information to which the requesting individual would have access or of which the requesting individual would be expected to have knowledge. The SEC Compliance

Officers may consult with the Company's special counsel, executive officers, and other appropriate individuals prior to responding.

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2. Pre-Clearance for Rule 10b5-1 Plans. Directors and executive officers may not implement a trading plan under SEC Rule 10b5-1 at any time without prior clearance of either SEC Compliance Officer. Directors and executive officers may only enter into a trading plan when they are not in possession of material inside information. In addition, directors and executive officers may not enter into a trading plan during a quarterly blackout period or during a pension blackout period. Once a trading plan is pre-cleared, trades made pursuant to the plan will not require additional pre-clearance, **but only if the plan specifies the dates, prices and amounts of the contemplated trades or establishes a formula for determining dates, prices and amounts.** Additionally, transactions under a trading plan may only begin after a "cooling-off" period. For directors and executive officers, this cooling-off period is the later of (i) 90 days after the adoption of the trading plan or (ii) two business days following the disclosure of the Company's financial results for the fiscal quarter in which the trading plan was adopted, whether disclosed in a Form 10-Q or Form 10-K, as applicable. For persons who are not directors or executive officers, this cooling-off period is 30 days after adoption of the trading plan. Transactions made under a trading plan need to be promptly reported to the Company's SEC Compliance Officers who will be responsible for the preparation of the necessary Form 4.

3. Pre-Clearance for Non-reporting Persons. All Persons that fall within the "Restricted Group" not subject to reporting requirements are still subject to pre-clearance requirements in order to prevent insider trading violations or the appearance of such conduct as noted in section C-1 (Pre-Clearance and Reporting).

D. Additional Rules Applicable to Proposed Mergers/Acquisitions.

Whenever the Company is actively considering a particular company for acquisition or for another significant business relationship (such as a joint venture) or whenever another company is considering acquiring the Company, all of the Company's employees involved in, or aware of, due diligence or other planning for or attention to the acquisition or business relationship are prohibited from trading in any of the Company's securities and any securities of the other company.

Note: This policy applies to personal securities transactions by the directors, officers and employees identified above and also applies to:

(a) Transactions for accounts in which the director, officer or employee has an interest or an ability to influence transactions; and

(b) Transactions by the director's, officer's or employee's spouse or any other member of their household unless (i) the household member's investment decisions are made independently of the director, officer or employee and (ii) the household member has not received inside information about the issuer of the security. It must be understood, however, that the director, officer and employee and/or the household member will bear the burden of demonstrating that the household member has not received inside information. **Furthermore, directors and executive officers are subject to special rules in this regard and any proposed transaction in Company securities by a corporation or trust they control or by a family member sharing the same household must be discussed in advance with the Chairman and Chief Executive Officer or Company counsel.**

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Confidentiality

Serious problems could develop for the Company by unauthorized disclosure of inside information about the Company, whether or not for the purpose of facilitating improper trading of the Company's stock.

Confidentiality of Non-Public Information.

Directors, officers and employees should not discuss internal matters or developments with anyone outside of the Company (including family members, securities analysts, individual investors, members of the investment community and news media), except as required in the performance of regular corporate duties. In addition, directors, officers and employees of the Company with knowledge of material, non-public information should only disclose such information to other Company personnel on a "need-to-know" basis so that the group of individuals with knowledge of material, non-public information is kept as small as possible.

All inquiries about the Company made by the financial press, investment analysts or others in the financial community, or by shareholders must be handled in accordance with SEC Regulation FD. If you have any doubt as to your responsibilities under this policy, you should seek clarification from the Company's SEC Compliance Officers or Company counsel before acting.

Prohibition Against Internet Disclosure

It is inappropriate for any unauthorized person to disclose Company information or to discuss the Company on the Internet, including in any forum or chat room where companies and their prospects are discussed. The posts in these forums are, in some cases, made by investors who are poorly informed, who have malicious intent or who intend to benefit their own stock positions. To avoid the disclosure of material, inside information, no director, officer or employee may discuss the Company or Company-related information in an Internet forum or chat room, regardless of the situation.

If you have any questions regarding this policy, please contact Lawrence Spaccasi or Marc Levy, at Luse Gorman PC.

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Exhibit 21

Subsidiaries

Parent

Kearny Financial Corp.

