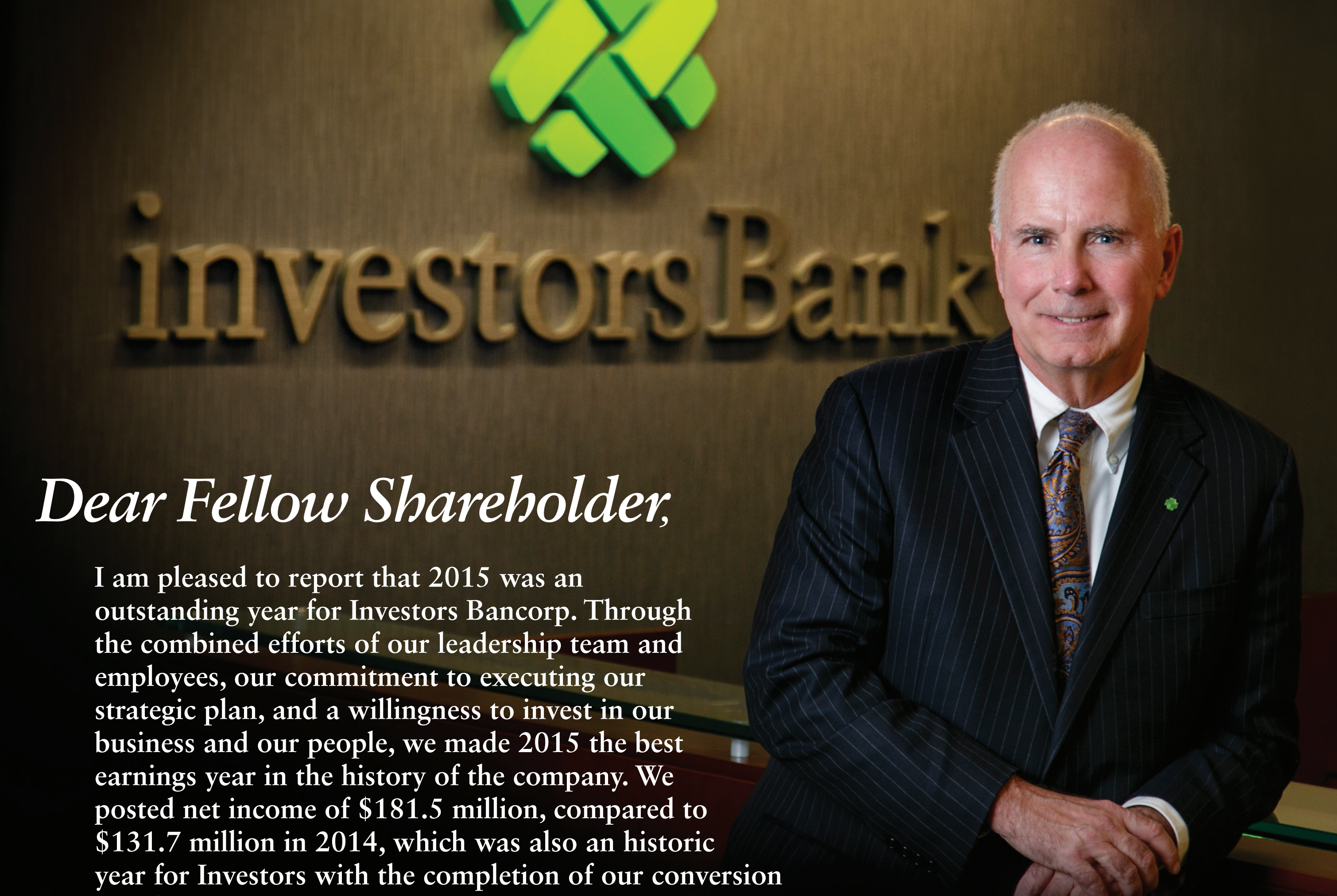
2015 ANNUAL REPORT • FORM 10-K & PROXY STATEMENT

commitment

character

community

cooperation



Dear Fellow Shareholder,

I am pleased to report that 2015 was an outstanding year for Investors Bancorp. Through the combined efforts of our leadership team and employees, our commitment to executing our strategic plan, and a willingness to invest in our business and our people, we made 2015 the best earnings year in the history of the company. We posted net income of $181.5 million, compared to $131.7 million in 2014, which was also an historic year for Investors with the completion of our conversion to a fully public company.

The Bank has delivered an impressive five-year total shareholder return of 152%, and grew assets by $10 billion in just four years. In fact, overall growth has been remarkable - we doubled in asset size from 2008 to 2011, and then again between 2011 and 2015. We also continue to expand our geographic footprint. In 2015, we opened eight new branch offices in the communities of Avenel, Bayonne, Colonia, Cranford, East Brunswick, Grasmere, Jersey City and Richmond Hill.

Growth and change are keys to success. Equally important is remaining true to your roots, and at Investors Bank, we remain true to our commitment as a community bank. One of the elements of our strategic plan is to keep the "community" in banking by expanding our presence in the communities we serve.

Why continue to open branches, especially when so many others are abandoning this strategy? Investors believes in contributing to the ongoing vitality and prosperity of our local communities. Our branches drive deposits, and deposits provide us with the opportunity to originate loans which in turn help those communities flourish.

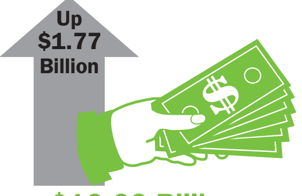
Is it working? Absolutely. The new branch offices we opened in 2015 contributed over $178 million in new deposits and represented approximately 10% of our deposit growth in 2015.

Providing the capital and financial strength of a large, regional bank, while providing the service, dedication and commitment of a community bank, is a challenge, but one which we continue to meet.

"The energy and commitment during 2015 was contagious and evident throughout Investors, from Long Island to South Jersey, exemplified in such highlights as:"

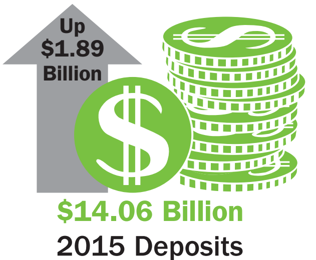
140 Branches
2015 Branch Expansion

$20.89 Billion
2015 Total Assets



$16.66 Billion
2015 Net Loans

15%
2015 Capital Level



$14.06 Billion
2015 Deposits

We also continue our evolution toward becoming a full-fledged commercial bank meeting the expectations for more, and larger, loans to satisfy the needs of our growing consumer and commercial customer base. In 2015, we originated approximately $5 billion in new loans. Our commercial lending platform is robust as we lend for multifamily housing, mixed-use properties, retail shopping centers, and warehouse and industrial properties through the metropolitan New York and Mid-Atlantic regions.

Over the past four years our lending to business owners has grown to approximately $1.6 billion. This diversified lending portfolio has also created other opportunities to strengthen our relationships through the use of our cash management and professional banking services.

In early 2016, Forbes Magazine named Investors Bank the 20th Best Bank in America*. While it may seem the bar has been raised publicly, the truth is we have been raising the bar higher and higher for ourselves since becoming a public company more than 10 years ago.

Yes, 2015 was a record year but by no means will we stop moving forward. If anything, we have to make even greater strides in 2016. The success of 2015 becomes the platform for our future growth and we will use these four levers to continue our forward trajectory:

- *Organic growth*
- *Stock repurchase/buyback*
- *Mergers and acquisitions*
- *Paying dividends*

While organic growth has been strong here at Investors, actively managing our strong capital position to enhance shareholder value is a priority. In March 2015, Investors received approval, prior to the one-year anniversary of our stock conversion, to begin repurchasing our stock. Since then we have actively repurchased our stock and have continued to pay dividends to our shareholders, most recently increasing our dividend payment by 20% from $0.05 per share to $0.06 per share in February 2016.

Growth, organic or through the right mergers and/or acquisitions, will help propel the Company forward, expand our lending and product capabilities, and better service our customers and the communities we serve.

We successfully converted all of our core operating systems in August 2015. This was a significant investment in our future as investments in new technologies are critical to help meet our current needs and to position us to meet the requirements of the future. This investment will serve us well as we grow our branch network, build-out our commercial and industrial lending business, and provide our customers with the service platforms which make their lives easier and more efficient.

One of the key components of our strategic plan is our investment and development of our most important asset - our people. In executing our plan, we continue to invest in programs designed to provide opportunities for our employees' personal and professional development and growth. In addition, new key members of our management team, as well as other enhancements in infrastructure, will help to manage the risk we face in the financial services sector.

