

A Message From Our CEO

Dear Shareholders,

We recognize the importance of focusing on long-term financial sustainability and the prudent management of environmental, social and governance (“ESG”) factors.

Over the past two years, we have outlined the ESG factors that matter most to the success of our business and the communities we serve, and we continue to develop capabilities to improve our processes in these areas. In this ESG Highlights Report, we are pleased to share updates to our ESG program during fiscal 2023.

These include:

1. Welcoming two new directors to the Boards of Kearny Financial Corp. and Kearny Bank who bring fresh perspectives and diversity of thought.
2. Appointing a Director of Diversity, Equity and Inclusion to amplify the representation, engagement and retention of underrepresented employees.
3. Implementing an energy management system at our corporate headquarters to better understand the environmental footprint of our operations.

Our previously established ESG Committee of the Board of Directors continues to oversee ESG matters and review our evolving ESG-related strategy, initiatives, policies and risk management. Additionally, our Board’s Enterprise Risk Management (ERM) Committee collaborates with the ESG Committee to manage ESG-related risk as needed.

Our ESG Working Group, which is comprised of cross-functional leaders including representation from our Executive team, Compliance, Human Resources, Legal, Risk Management and Facilities departments, reports to the ESG Committee of the Board on an as-needed basis.

We are proud of the progress made this year and are committed to advancing our ESG strategy alongside the focus and scale of our business.



Craig L. Montanaro
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 President and Chief Executive Officer



ESG Oversight Structure

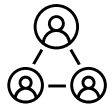


1884
 YEAR FOUNDED

\$8.1
 BILLION IN ASSETS

43
 BRANCHES

556
 EMPLOYEES



Our Social Impact

Supporting Our Communities

SPOTLIGHT: Kearny Bank ChangeMakers Program

In 2023, the Kearny Bank ChangeMakers program was launched in partnership with Rutgers University to empower female employees with the skills and resources to be leaders at Kearny and within our local communities. The first twelve-person cohort received gender and leadership training that brought attendees together virtually to interact and engage in dialogue.



Kearny Bank employees receiving certificates for completing the Kearny Bank ChangeMakers program requirements.

In addition to receiving an educational foundation, the participants develop ways to better support local women owned businesses and provide services to help them succeed. This includes creating networking opportunities, events and educational content for women business owners. The Kearny Bank ChangeMakers hosted a kickoff networking event and also partnered with the New Jersey Small Business Development Centers (NJSBDC) to sponsor a 4-week QuickBooks class. They also supported a Dress for Success clothing drive in June, collecting clothing, shoes and accessories for women entering the workforce, positively impacting our community.



¹The Kearny Bank First Time Home Buyer Program promotes home ownership through down payment assistance, rate reductions, lender-paid mortgage insurance and fee waivers for qualified borrowers.



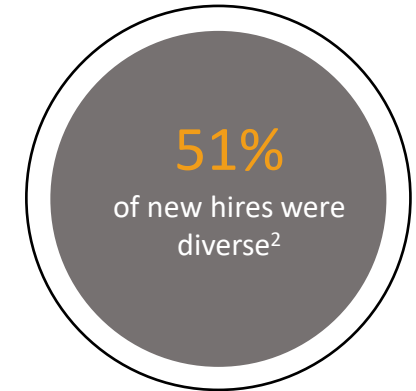
Our People

Our employees are one of our greatest resources, and we strive to maintain a working environment where all employees are heard and respected. We offer growth and mentorship opportunities to help provide our employees with the tools they need to succeed. We realize that achieving a culture of inclusion requires consistent effort, and we continually seek opportunities to add diverse skill sets and perspectives to our team.

In 2023, we appointed a Director of Diversity, Equity and Inclusion (“DEI”) to lead and advocate for the Bank’s DEI efforts. The director will create and implement strategies aimed at increasing the representation and retention of underrepresented employee segments. This includes developing programs and forming partnerships with community groups to enhance the available pool of diverse candidates for consideration.

This appointment is representative of our commitment to making progress on diverse representation in our workplace at all levels. We aim for a workforce that reflects the communities we serve, with employees that feel valued and have the opportunity to reach their full potential.

We are committed to supporting the needs of our employees and their families by providing access to a variety of health and wellness programs, including benefits that support their physical, mental and financial well-being.



² Includes employees who identify as Asian, Black or African American, Hispanic or Latino, or two or more races.



The Environment

We acknowledge our organization's impact on the environment and will continue to take steps towards operating in a manner consistent with responsible environmental practices.

We are also committed to managing the risks posed to our business due to the effects of climate change. For more information, please refer to our [Environmental Mission Statement](#).



Climate Risk Management

Kearny Bank conducted the first climate risk analysis in 2021 and continues to conduct these assessments annually to quantify the potential risks posed to the Bank by climate change. Spearheaded by the Enterprise Risk Management Department, our Climate Risk Dashboard was developed to report and monitor various risks posed to the Bank's loans, branches and corporate locations as measured by the Federal Emergency Management Agency (FEMA) National Risk Index (NRI).

