

Kearny Financial Corp.
Kearny Federal Savings Bank
Audit & Compliance Committee Charter & Policy Statement

Purpose

The Audit & Compliance Committee (“Committee”) is appointed by the Board of Directors of Kearny Financial Corp. (the “Company”) and serves as a joint committee of the Boards of Directors of both the Company and its wholly-owned subsidiary, Kearny Federal Savings Bank (the “Bank”). The Committee is responsible for overseeing the accounting and financial reporting processes of the Company, the Bank, their subsidiaries and Kearny MHC (referred to hereinafter collectively as “Kearny”). The Committee is also responsible for overseeing audits of Kearny’s financial statements.

The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of Kearny’s systems of internal controls regarding finance, accounting, and compliance.
- Monitor the independence and performance of the external audit firm, the Internal Audit Department and the Compliance Department.
- Monitor compliance with legal and regulatory requirements.
- Provide an avenue of communication among the external audit firm, management, the Internal Audit Department, the Compliance Department and the Board of Directors.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external audit firm as well as anyone in the Kearny organization. The Committee has the ability to retain, at the Company’s expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Committee has the authority to determine appropriate funding, at the Company’s expense, for payment of ordinary administrative expenses of the Committee that are determined by the Committee to be necessary or appropriate in carrying out the duties of the Committee.

This charter will be recorded in the Company’s and the Bank’s minutes, available in written form upon request.

Audit Committee Composition and Meetings

The Committee shall be comprised of three or more directors as appointed by the Board of Directors, each of whom shall be non-executive directors and shall not accept any consulting, advisory or other compensatory fees, other than director fees, from Kearny. Additionally, the committee shall be comprised of individuals who are not officers or employees of any of Kearny’s affiliates and who are independent, as defined by the rules of NASDAQ. All members of the Committee shall have an understanding of financial

statements. At least one member shall have past employment experience in finance or accounting, required professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee shall be a financial expert as defined by the Securities and Exchange Commission. The Committee Chair shall be elected by the Committee.

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board of Directors.

The Committee shall meet at least monthly, or more frequently as circumstances dictate, or as determined by the Board of Directors, the Committee Chair, or the Chief Executive Officer. Minutes of meetings will be approved by the Committee and maintained.

Responsibilities

The Committee shall review and reassess the adequacy of this Charter at least annually.

The Committee shall have responsibilities in four areas:

1. Audited Financial Statements;
2. External Audit Firm;
3. Internal Audit Department; and
4. Compliance Department.

Audited Financial Statements

- Review the fiscal year-end audited financial statements;
- Recommend to the Board of Directors for its approval the financial statements which the Committee has reviewed and found to be accurate, timely, and containing all appropriate disclosures;
- Obtain satisfactory response from management concerning issues raised by regulators, the external audit firm, or the Internal Audit Department as they relate to financial reporting; and
- Establish and maintain procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

External Audit Firm

- Be responsible for the appointment, compensation and oversight of the external audit firm;
- Determine appropriate funding to pay for audit, review or attest services performed by the external audit firm;
- Approve the audit plan of the external audit firm;
- Approve all non-audit services, including tax services, prior to the engaging the

external audit firm to perform such services. The Committee may delegate this responsibility to an individual Committee member or group of Committee members. Non-audit services performed by any party other than the external audit firm need not be approved by the Committee pursuant to this section; and

- Review and discuss with the external audit firm on an annual basis all significant relationships they have with the Bank that could impair the external audit firm's independence and receive from the external audit firm a written statement delineating all relationships between the external audit firm and Kearny.

Internal Audit Department

- Approve the annual audit plan, any subsequent changes, and ensure that the scope of the audit activities have not been restricted by management;
- Approve the appointment, performance, and replacement of the audit outsource provider, if applicable;
- Review significant audit findings, recommendations, and management's corresponding responses and the implementation plan of significant audit recommendations; and
- Direct the Internal Audit Department to perform special studies, examinations and/or reviews.

Compliance Department

- Approve the Regulatory Compliance Program annually;
- Review legal and regulatory matters within the scope of any review that may have a material effect on Kearny, compliance with Kearny's policies and procedures, and reports received by regulators; and
- Discuss significant review findings, recommendations, and management's corresponding responses and the implementation plan of significant audit recommendations.

Internal Controls

The Committee will review Kearny's internal control system and the resolution of identified material weaknesses and reportable conditions in the internal control system, including the prevention or detection of management overrides or compromise of the internal control system.

Publication of Charter

Pursuant to the rules of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended, a copy of this charter shall be included as an appendix to the Company's annual meeting proxy statement at least once every three fiscal years.

Adopted by the Board of Directors of Kearny Financial Corp. on July 19, 2004.