* Forbes Magazine, January 7, 2016, "America's Best Banks 2016"

Our vision and mission are built on four core values that commit us to make a difference for our customers and our communities, and to be better every day - as bankers, as corporate citizens and as people:

Cooperation – Character – Community – Commitment

We believe in these four Cs, and practice them in our business and in our involvement with the communities we serve – through our philanthropy and through the time and talent given by Investors Bank employees. The Investors Foundation awarded over $4.5 million in 2015, but that is just a small part of the commitment we bring. Our employees are out in our communities leading, serving, challenging, and making a difference – they are being significant.

Supporting our employees and the work they do in their communities – financially, and most importantly, with the education, professional development and the resources they need – is really how we make a difference. It is how Investors Bank is and continues to be significant.

As we continue to execute our strategic plan, we will not venture away from our core business – instead we will continue to invest in the technology, infrastructure and people so essential to our continued and ongoing success. We will manage our risk and remain true to our mission and values. Investors will not be anything other than what we are - a bank that provides high-quality products and services in an honest and straightforward manner, while operating responsibly and ethically, so our customers, employees, stockholders and communities may prosper.

I like to say I am “cautiously optimistic” for the future.

This caution comes from a still sluggish economy and uncertain economic times. With the exception of some pockets of stability and growth, such as here in the Northeast, the overall economy remains stagnant. Production gains for the last five years are just one-fourth of what they were for the previous 60 years. When you add the uncertainty of an election year, particularly one that promises to be even more contested and debated than that of previous years, there is reason to be cautious.

By nature, I am optimistic. But it is not my own nature fueling my optimism, but rather a great year of record earnings, significant growth, ongoing investment in technology, strengthening of our infrastructure, and the dedication of hundreds of committed employees.

We have managed through turbulent times in the past and will remain cautious and pragmatic while we execute our business plan. I am confident the results will be continued success and growth. I am excited for the future – one where Investors leaves behind a legacy of significance.

On behalf of the Board of Directors, management and staff, I would like to thank you for being a shareholder of Investors Bancorp. Your investment is important to us, and we appreciate your trust, confidence and the opportunity to serve you.

Sincerely,

Kevin Cummings
President and Chief Executive Officer

SELECTED FINANCIAL DATA

(In thousands, except branch data and percent data)

	2015	2014	2013
Total assets	**$20,888,684**	$18,773,639	$15,623,070
Net loans outstanding	**16,668,564**	14,894,438	12,890,817
Securities	**3,148,920**	2,762,403	1,616,851
Deposits	**14,063,656**	12,172,326	10,718,811
Borrowed funds	**3,263,090**	2,766,104	3,367,274
Stockholders' equity	**3,311,647**	3,577,855	1,334,327
Number of full service offices	**140**	132	129

	2015	2014	2013
Net interest income	**$595,084**	$541,971	$435,426
Net income	**181,505**	131,721	112,031
Return on average assets	**0.92%**	0.76%	0.83%
Return on average equity	**5.26%**	4.71%	10.00%
Interest rate spread	**2.91%**	3.08%	3.24%
Net interest margin	**3.12%**	3.27%	3.37%
Non-performing assets to total assets	**0.69%**	0.81%	0.95%
Average equity to average assets	**17.41%**	16.16%	8.32%

Total Assets at December 31 (dollars in billions)

Net Loans Outstanding at December 31 (dollars in billions)

Deposits at December 31 (dollars in billions)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended December 31, 2015

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 No. 001-36441

Investors Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4702118**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
101 JFK Parkway, Short Hills, New Jersey	**07078**
(Address of Principal Executive Offices)	Zip Code

(973) 924-5100

(Registrant's telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:

Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC
(Title of Class)	(Name of each exchange on which registered)

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 twelve months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of February 23, 2016, the registrant had 359,070,852 shares of common stock, par value $0.01 per share, issued and 328,014,181 shares outstanding.

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the last sale price on June 30, 2015, as reported by the NASDAQ Global Select Market, was approximately $3.94 billion.

DOCUMENTS INCORPORATED BY REFERENCE

1. Proxy Statement for the 2016 Annual Meeting of Stockholders of the registrant (Part III).

INVESTORS BANCORP, INC.

2015 ANNUAL REPORT ON FORM 10-K

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PRIVATE SECURITIES LITIGATION REFORM ACT SAFE HARBOR STATEMENT

This Annual Report on Form 10-K contains a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may be identified by the use of the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "outlook," "plan," "potential," "predict," "project," "should," "will," "would" and similar terms and phrases, including references to assumptions.

Forward-looking statements are based on various assumptions and analyses made by us in light of our management's experience and its perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors (many of which are beyond our control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These factors are outlined in Item 1A herein and include, without limitation, the following:

- the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control;
- there may be increases in competitive pressure among financial institutions or from non-financial institutions;
- changes in the interest rate environment may reduce interest margins or affect the value of our investments;
- changes in deposit flows, loan demand or real estate values may adversely affect our business;
- changes in accounting principles, policies or guidelines may cause our financial condition to be perceived differently;
- general economic conditions, either nationally or locally in some or all areas in which we do business, or conditions in the real estate or securities markets or the banking industry may be less favorable than we currently anticipate;
- legislative or regulatory changes may adversely affect our business;
- technological changes may be more difficult or expensive than we anticipate;
- success or consummation of new business initiatives may be more difficult or expensive than we anticipate;
- litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may be determined adverse to us or may delay the occurrence or non-occurrence of events longer than we anticipate;
- the risks associated with continued diversification and growth of assets and adverse changes to credit quality;
- difficulties associated with achieving expected future financial results;
- impact on our financial performance associated with the effective deployment of capital raised in our second step conversion offering; and
- the risk of continued economic slowdown that would adversely affect credit quality and loan originations.

We have no obligation to update any forward-looking statements to reflect events or circumstances after the date of this document.

As used in this Form 10-K, "we," "us" and "our" refer to Investors Bancorp, Inc. and its consolidated subsidiaries, principally Investors Bank.

PART I

ITEM 1. BUSINESS

Investors Bancorp, Inc. (the "Company") is a Delaware corporation incorporated in December 2013 to be the successor to Investors Bancorp, Inc. ("Old Investors Bancorp") upon the completion of the mutual-to-stock conversion of Investors Bancorp, MHC in May 2014. Old Investors Bancorp was a Delaware corporation organized in January 1997 for the purpose of being a holding company for Investors Bank (the "Bank"), a New Jersey chartered savings bank. On October 11, 2005, Old Investors Bancorp completed its initial public stock offering in which it sold 131,649,089 shares, or 43.74% of its outstanding common stock, to subscribers in the offering, including 10,847,883 shares purchased by the Investors Bank Employee Stock Ownership Plan (the "ESOP"). Upon completion of the initial public offering, Investors Bancorp, MHC (the "MHC"), Old Investors Bancorp's New Jersey chartered mutual holding company parent, held 165,353,151 shares, or 54.94% of Old Investors Bancorp's outstanding common stock (shares restated to include shares issued in a business combination subsequent to initial public offering). Additionally, Old Investors Bancorp contributed $5,163,000 in cash and issued 3,949,473 shares of common stock, or 1.32% of its outstanding shares, to the Investors Bank Charitable Foundation.

In conjunction with the second step conversion, Investors Bancorp, MHC merged into Old Investors Bancorp (and ceased to exist), and Old Investors Bancorp subsequently merged into the Company and the Company became its successor under the name Investors Bancorp, Inc. The second step conversion was completed on May 7, 2014. The Company raised net proceeds of $2.15 billion by selling a total of 219,580,695 shares of common stock at $10.00 per share in the second step stock offering and issued 1,000,000 shares of common stock to the Investors Charitable Foundation. Concurrent with the completion of the stock offering, each share of Old Investors Bancorp common stock owned by public stockholders (stockholders other than Investors Bancorp, MHC) was exchanged for 2.55 shares of Company common stock. As a result of the conversion, all share information has been revised to reflect the 2.55- to- one exchange ratio. A total of 137,560,968 shares of Company common stock were issued in the exchange. The conversion was accounted for as a capital raising transaction by entities under common control. The historical financial results of Investors Bancorp, MHC are immaterial to the results of the Company and therefore upon completion of the conversion, the net assets of Investors Bancorp, MHC were merged into the Company and are reflected as an increase to stockholders' equity. In addition, the second step conversion resulted in the accelerated vesting of all outstanding stock awards as of the conversion date. The withholding of shares for payment of taxes with respect to these awards resulted in treasury stock of 1,101,694 shares.

The Company is subject to regulation as a bank holding company by the Federal Reserve Board. Our primary business has been that of owning the common stock of the Bank and a loan to the ESOP. Investors Bancorp, Inc., as the holding company of Investors Bank, is authorized to pursue other business activities permitted by applicable laws and regulations for bank holding companies. At December 31, 2015, our consolidated assets totaled $20.89 billion and our consolidated deposits totaled $14.06 billion.