<u>Subsidiaries</u>	<u>State or Other Jurisdiction of Incorporation</u>	<u>Percentage Ownership</u>
Kearny Bank	United States	100%
<u>Subsidiaries of Kearny Bank</u>		
CJB Investment Corp.	New Jersey	100%
189-245 Berdan Avenue LLC	New Jersey	100%
Kearny Wealth Management LLC	New Jersey	100%

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-204449, 333-216119 and 333-261234) of Kearny Financial Corp. and Subsidiaries of our report dated August 25, 2023 August 23, 2024, relating to the consolidated financial statements and the effectiveness of Kearny Financial Corp. and Subsidiaries' internal control over financial reporting, which appear in this Annual Report on Form 10-K.

/s/ Crowe LLP
Livingston, New Jersey
August 25, 2023 23, 2024

Exhibit 31.1

CERTIFICATION

I, Craig L. Montanaro, certify that:

1. I have reviewed this Form 10-K of Kearny Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2023 August 23, 2024

/s/ Craig L. Montanaro

Craig L. Montanaro

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Keith Suchodojski, Sean Byrnes, certify that:

1. I have reviewed this Form 10-K of Kearny Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2023 August 23, 2024

/s/ Keith Suchodolski Sean Byrnes

Keith Suchodolski Sean Byrnes

Senior Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the year ended June 30, 2023 June 30, 2024 (the "Report") of Kearny Financial Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof, I, Craig L. Montanaro, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 25, 2023 August 23, 2024

/s/ Craig L. Montanaro

Craig L. Montanaro
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the year ended June 30, 2023 June 30, 2024 (the "Report") of Kearny Financial Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof, I, Keith Suchodolski, Senior Sean Byrnes, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Exhibit 97.1

KEARNY FINANCIAL CORP.
CLAWBACK POLICY

The Board of Directors (the "Board") of Kearny Financial Corp. (the "Company") believes that it is in the best interests of the Company and its shareholders to adopt this Clawback Policy (this "Policy"), which provides for the recovery of certain incentive compensation in the event of an accounting restatement.

The Company has adopted this Policy as a supplement to any other clawback policies or provisions in effect now or in the future at the Company. To the extent this Policy applies to compensation payable to a person covered by this Policy, it shall supersede any other conflicting provision or policy maintained by the Company and shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply; provided that, if such other policy or provision provides that a greater amount of such compensation shall be subject to clawback, such other policy or provision shall apply to the amount in excess of the amount subject to clawback under this Policy.

This Policy shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D and the related listing rules of the national securities exchange or national securities association (the "Exchange") on which the Company has listed securities, and, to the extent this Policy is any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. **Definitions.** The terms "Executive Officer," "Incentive-Based Compensation," and "Received" shall have the same meaning as defined in Rule 10D-1(d) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
2. **Application of the Policy.** This Policy shall only apply in the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the Federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
3. **Recovery Period.** The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in Section 2; provided that the individual served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to Exchange Act Rule 10D-1(b)(1)(ii).
 - (a) Notwithstanding the foregoing, the Policy shall only apply if the Incentive-Based Compensation is Received (1) while the Company has a class of securities listed on an Exchange and (2) on or after October 2, 2023.
 - (b) See Exchange Act Rule 10D-1(b)(1)(i)(D) for certain circumstances under which this Policy will apply to Incentive-Based Compensation received during a transition period arising due to a change in the Company's fiscal year.
4. **Erroneously Awarded Compensation.** The amount of Incentive-Based Compensation subject to the Policy ("Erroneously Awarded Compensation") is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts in the Company's financial statements and shall be computed without regard to any taxes paid.
 - (a) For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.
5. **Recovery Exceptions.** The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b) or (c) below apply. The Compensation Committee of the Board of Directors (the "Committee") shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance by the Securities and Exchange Commission,

judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

- (a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any

amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange, as required.

(b) If applicable, Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

6. Committee Decisions. Decisions of the Committee with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy, unless determined by a court of competent jurisdiction to be an abuse of discretion.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company, the governing documents of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation.

8. Agreement to Policy by Executive Officers. The Committee shall take reasonable steps to inform Executive Officers of this Policy and the Executive Officers shall acknowledge receipt and adherence to this Policy in writing.

9. Exhibit Filing Requirement. A copy of this Policy and any amendments thereto shall be filed as an exhibit to the Company's Annual Report on Form 10-K.

10. Amendment. The Board may amend, modify or supplement all or any portion of this Policy at any time and from time to time in its discretion.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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