Kearny Bank's current loan portfolio continues to be exposed to only low to moderate risk of natural disasters. We are committed to analyzing this data over time to identify any emerging risk patterns. The findings of the analysis are reported to the ERM Committee of the Board no less than annually, with escalation of recommendations and emerging risks more frequently if necessary.

For more information on the FEMA NRI, please visit:

<https://www.fema.gov/flood-maps/products-tools/national-risk-index>

Environmental Risk Procedures

Our Board-approved lending policy requires both environmental assessments and risk reports to be prepared as applicable before commercial real estate loan transactions. Our Flood Disaster Protection Act Policy addresses flood hazard insurance requirements to ensure compliance with applicable laws.

Environmental Management

In 2023, the Bank successfully implemented an Energy Management System to monitor and reduce energy usage within our Corporate headquarters. In 2024, we will look to implement additional initiatives to reduce our energy consumption. Other efforts we have taken in pursuit of minimizing our impact on the environment include:

- Using 100% LED lighting for all outdoor locations we control
- Utilizing occupancy sensor lighting in over 50% of our locations
- Sorting and recycling of waste through the use of single stream dumpsters at a majority of our locations
- Transitioning to paperless processes, relying heavily on electronic document systems
- Increasing the use of cloud technologies to reduce on-premise data center power consumption



The KearnyBank Foundation sponsored the Beach Sweeps program offered by Clean Ocean Action with Kearny Bank employees participating in the clean-up effort.



Responsible Business Practices

As stipulated in our [Code of Conduct](#), we strive for the highest moral and ethical standards in conducting our business. All employees are encouraged to report violations through our anonymous employee ethics hotline, their manager, Human Resources or Senior Management without fear of retaliation.

Non-Discrimination and Fair Lending Compliance

The Bank prohibits discrimination in all aspects of operations. To further ensure our policy of non-discriminatory lending, we maintain written guidelines in our Fair Lending Policy to promote the fair and equal treatment of all loan applicants. We periodically review this policy to ensure compliance with applicable laws, regulations, and industry best practices and continuously monitor adherence.

Risk Management

Our Board of Directors ultimately oversees the company's risk management and delegates oversight of the review of risk management policies and practices to the ERM Committee of the Board. Our Audit and Compliance Committee also works closely with individual business lines and the Senior Management team to advise and oversee specific risk management activities.

We conduct various stress tests including capital, liquidity, interest rate and credit risk, in order to assess our risk exposure and determine our risk appetite. This information also allows us to make more informed capital allocation decisions.

Data Security and Client Privacy

Protecting our clients' personal and financial data has always been a priority. Under the oversight of our Chief Risk Officer and Cyber Defense team, our Board-approved Cyber Defense Program integrates people, processes and layered technologies.

Highlights of our cybersecurity and privacy programs include:

- Alignment with security control frameworks such as the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Toolkit.
- Periodic Incident Response tabletop exercises over the course of each year to assess and enhance our response to high-risk events.
- Annual mandatory security and fraud training for employees.
- [Security Fraud Center](#) to educate clients on security best practices.
- Annual internal and external audits of data privacy controls.
- [Privacy Policy](#) that adheres to the provisions and intent of Privacy of Consumer Financial Information and the Gramm-Leach-Bliley Act.



ESG Framework & Standards

United Nations Sustainable Development Goals (SDGs)

The 17 United Nations SDGs are a collaborative, global effort to achieve a better and more sustainable future for all. Please refer to our [2022 ESG Report](#) which reflects alignment with our areas of influence and impact through our business strategy, products and services.



Forward-Looking Statements

Statements contained in this report that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include but are not limited to factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date hereof, and the Company undertakes no obligation to update them in light of new information or future events.

The information provided in this report reflects the Company's approach to ESG as of the date(s) referenced in this report and is subject to change without notice. We do not undertake to update such information in this report. No reports, documents or websites that are cited or referred to in this document shall be deemed to form part of this report.

Sustainability Accounting Standards Board (SASB)

The following table incorporates the SASB standards, now part of the International Financial Reporting Standards Foundation, related to commercial banks. It includes the relevant topic metric(s) where available and/or references to sections within this and prior reports where specific topics are discussed.

TOPIC	ACCOUNTING METRIC	SASB CODE	REPORT SECTION AND COMMENTS
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-120a.1	Data Security and Client Privacy
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	Supporting Our Communities
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	Risk Management
	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	FN-CB-410a.2	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	Corporate Governance and Business Ethics
	Description of whistleblower policies and procedures	FN-CB-510a.2	
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	<i>Not Applicable</i>
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities	FN-CB-550a.2	Risk Management