Investors Bancorp neither owns nor leases any property, but instead uses the premises, equipment and furniture of the Bank. At the present time, the Company employs as officers only certain persons who are also officers of the Bank and uses the support staff of the Bank from time to time. These persons are not separately compensated by Investors Bancorp. Investors Bancorp may hire additional employees, as appropriate, to the extent it expands its business in the future.

Investors Bank is a New Jersey-chartered savings bank headquartered in Short Hills, New Jersey. Originally founded in 1926 as a New Jersey-chartered mutual savings and loan association, it has grown through acquisitions and internal growth, including de novo branching. In 1992, the charter was converted to a mutual savings bank and in 1997 the charter was converted to a New Jersey-chartered stock savings bank.

The Bank is in the business of attracting deposits from the public through its branch network and borrowing funds in the wholesale markets to originate loans and to invest in securities. The Bank originates multi-family loans, commercial real estate loans, commercial and industrial ("C&I") loans, one-to four-family residential mortgage loans secured by one-to four-family residential real estate, construction loans and consumer loans, the majority of which are home equity loans and home equity lines of credit. Securities, primarily mortgage-backed securities, U.S. Government and Federal Agency obligations, and other securities represented 15% of consolidated assets at December 31, 2015. The Bank offers a variety of deposit accounts and emphasizes quality customer service. The Bank is subject to comprehensive regulation and examination by the New Jersey Department of Banking and Insurance ("NJDBI"), the Federal Deposit Insurance Corporation ("FDIC") and the Consumer Financial Protection Bureau ("CFPB").

The Company's results of operations are dependent primarily on its net interest income, which is the difference between the interest earned on assets, primarily loans and securities portfolios, and the interest paid on deposits and borrowings. Earnings are significantly affected by general economic and competitive conditions, particularly changes in market interest rates and U.S. Treasury yield curves, the impact of real estate in the Company's lending area, government policies and actions of regulatory authorities. Net income is also affected by provision for loan losses, non-interest income, non-interest expense and income tax expense. Non-interest income includes fees and service charges; income on bank owned life insurance, or BOLI; net gain on loan transactions; net gain on securities transactions; impairment losses on investment securities; net gain on sale of other real estate owned and other income. Non-interest expense consists of compensation and fringe benefits; advertising and promotional expense; office occupancy and equipment expense; federal deposit insurance premiums; stationary, printing, supplies and telephone expense; professional fees; data processing fees service and other operating expenses.

Investors Bancorp, Inc.'s electronic filings with the SEC, including the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Sections 13(a) or 15 (d) of the Exchange Act, as amended, are made available at no cost in the Investor Relations section of the Company's website, www.myinvestorsbank.com, as soon as reasonably practicable after the Company files such material with, or furnishes it to, the SEC. The Company's SEC filings are also available through the SEC's website at www.sec.gov.

Our Business Strategy

Since the initial public offering in 2005, we have transitioned from a wholesale thrift business to a retail commercial bank. This transition has been primarily accomplished by increasing the amount of our commercial loans and core deposits. Our transformation can be attributed to a number of factors, including organic growth, de novo branches, bank and branch acquisitions, as well as expanding our product offerings. We believe the attractive markets we operate in, namely, New Jersey and the greater New York metropolitan area, will continue to provide us with growth opportunities. Our primary focus is to build and develop profitable customer relationships across all lines of business, both consumer and commercial.

Opportunities through Our Attractive Markets

The markets we operate in are considered attractive banking markets within the United States, and we believe they will continue to provide us with opportunities to grow. We have expanded our franchise to include the suburbs of Philadelphia and the boroughs of New York City as well as Nassau and Suffolk Counties on Long Island. Additionally, we have strengthened our presence in our historic markets throughout New Jersey. We accomplished this expansion through de novo growth and select bank and branch acquisitions. As a result of this growth, Investors Bank is one of the largest New Jersey headquartered banking institutions as measured by both assets and deposits. The markets we operate in are desirable from an economic and demographic perspective as they are characterized by large and dense population centers, areas of high income households and centers of robust business and commercial activity. Our competition in these markets tends to be from out-of-state

headquartered money centers and super-regional financial institutions and much smaller local community banks. We believe that as a locally headquartered institution, situated between these extremes, we can compete and capitalize on opportunities that exist in our market area.

Many of the counties we serve are projected to experience moderate to strong population and household income growth through 2021. Though slower population growth is projected for some of the counties we serve, it is important to note that these counties are densely populated. All of the counties we serve have a strong mature market with median household incomes greater than $49,000. The household incomes in the counties we serve are all expected to increase in a range from 3.43% to 11.22% through 2021. The December 2015 unemployment rates for New Jersey and New York were 5.1% and 4.8%, respectively, while the national rate was 5.0%.

We face intense competition in making loans as well as attracting deposits in our market area. Our competition for loans and deposits comes principally from commercial banks, savings institutions, mortgage banking firms, credit unions and insurance companies. We face additional competition for deposits from short-term money market funds, brokerage firms and mutual funds. Some of our competitors offer products and services that we currently do not offer, such as trust services and private banking. As of June 30, 2015, the latest date for which statistics are available, our market share of deposits was 3.96% of total deposits in the State of New Jersey.

Growing and Diversifying the Loan Portfolio

Our business plan has been, and will continue to be, to grow and diversify our loan portfolio. We have accomplished the majority of this growth by focusing on originating more multi-family and commercial real estate loans in our market area through our New York City and New Jersey loan production offices. For the year ended December 31, 2015, we originated $2.08 billion in multi-family loans and $936.9 million in commercial real estate loans. We are focusing on growing our commercial loan portfolio because it helps to diversify the loan portfolio and reduces our credit and interest rate exposure to mortgage-backed securities and one- to four-family mortgages.

To further diversify our loan portfolio we have increased commercial and industrial ("C&I") lending by building relationships with small to medium sized companies in our market area. We have hired a number of experienced C&I lending teams, including a team specializing in the healthcare industry and a team of experienced lenders specializing in asset based lending. For the year ended December 31, 2015, we originated $930.8 million of C&I loans. We have diversified our loan portfolio, as evidenced by the fact that commercial loans (including commercial real estate, multi-family, C&I and construction loans) represent approximately 67% of our loan portfolio at December 31, 2015 as compared to December 31, 2011, when commercial loans were approximately 35% of total loans. Growing and diversifying our loan portfolio will continue to be a major focus of our business strategy going forward.

Changing the Mix of Deposits

We have focused on changing our deposit mix from certificates of deposit to core deposits (savings, checking and money market accounts). Core deposits are an attractive funding alternative because they are a more stable source of low cost funding and are less sensitive to changes in market interest rates. As of December 31, 2015, we had core deposits of $10.65 billion, representing approximately 76% of total deposits, compared to December 31, 2011 when core deposits were $4.02 billion, representing 55% of total deposits. In order to maintain these favorable results and trends, we will continue to invest in additional de novo branches, branch staff training and product development. Over the past few years we have developed a suite of commercial deposit and cash management products, designed to appeal to small business owners and non-profit organizations including electronic deposit services such as remote deposit capture. Mobile banking services have also been developed to serve our customers' needs and adapt to a changing environment. We will continue to enhance our web site and use social media as a way to stay connected to our customers.

Our deposit business has become more diversified over the past few years as we attract more deposits from commercial entities, including most of the businesses that borrow from us. Investors Bank has become one of the largest depositories for government and municipal deposits in New Jersey, which provides us with an additional funding source. Our branch network, concentrated in markets with attractive demographics and a high density population will continue to provide us with opportunities to grow and improve our deposit base.

Acquisitions

A significant portion of our historic growth can be attributed to our acquisition strategy. Over the past several years we have completed eight bank or branch acquisitions. Although management evaluates a number of factors when considering an acquisition, we have maintained a fundamental focus on preserving tangible book value per share. Some of our most recent transactions have included the following acquisitions:

- Gateway Community Financial Corp., completed January 2014 ($254.7 million of deposits and 4 branches in Gloucester County, New Jersey)
- Roma Financial Corporation, completed December 2013 ($1.34 billion of deposits and 26 branches in the Philadelphia suburbs of New Jersey)
- Marathon Banking Corporation, completed October 2012 ($777.5 million in deposits and 13 branches in Brooklyn, Queens, Staten Island, Manhattan and Long Island)
- Brooklyn Federal Bancorp, completed January 2012 ($385.9 million in deposits and 5 branches in Brooklyn and Long Island)

These acquisitions have provided us with the opportunity to grow our business, expand our geographic footprint and improve our financial performance. We intend to continue to evaluate potential acquisition opportunities that may present themselves in the future while maintaining the financial and pricing discipline that we have adhered to in the past.

Capital Management

Capital management is a key component of our business strategy. With the completion of the second step conversion, we raised net proceeds of $2.15 billion in equity. As of December 31, 2015 our tangible equity to asset ratio was 15.43% and our tangible book value per share was $9.97. We manage our capital through a combination of organic growth, acquisitions and stock repurchases and dividends. In March 2015 we received approval from the Board of Governors of the Federal Reserve System to commence a 5% buyback program prior to the one-year anniversary of the completion of our second step conversion and announced our first share repurchase program. Our second share repurchase program authorized an additional 10% buyback program. For the year ended December 31, 2015 we purchased 31.6 million shares.

On September 28, 2012, we declared our first quarterly cash dividend of $0.02 per share as part of a dividend program for stockholders and have paid a dividend in every subsequent quarter. Our dividend payout ratio for the year ending December 31, 2015 was 45.45% which includes a special cash dividend of $.05 paid in February 2015.

Involvement in Our Communities

Investors Bank proudly promotes a higher quality of life in the communities it serves in New Jersey and New York through employee volunteer efforts and the Investors Charitable Foundation. Employees are continually encouraged to become leaders in their communities and use Investors Bank's support to help others. Through the Charitable Foundation, established in 2005, Investors Bank has contributed or committed $20.3 million in donations to enrich the lives of New Jersey and New York citizens by supporting initiatives in the arts, education, youth development, affordable housing, and health and human services.

Community involvement is one of the principal values of Investors Bank and provides our staff with a meaningful ability to help others. We believe these efforts contribute to creating a culture at Investors Bank that promotes high employee morale while enhancing the presence of Investors Bank in our local markets.

Lending Activities

Our loan portfolio is comprised of multi-family loans, commercial real estate loans, construction loans, commercial and industrial loans, residential mortgage loans and consumer and other loans. At December 31, 2015, multi-family loans totaled $6.26 billion, or 37.0% of our total loan portfolio, commercial real estate loans totaled $3.83 billion, or 22.7% of our total loan portfolio, commercial and industrial loans totaled $1.04 billion, or 6.2% of our total loan portfolio and construction loans totaled $225.8 million, or 1.3% of our total loan portfolio. Residential mortgage loans represented $5.04 billion, or 29.8% of our total loans at December 31, 2015. We also offer consumer loans, which consist primarily of home equity loans, home equity lines of credit and to a lesser degree, cash surrender value lending on life insurance contracts. At December 31, 2015, consumer and other loans totaled $496.6 million, or 2.9% of our total loan portfolio.

Loan Portfolio Composition. The following table sets forth the composition of our loan portfolio by type of loan, including Purchased Credit-Impaired ("PCI") loans at the dates indicated. PCI loans are loans acquired at a discount that is due, in part, to credit quality and are initially recorded at fair value as determined by the present value of expected future cash flows with no valuation allowance reflected in the allowance for loan losses. Included in total loans below are PCI loans of $11.1 million, $17.8 million, $36.0 million, $6.7 million $0.9 million, respectively for the year ended December 31, 2015, 2014, 2013, 2012 and 2011. Commercial loans are comprised of multi-family loans, commercial real estate loans, commercial and industrial loans and construction loans. Our primary focus over recent years has been on the origination of commercial loans.

	December 31,									
	2015		2014		2013		2012		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(Dollars in thousands)									
Commercial loans:										
Multi-family loans	$ 6,255,904	37.04%	$ 5,049,114	33.44%	$ 3,986,208	30.51%	$ 2,995,471	28.70%	$1,816,118	20.42%
Commercial real estate loans	3,829,099	22.67	3,147,153	20.84	2,505,327	19.18	1,971,689	18.89	1,418,636	15.95
Commercial and industrial loans	1,044,385	6.18	544,458	3.61	268,422	2.05	169,258	1.62	106,299	1.20
Construction loans	225,843	1.34	148,396	0.98	202,261	1.55	224,816	2.15	277,625	3.12
Total commercial loans	11,355,231	67.23	8,889,121	58.87	6,962,218	53.29	5,361,234	40.69	3,618,678	34.94
Residential mortgage loans	5,039,543	29.83	5,769,477	38.21	5,698,351	43.62	4,838,315	46.35	5,034,161	56.59
Consumer and other loans:										
Home equity loans	201,063	1.19	222,871	1.48	245,653	1.88	101,163	0.97	121,134	1.36
Home equity credit lines	220,357	1.30	200,066	1.32	150,796	1.15	131,808	1.26	117,445	1.32
Other	75,136	0.45	18,017	0.12	7,600	0.06	5,951	0.06	3,648	0.04
Total consumer and other loans	496,556	2.94	440,954	2.92	404,049	3.09	238,922	2.29	242,227	2.72
Total loans	$16,891,330	100.00%	$15,099,552	100.00%	$13,064,618	100.00%	$10,438,471	100.00%	$8,895,066	100.00%
Premiums on purchased loans and deferred loan fees, net	(11,692)		(11,698)		(8,146)		10,487		16,387	
Allowance for loan losses	(218,505)		(200,284)		(173,928)		(142,172)		(117,242)	
Net loans	$16,661,133		$14,887,570		$12,882,544		$10,306,786		$8,794,211	

Portfolio Maturities. The following table summarizes the scheduled repayments of our loan portfolio based on contractual maturity, including PCI loans at December 31, 2015. Overdraft loans are reported as being due in one year or less.

	At December 31, 2015						
	Multi-Family Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction Loans	Residential Mortgage Loans	Consumer and Other Loans	Total
	(In thousands)						
Amounts Due:							
One year or less	$ 57,791	$ 175,859	$ 244,421	$139,183	$ 95,943	$168,576	$ 881,773
After one year:							
One to three years	285,766	370,073	91,911	86,416	107,647	33,729	975,542
Three to five years	935,307	587,299	103,183	—	201,256	83,323	1,910,368
Five to ten years	3,489,535	1,902,597	474,054	244	326,639	72,089	6,265,158
Ten to twenty years	1,485,316	758,429	99,496	—	1,244,549	104,960	3,692,750
Over twenty years	2,189	34,842	31,320	—	3,063,509	33,879	3,165,739
Total due after one year	6,198,113	3,653,240	799,964	86,660	4,943,600	327,980	16,009,557
Total loans	$6,255,904	$3,829,099	$1,044,385	$225,843	$5,039,543	$496,556	$16,891,330
Premiums on purchased loans and deferred loan fees, net							(11,692)
Allowance for loan losses							(218,505)
Net loans							$16,661,133

The following table sets forth fixed- and adjustable-rate loans at December 31, 2015 that are contractually due after December 31, 2016.

	Due After December 31, 2016		
	Fixed	Adjustable	Total
	(In thousands)		
Commercial loans:			
Multi-family loans	$2,193,377	$4,004,736	$ 6,198,113
Commercial real estate loans	1,417,761	2,235,479	3,653,240
Commercial and industrial loans	551,361	248,603	799,964
Construction loans	10,744	75,916	86,660
Total commercial loans	4,173,243	6,564,734	10,737,977
Residential mortgage loans	3,348,003	1,595,597	4,943,600
Consumer and other loans:			
Home equity loans	192,914	—	192,914
Home equity credit lines	—	58,979	58,979
Other	76,087	—	76,087
Total consumer and other loans	269,001	58,979	327,980
Total loans	$7,790,247	$8,219,310	$16,009,557

Multi-family Loans. At December 31, 2015, $6.26 billion, or 37.0% of our total loan portfolio was comprised of multi-family loans. Our policy generally has been to originate multi-family loans in New York, New Jersey and surrounding states. The multi-family loans in our portfolio consist of both fixed-rate and adjustable-rate loans, which were originated at prevailing market rates. Multi-family loans are generally five to fifteen year term balloon loans amortized over fifteen to thirty years. The maximum loan-to-value ratio is 75% for multi-family loans. At December 31, 2015, our largest multi-family loan was $49.5 million, which consists of an apartment building with 395 units and was performing in accordance with its contractual terms.

We consider a number of factors when we originate multi-family loans. During the underwriting process we evaluate the business qualifications and financial condition of the borrower, including credit history, profitability of the property being financed, as well as the value and condition of the mortgaged property securing the loan. When evaluating the business qualifications of the borrower, we consider the financial resources of the borrower, the borrower's experience in owning or managing similar property and the borrower's payment history with us and other financial institutions. In evaluating the property securing the loan, we consider the net operating income of the mortgaged property before debt service and depreciation, the ratio of the loan amount to the appraised value of the mortgaged property and the debt service coverage ratio (the ratio of net operating income to debt service) to ensure it is at least 120% of the monthly debt service for apartment buildings. All multi-family loans are appraised by outside independent appraisers who have been approved by our Board of Directors. All borrowers are required to obtain title, fire and casualty insurance and, if warranted, flood insurance.

Multi-family loans are generally lower credit risk than other types of commercial real estate lending due to the diversification of cash flows from multiple tenants to service the debt. However, loans secured by multi-family generally are larger than residential mortgage loans and can involve greater credit risk. Repayment of these loans depends to a large degree on the results of operations and management of the properties securing the loans and may be affected to a greater extent by adverse conditions in the real estate market or the economy in general. Accordingly, management annually reviews the performance of all multi-family loans in excess of $2.0 million.

Commercial Real Estate Loans. At December 31, 2015, $3.83 billion, or 22.7% of our total loan portfolio was commercial real estate loans. We originate commercial real estate loans in New Jersey, New York and surrounding states, which are secured by industrial properties, retail buildings, office buildings and other commercial properties. Commercial real estate loans in our portfolio consist of both fixed-rate and adjustable-rate loans which were originated at prevailing market rates. Commercial real estate loans are generally five to fifteen year term balloon loans amortized over fifteen to thirty years. The maximum loan-to-value ratio is 70% for our commercial real estate loans. Included in commercial real estate loans are owner occupied commercial mortgage loans which totaled $625.7 million at December 31, 2015. At December 31, 2015, our largest commercial real estate loan was $39.6 million loan secured by a commercial retail property located in New Jersey and is performing in accordance with its contractual terms.

We consider a number of factors when we originate commercial real estate loans. During the underwriting process we evaluate the business qualifications and financial condition of the borrower, including credit history, profitability of the property being financed, as well as the value and condition of the mortgaged property securing the loan. When evaluating the business qualifications of the borrower, we consider the financial resources of the borrower, the borrower's experience in owning or managing similar property and the borrower's payment history with us and other financial institutions. In evaluating the property securing the loan, we consider the net operating income of the mortgaged property before debt service and depreciation, the ratio of the loan amount to the appraised value of the mortgaged property and the debt service coverage ratio (the ratio of net operating income to debt service) to ensure it is at least 130% for commercial income-producing properties. All commercial real estate loans are appraised by outside independent appraisers who have been approved by our Board of Directors. Personal guarantees are obtained from commercial real estate borrowers although we will consider waiving this requirement based upon the loan-to-value ratio of the proposed loan and other factors. All borrowers are required to obtain title, fire and casualty insurance and, if warranted, flood insurance.

Loans secured by commercial real estate generally are larger than residential mortgage loans and can involve greater credit risk than residential and multi-family loans. Commercial real estate loans often involve large loan balances to single borrowers or groups of related borrowers. Repayment of these loans depends to a large degree on the results of operations and management of the properties securing the loans or the businesses conducted on such property, and may be affected to a greater extent by adverse conditions in the real estate market or the economy in general. Accordingly, management annually reviews the performance of all commercial real estate loans in excess of $1.0 million.

Commercial and Industrial Loans. At December 31, 2015, $1.04 billion, or 6.2% of our total loan portfolio was commercial and industrial loans. We offer a wide range of credit facilities to commercial and industrial clients throughout our geographic footprint. Our credit offerings are lines of credit, term loans and letters of credit. The collateral for these types of loans can be comprised of real estate and/or a lien on the general assets, including inventory and receivables of the business and in many cases are further supported by a personal guarantee of the owner. For a real estate backed loan, the maximum loan to value limit is 75% and the underlying businesses will typically have at least a two year history. Other C&I loans are collateralized by accounts receivable and inventory. As of December 31, 2015 asset based lending loans totaled $64.9 million. Included in the Company's commercial and industrial loans were $110.1 million of loans to Co-operative housing corporations and groups ("Co-Op loans"). At December 31, 2015, our largest commercial and industrial loan was a $31.3 million loan to a large educational organization with the collateral representing a pledge of certain revenues. This loan is performing in accordance with its contractual terms.

As the Company and its footprint have grown it has broadened its product offerings to create certain commercial and industrial lending subspecialties, including expanded lending to the healthcare industry.

Construction Loans. At December 31, 2015, we held $225.8 million in construction loans representing 1.3% of our total loan portfolio. We offer loans directly to builders and developers on income-producing properties and residential for-sale housing units. Generally, construction loans are structured to be repaid over a three-year period and generally are made in amounts of up to 70% of the appraised value of the completed property, or the actual cost of the improvements. Funds are disbursed based on inspections in accordance with a schedule reflecting the completion of portions of the project. Construction financing for sold units requires an executed sales contract.

At December 31, 2015, the Bank's largest construction loan was a $40.0 million note with an outstanding balance of $24.2 million on a 5-story multi unit apartment building located in New Jersey which was performing in accordance with contractual terms.

Construction loans generally involve a greater degree of credit risk than either residential mortgage loans or other commercial loans. The risk of loss on a construction loan depends on the accuracy of the initial estimate of the property's value when the construction is completed compared to the estimated cost of construction. For all loans, we use outside independent appraisers approved by our Board of Directors. We require all borrowers to obtain title insurance, fire and casualty insurance and, if warranted, flood insurance. A detailed plan and cost review by an outside engineering firm is required on loans in excess of $2.5 million.

Residential Mortgage Loans. At December 31, 2015, $5.04 billion or 29.8%, of our loan portfolio consisted of residential mortgage loans. Residential mortgage loans are originated by our mortgage subsidiary, Investors Home Mortgage, for our loan portfolio and for sale to third parties. We also purchase mortgage loans from correspondent entities including other banks and mortgage bankers. Our agreements call for these correspondent entities to originate loans that adhere to our underwriting standards. In most cases, we acquire the loans with servicing rights. In addition, we occasionally purchase pools of mortgage loans in the secondary market on a "bulk purchase" basis from several well-established financial institutions after appropriate due diligence. While some of these financial institutions retain the servicing rights for loans they sell to us, when presented with the opportunity to purchase the servicing rights as part of the loan, we may decide to purchase the servicing rights. This decision is generally based on the price and other relevant factors.

Generally, residential mortgage loans are originated in amounts up to 80% of the lesser of the appraised value or purchase price of the property to a maximum loan amount of $1,250,000. Loans over $1,250,000 require a lower loan-to-value ratio. Loans in excess of 80% of value require private mortgage insurance and cannot exceed $500,000. We will not make loans with a loan-to-value ratio in excess of 95% or 97% for programs to low or moderate-income borrowers. Fixed-rate mortgage loans are originated for terms of up to 30 years. Generally, all fixed-rate residential mortgage loans are underwritten according to Fannie Mae guidelines, policies

and procedures. At December 31, 2015, we held $3.22 billion in fixed-rate residential mortgage loans which represented 64% of our residential mortgage loan portfolio.

We also offer adjustable-rate residential mortgage loans, which adjust annually after three, five, seven or ten year initial fixed-rate periods. Our adjustable rate loans usually adjust to an index plus a margin, based on the weekly average yield on U.S. Treasuries adjusted to a constant maturity of one year. Annual caps of 2% per adjustment apply, with a lifetime maximum adjustment of 5% on most loans. Our adjustable-rate mortgage loans amortize over terms of up to 30 years. In addition, we hold in our loan portfolio interest-only, one-to four-family mortgage loans in which the borrower makes only interest payments for the first five, seven or ten years of the mortgage loan term. This feature results in future increases in the borrower's contractually required payments due to the required amortization of the principal amount after the interest-only period. Borrowers were qualified using the loan rate at the date of origination and the fully amortized payment amount. While we hold these in our loan portfolio, we no longer originate interest only, residential mortgages.

Adjustable-rate mortgage loans decrease the Bank's risk associated with changes in market interest rates by periodically repricing, but involve other risks because, as interest rates increase, the underlying payments by the borrower increase, which increases the potential for default by the borrower. At the same time, the marketability of the underlying collateral may be adversely affected by higher interest rates or a decline in housing values. The maximum periodic and lifetime interest rate adjustments may limit the effectiveness of adjustable-rate mortgages during periods of rapidly rising interest rates. At December 31, 2015, we held $1.82 billion in adjustable-rate, residential mortgage loans, of which $172.2 million were interest-only, one- to four-family mortgages. Adjustable-rate residential mortgage loans represented 36% of our residential mortgage loan portfolio.

To provide financing for low-and moderate-income home buyers, we also offer various loan programs, some of which include down payment assistance for home purchases. Through these programs, qualified individuals receive a reduced rate of interest on most of our loan programs and have their application fee refunded at closing, as well as other incentives if certain conditions are met.

All residential mortgage loans we originate include a "due-on-sale" clause, which gives us the right to declare a loan immediately due and payable if the borrower sells or otherwise disposes of the real property that is subject to the mortgage and the loan is not repaid. All borrowers are required to obtain title insurance, fire and casualty insurance and, if warranted, flood insurance on properties securing real estate loans.

Consumer and Other Loans. At December 31, 2015, consumer and other loans totaled $496.6 million, or 2.9% of our total loan portfolio. We offer consumer loans, most of which consist of home equity loans and home equity lines of credit. Home equity loans and home equity lines of credit are secured by residences primarily located in New Jersey and New York. The underwriting standards we use for home equity loans and home equity lines of credit include a determination of the applicant's credit history, an assessment of the applicant's ability to meet existing credit obligations, the payment on the proposed loan and the value of the collateral securing the loan. The combined (first and second mortgage liens) loan-to-value ratio for home equity loans and home equity lines of credit is generally limited to a maximum of 80%. Home equity loans are offered with fixed rates of interest, terms up to 30 years and to a maximum of $500,000. Home equity lines of credit have adjustable rates of interest, indexed to the prime rate, as reported in *The Wall Street Journal*.

During 2014, we started to offer cash surrender value lending on life insurance contracts. At December 31, 2015, cash surrender value loans totaled $76.0 million, or 15% of consumer and other loans. The underwriting on these loans allows a policy owner to borrow a minimum credit line of $65,000 up to $3,000,000. Acceptable credit history and FICO scores are reviewed along with the evaluation of the financial rating of the insurance carrier.

Loan Originations and Purchases. The following table shows our loan originations, loan purchases and repayment activities with respect to our portfolio of loans receivable for the periods indicated. Origination, sale and repayment activities with respect to our loans-held-for-sale are excluded from the table.

	Years Ended December 31,		
	2015	2014	2013
		(In thousands)	
Loan originations and purchases			
Loan originations:			
Commercial loans:			
Multi-family loans	$ 2,079,201	$ 1,671,514	$ 1,592,509
Commercial real estate loans	936,889	869,705	454,152
Commercial and industrial loans	930,777	445,360	250,981
Construction loans	82,455	44,817	57,524
Total commercial loans	4,029,322	3,031,396	2,355,166
Residential mortgage loans	646,521	608,076	1,069,518
Consumer and other loans:			
Home equity loans	23,177	19,742	19,197
Home equity credit lines	131,533	103,689	58,936
Other	93,081	842	1,440
Total consumer and other loans	247,791	124,273	79,573
Total loan originations	4,923,634	3,763,745	3,504,257
Loan purchases:			
Commercial loans:			
Multi-family loans	2,760	—	—
Commercial real estate loans	141,564	—	—
Commercial and industrial loans	—	—	—
Construction loans	—	—	—
Total commercial loans	144,324	—	—
Residential mortgage loans	54,300	233,856	1,054,395
Consumer and other loans:			
Home equity loans	—	—	—
Home equity credit lines	—	—	—
Other	—	—	—
Total consumer and other loans	—	—	—
Total loan purchases	198,624	233,856	1,054,395
Loans sold and principal repayments	(3,340,595)	(2,172,088)	(2,931,593)
Other items, net(1)	(8,100)	(24,562)	(42,271)
Net loans acquired in acquisition	—	204,075	990,970
Net increase in loan portfolio	$ 1,773,563	$ 2,005,026	$ 2,575,758

(1) Other items include charge-offs, loan loss provisions, loans transferred to other real estate owned, and amortization and accretion of deferred fees and costs, discounts and premiums, and purchase accounting adjustments.

Loan Approval Procedures and Authority. Our lending activities follow written, non-discriminatory underwriting standards and loan origination procedures approved by our Board of Directors. In the approval process for residential loans, we assess the borrower's ability to repay the loan and the value of the property securing the loan. To assess the borrower's ability to repay, we review the borrower's income and expenses and

employment and credit history. In the case of commercial loans we also review projected income, expenses and the viability of the project being financed. We generally require appraisals of all real property securing loans, except for home equity loans and home equity lines of credit, in which case we may use the tax-assessed value of the property securing such loan or a lesser form of valuation, such as a home value estimator or by a drive-by value estimated performed by an approved appraisal company. Appraisals are performed by independent licensed appraisers who are approved by our Board of Directors. We require borrowers, except for home equity loans and home equity lines of credit, to obtain title insurance. All real estate secured loans require fire and casualty insurance and, if warranted, flood insurance in amounts at least equals to the principal amount of the loan or the maximum amount available.

Our loan approval policies and limits are reviewed periodically and submitted to our Board of Directors for approval. Approval limits are set based on the risk associated with each loan type, loan amount and aggregate loan balances of a borrower. The commercial loan committee consists of our Chief Executive Officer, Chief Operating Officer, Chief Lending Officer, Chief Financial Officer, Chief Retail Banking Officer, Senior Vice President -CRE, Senior Vice President- Business Lending and Senior Vice President, Senior Business Lending Operations Manager. All residential mortgage loans, including home equity loans and home equity lines of credit require approval by authorized members of management. Residential mortgage loans which exceed certain dollar thresholds are required to be approved by three authorized members of management, one of whom must be an Executive Officer.

Loans to One Borrower. The Bank's regulatory limit on total loans to any one borrower or attributed to any one borrower is 15% of unimpaired capital and surplus. As of December 31, 2015, the regulatory lending limit was $414.0 million. The Bank's internal policy limit is $150.0 million, with the option to exceed that limit with the Board of Directors' ratification on total loans to a borrower or related borrowers. The Bank reviews these group exposures on a monthly basis. The Bank also sets additional limits on size of loans by loan type. At December 31, 2015, the Bank's largest relationship with an individual borrower and its related entities was $121.5 million commercial loans consisting of six shopping centers and one retail store.

Asset Quality

One of the Bank's key operating objectives has been, and continues to be, maintaining a high level of asset quality. The Bank maintains sound credit standards for new loan originations and purchases. We do not originate or purchase sub-prime loans, negative amortization loans or option ARM loans. While our portfolio contains interest only and no income verification residential mortgage loans, we no longer originate or purchase these types of residential loan products. Included in residential and consumer loans for the period ended December 31, 2015 are $175.6 million interest only and $299.5 million in no income verification loans. The Bank does, however from time to time and for competitive purposes, originate commercial loans with limited interest only periods. Included in total commercial loans for the period ended December 31, 2015 are $843.3 million in interest only loans. In addition, the Bank uses proactive collection and workout processes in dealing with delinquent and problem loans.

The underlying credit quality of our loan portfolio is dependent primarily on each borrower's ability to continue to make required loan payments and, in the event a borrower is unable to continue to do so, the value of the collateral securing the loan, if any. A borrower's ability to pay typically is dependent; in the case of one-to four-family mortgage loans and consumer loans, primarily on employment and other sources of income; in the case of multi-family and commercial real estate loans, on the cash flow generated by the property; in the case of C&I loans, on the cash flows generated by the business, which in turn is impacted by general economic conditions. Other factors, such as unanticipated expenditures or changes in the financial markets, may also impact a borrower's ability to pay. Collateral values, particularly real estate values, are also impacted by a variety of factors including general economic conditions, demographics, maintenance and collection or foreclosure delays.

Purchased Credit-Impaired Loans. Purchased Credit-Impaired ("PCI") loans are loans acquired through acquisition or purchased at a discount that is due, in part, to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30 and are initially recorded at fair value (as determined by the present value of expected future cash flows) with no valuation allowance (i.e., the allowance for loan losses). The difference between the undiscounted cash flows expected at acquisition and the initial carrying amount (fair value) of the covered loans, or the "accretable yield," is recognized as interest income utilizing the level-yield method over the life of the loans. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "non-accretable difference," are not recognized as a yield adjustment, as a loss accrual or a valuation allowance. Reclassifications of the non-accretable difference to the accretable yield may occur subsequent to the loan acquisition dates due to increases in expected cash flows of the loans and results in an increase in yield on a prospective basis.

Collection Procedures. We send system-generated reminder notices to start collection efforts when a loan becomes fifteen days past due. Subsequent late charge and delinquency notices are sent and the account is monitored on a regular basis thereafter. Direct contact with the borrower is attempted early in the collection process as a courtesy reminder and later to determine the reason for the delinquency and to safeguard our collateral. We provide the Board of Directors with a summary report of loans 30 days or more past due on a monthly basis. When a loan is more than 90 days past due, the credit file is reviewed and, if deemed necessary, information is updated or confirmed and collateral re-evaluated. We make every effort to contact the borrower and develop a plan of repayment to cure the delinquency. Loans are placed on non-accrual status when they are 90 days delinquent, but may be placed on non-accrual status earlier if the timely collection of principal and/or income is doubtful. When loans are placed on non-accrual status, unpaid accrued interest is fully reserved, and additional income is recognized in the period collected unless the ultimate collection of principal is considered doubtful. If our effort to cure the delinquency fails and a repayment plan is not in place, the file is referred to counsel for commencement of foreclosure or other collection efforts. We also own loans serviced by other entities and we monitor delinquencies on such loans using reports the servicers send to us. When we receive these past due reports, we review the data and contact the servicer to discuss the specific loans and the status of the collection process. We add the information from the servicer's delinquent loan reports to our own delinquent reports.

Our collection procedures for non mortgage related consumer and other loans include sending periodic late notices to a borrower once a loan is past due. We attempt to make direct contact with the borrower once a loan becomes 30 days past due. The Collection Manager reviews loans 60 days or more delinquent on a regular basis. If collection activity is unsuccessful after 90 days, we may refer the matter to our legal counsel for further collection efforts and/or we may charge-off the loan.

Delinquent Loans. The following table sets forth our loan delinquencies by type and by amount at the dates indicated, excluding loans classified as PCI.

	Loans Delinquent For					
	60-89 Days		90 Days and Over		Total	
	Number	Amount	Number	Amount	Number	Amount
			(Dollars in thousands)			
At December 31, 2015						
Commercial loans:						
Multi-family loans	—	$ —	2	$ 1,886	2	$ 1,886
Commercial real estate loans	3	352	18	6,429	21	6,781
Commercial and industrial loans	2	—	13	4,386	15	4,386
Construction loans	—	—	4	792	4	792
Total commercial loans	5	352	37	13,493	42	13,845
Residential mortgage loans	60	14,956	301	68,560	361	83,516
Consumer and other loans	31	427	137	8,976	168	9,403
Total	96	$15,735	475	$ 91,029	571	$106,764
At December 31, 2014						
Commercial loans:						
Multi-family loans	1	$ 239	2	$ 2,989	3	$ 3,228
Commercial real estate loans	4	778	36	13,940	40	14,718
Commercial and industrial loans	2	395	11	2,903	13	3,298
Construction loans	0	—	7	4,345	7	4,345
Total commercial loans	7	1,412	56	24,177	63	25,589
Residential mortgage loans	36	8,900	311	75,610	347	84,510
Consumer and other loans	21	1,006	80	4,211	101	5,217
Total	64	$11,318	447	$103,998	511	$115,316

Non-Performing Assets. Non-performing assets include non-accrual loans, loans delinquent 90 days or more and still accruing interest, performing troubled debt restructurings and real estate owned, or REO, and excludes PCI loans. We did not have any loans delinquent 90 days or more and still accruing interest at December 31, 2015 and 2014. At December 31, 2015, we had REO of $6.3 million consisting of 33 residential properties and 9 commercial properties. Non-accrual loans increased by $7.0 million to $115.4 million at December 31, 2015 from $108.4 million at December 31, 2014. During 2015, the Company sold a pool of non-performing loans (including PCI loans) totaling $20.9 million on a bulk basis. During 2014, the Company sold a $26.0 million pool of non-performing and PCI loans on a bulk basis as well as a $6.4 million non performing loan on a stand alone basis.

The ratio of non-accrual loans to total loans decreased to 0.68% at December 31, 2015 from 0.72% at December 31, 2014. Our ratio of non-performing assets to total assets decreased to 0.69% at December 31, 2015 from 0.81% at December 31, 2014. The allowance for loan losses as a percentage of total non-accrual loans increased to 189.30% at December 31, 2015 from 184.83% at December 31, 2014. For further discussion of our non-performing assets and non-performing loans and the allowance for loan losses, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." The table below sets forth the amounts and categories of our non-performing assets excluding PCI loans at the dates indicated.

	December 31,				
	2015(1)	2014(2)	2013(3)	2012(4)	2011(5)
	(Dollars in thousands)				
Non-accrual loans:					
Multi-family and commercial real estate loans	$ 14,287	$ 16,929	$ 8,616	$ 11,896	$ 73
Commercial and industrial loans	9,225	2,903	1,281	375	—
Construction loans	792	4,345	16,181	25,764	57,070
Total commercial loans	24,304	24,177	26,078	38,035	57,143
Residential mortgage loans	81,816	79,971	72,309	81,295	84,056
Consumer and other loans	9,306	4,211	1,973	1,238	1,009
Total non-accrual loans	115,426	108,359	100,360	120,568	142,208
Real estate owned	6,283	7,839	8,516	8,093	3,081
Performing troubled debt restructurings	22,489	35,624	39,570	15,756	10,465
Total non-performing assets	$144,198	$151,822	$148,446	$144,417	$155,754
Total non-accrual loans to total loans	0.68%	0.72%	0.77%	1.16%	1.60%
Total non-performing assets to total assets	0.69%	0.81%	0.95%	1.14%	1.48%

(1) Non-accrual loans include troubled debt restructurings that are current but classified as non-accrual. These loans are comprised of 15 residential and consumer TDR loans totaling $3.4 million, 2 C&I TDR loans for $2.2 million, 1 multi-family TDR loan for $1.0 million and 2 commercial real estate TDR loans totaling $240,000. In addition, there were 11 residential TDR loans totaling $3.3 million, 5 commercial real estate TDR loans totaling $2.3 million and 1 commercial and industrial TDR loans totaling $360,000 that were classified as non-accrual which were 30-89 days delinquent.

(2) Non-accrual loans include troubled debt restructurings that are current but classified as non-accrual. These loans are comprised of 5 residential TDR loans totaling $1.5 million. In addition, there were 10 TDR residential loans totaling $2.9 million that were classified as non-accrual which were 30-89 days delinquent.

(3) Non-accrual loans include troubled debt restructurings which are current but classified as non-accrual. Included in TDR loans, there was one multi-family loan for $2.3 million, 1 commercial loan for $620,000, one C&I loan for $506,000 and 14 residential loans totaling $4.6 million. There were five TDR residential loans totaling $1.6 million which were 30-89 days delinquent classified as non-accrual.

(4) There were 3 construction troubled debt restructuring loans totaling $6.9 million and 21 residential and consumer loans totaling $5.1 million which were current but classified as non-accrual as of December 31, 2012.

(5) An $8.1 million construction loan that was 60-89 days delinquent at December 31, 2011 was classified as non-accrual. There were also 6 residential troubled debt restructurings totaling $3.0 million and 2 construction troubled debt restructurings totaling $8.6 million that were current as of December 31, 2011 but classified as non-accrual.

At December 31, 2015, there were $47.4 million of loans deemed trouble debt restructurings, of which $22.5 million were classified as accruing and $24.9 million were classified as non-accrual. For the year ended December 31, 2015, interest income that would have been recorded had our non-accruing loans been current in accordance with their original terms amounted to $8.5 million. We recognized interest income of $2.7 million on such loans for the year ended December 31, 2015.

Real Estate Owned. Real estate we acquire as a result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned ("REO") until sold. When property is acquired it is recorded at fair value at the date of foreclosure less estimated costs to sell the property. Holding costs and declines in fair value result in charges to expense after acquisition. At December 31, 2015, we had REO of $6.3 million consisting of 33 residential properties and 9 commercial properties.

Classified Assets. Federal regulations provide that loans and other assets of lesser quality should be classified as "substandard," "doubtful" or "loss" assets. An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" we will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard," with the added characteristic the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value their continuance as assets without the establishment of a specific loss reserve is not warranted. We classify an asset as "special mention" if the asset has a potential weakness that warrants management's close attention. While such assets are not impaired, management has concluded that if the potential weakness in the asset is not addressed, the value of the asset may deteriorate, adversely affecting the repayment of the asset.

We are required to establish an allowance for loan losses in an amount that management considers prudent for loans classified substandard or doubtful, as well as for other problem loans. General allowances represent loss allowances, which have been established to recognize the inherent losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When we classify problem assets as "loss," we are required either to establish a specific allowance for losses equal to 100% of the amount of the asset so classified or to charge off such amount. Our determination as to the classification of our assets and the amount of our valuation allowances is subject to review by the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation, which can require that we establish additional general or specific loss allowances.

We review the loan portfolio on a quarterly basis to determine whether any loans require classification in accordance with applicable regulations. Not all classified assets constitute non-performing assets.

Impaired Loans. The Company defines an impaired loan as a loan for which it is probable, based on current information, that the lender will not collect all amounts due under the contractual terms of the loan agreement. The Company evaluates commercial loans with an outstanding balance greater than $1.0 million and on non-accrual status, loans modified in a troubled debt restructuring ("TDR"), and other commercial loans with an outstanding balance greater than $1.0 million if management has specific information that it is probable they will not collect all amounts due under the contractual terms of the loan agreement for impairment. Impaired loans are individually evaluated to determine that the loan's carrying value is not in excess of the fair value of the collateral or the present value of the expected future cash flows. Smaller balance homogeneous loans are evaluated for impairment collectively unless they are modified in a troubled debt restructure. Such loans include residential mortgage loans, consumer loans, and loans not meeting the Company's definition of impaired, and are specifically excluded from impaired loans. At December 31, 2015, loans meeting the Company's definition of an impaired loan totaled $57.0 million. The allowance for loan losses related to loans classified as impaired at December 31, 2015, amounted to $4.2 million. Interest income received during the year ended December 31, 2015 on loans classified as impaired totaled $2.8 million. For further detail on our impaired loans, see Note 1 and Note 5 of Notes to Consolidated Financial Statements in Item 15, "Financial Statements and Supplementary Data."

Allowance for Loan Losses

Our allowance for loan losses is maintained at a level necessary to absorb loan losses that are both probable and reasonably estimable. In determining the allowance for loan losses, management considers the losses inherent in our loan portfolio and changes in the nature and volume of loan activities, along with the general economic and real estate market conditions. A description of our methodology in establishing our allowance for loan losses is set forth in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Allowance for Loan Losses." The allowance for loan losses as of December 31, 2015 is maintained at a level that represents management's best estimate of losses inherent in the loan portfolio. However, this analysis process is subjective, as it requires us to make estimates that are susceptible to revisions as more information becomes available. Although we believe we have established the allowance at levels to absorb probable and estimable losses, future additions may be necessary if economic or other conditions in the future differ from the current environment.

As an integral part of their examination processes, the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation will periodically review our allowance for loan losses. Such agencies may require us to recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

Allowance for Loan Losses. The following table sets forth activity in our allowance for loan losses for the periods indicated.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Allowance balance (beginning of period)	$ 200,284	$ 173,928	$ 142,172	$ 117,242	$ 90,931
Provision for loan losses	26,000	37,500	50,500	65,000	75,500
Charge-offs:					
Multi-family loans	(284)	(323)	(1,266)	(9,058)	(363)
Commercial real estate loans	(1,021)	(6,147)	(1,101)	(479)	(7,637)
Commercial and industrial loans	(516)	(2,447)	(516)	(99)	(1,621)
Construction loans	(466)	(640)	(3,424)	(13,227)	(30,548)
Residential mortgage loans	(9,526)	(7,715)	(15,508)	(20,180)	(9,304)
Consumer and other loans	(403)	(972)	(795)	(1,107)	(714)
Total charge-offs	(12,216)	(18,244)	(22,610)	(44,150)	(50,187)
Recoveries:					
Multi-family loans	445	3,784	219	—	19
Commercial real estate loans	807	201	65	43	—
Commercial and industrial loans	295	516	604	23	13
Construction loans	317	799	315	3,387	576
Residential mortgage loans	2,295	1,783	2,528	593	388
Consumer and other loans	278	17	135	34	2
Total recoveries	4,437	7,100	3,866	4,080	998
Net charge-offs	(7,779)	(11,144)	(18,744)	(40,070)	(49,189)
Allowance balance (end of period)	$ 218,505	$ 200,284	$ 173,928	$ 142,172	$ 117,242
Total loans outstanding	$16,891,330	$15,099,552	$13,064,618	$10,438,471	$8,895,066
Average loans outstanding	15,716,010	13,776,250	11,065,190	9,271,550	8,461,031
Allowance for loan losses as a percent of total loans outstanding	1.29%	1.33%	1.33%	1.36%	1.32%
Net loans charged off as a percent of average loans outstanding	0.05%	0.08%	0.17%	0.43%	0.58%
Allowance for loan losses to non-performing loans(1)	158.43%	139.10%	124.30%	104.29%	76.79%

(1) Non performing loans include non-accrual loans and performing troubled debt restructured loans.

Allocation of Allowance for Loan Losses. The following table sets forth the allowance for loan losses allocated by loan category and the percent of loans in each category to total loans at the dates indicated. The allowance for loan losses allocated to each category is not necessarily indicative of future losses in any particular category and does not restrict the use of the allowance to absorb losses in other categories.

	December 31,									
	2015		2014		2013		2012		2011	
	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)									
End of period allocated to:										
Multi-family loans	$ 88,223	37.0%	$ 71,147	33.4%	$ 42,103	30.5%	$ 29,853	28.7%	$ 13,863	20.42%
Commercial real estate loans	46,999	22.7	44,030	20.8	46,657	19.2	33,347	18.9	30,947	15.95
Commercial and industrial loans	40,585	6.2	20,759	3.6	9,273	2.1	4,094	1.6	3,677	1.20
Construction loans	6,794	1.3	6,488	1.0	8,947	1.6	16,062	2.2	22,839	3.12
Residential mortgage loans	31,443	29.8	47,936	38.2	51,760	43.6	45,369	46.4	32,447	56.59
Consumer and other loans	3,155	2.9	3,347	2.9	2,161	3.1	2,086	2.3	1,335	2.72
Unallocated	1,306		6,577		13,027		11,361		12,134	
Total allowance	$218,505	100.0%	$200,284	100.0%	$173,928	100.0%	$142,172	100.0%	$117,242	100.00%

FORM 10-K

Security Investments

The Board of Directors has adopted our Investment Policy. This policy determines the types of securities in which we may invest. The Investment Policy is reviewed annually by management and changes to the policy are recommended to and subject to approval by the Board of Directors. The Board of Directors delegates operational responsibility for the implementation of the Investment Policy to the Asset Liability Committee, which is primarily comprised of senior officers. While general investment strategies are developed by the Asset Liability Committee, the execution of specific actions rests primarily with our Treasurer. The Treasurer is responsible for ensuring the guidelines and requirements included in the Investment Policy are followed and all securities are considered prudent for investment. Investment transactions are reviewed and ratified by the Board of Directors at their regularly scheduled meetings.

Our Investment Policy requires that investment transactions conform to Federal and New Jersey State investment regulations. Our investments purchased may include, but are not limited to, U.S. Treasury obligations, securities issued by various Federal Agencies, State and Municipal subdivisions, mortgage-backed securities, certain certificates of deposit of insured financial institutions, overnight and short-term loans to other banks, investment grade corporate debt instruments, and mutual funds. In addition, Investors Bancorp may invest in equity securities subject to certain limitations.

The Investment Policy requires that securities transactions be conducted in a safe and sound manner. Purchase and sale decisions are based upon a thorough pre-purchase analysis of each security to determine it conforms to our overall asset/liability management objectives. The analysis must consider its effect on our risk-based capital measurement, prospects for yield and/or appreciation and other risk factors.

At December 31, 2015, our securities portfolio totaled $3.15 billion representing 15.1% of our total assets. Securities are classified as held-to-maturity or available-for-sale when purchased. At December 31, 2015, $1.84 billion of our securities were classified as held-to-maturity and reported at amortized cost and $1.30 billion were classified as available-for-sale and reported at fair value.

Mortgage-Backed Securities. We purchase mortgage-backed pass through and collateralized mortgage obligation ("CMO") securities insured or guaranteed by Fannie Mae, Freddie Mac (government-sponsored enterprises) and Ginnie Mae (government agency), and to a lesser extent, a variety of federal and state housing authorities (collectively referred to below as "agency-issued mortgage-backed securities"). At December 31, 2015, agency-issued mortgage-backed securities including CMOs, totaled $3.06 billion, or 97.2%, of our total securities portfolio.

Mortgage-backed pass through securities are created by pooling mortgages and issuing a security with an interest rate less than the interest rate on the underlying mortgages. Mortgage-backed pass through securities represent a participation interest in a pool of single-family or multi-family mortgages. As loan payments are made by the borrowers, the principal and interest portion of the payment is passed through to the investor as received. CMOs are also backed by mortgages; however, they differ from mortgage-backed pass through securities because the principal and interest payments of the underlying mortgages are financially engineered to be paid to the security holders of pre-determined classes or tranches of these securities at a faster or slower pace. The receipt of these principal and interest payments, which depends on the proposed average life for each class, is contingent on a prepayment speed assumption assigned to the underlying mortgages. Variances between the assumed payment speed and actual payments can significantly alter the average lives of such securities. To quantify and mitigate this risk, we undertake a payment analysis before purchasing these securities. We primarily invest in CMO classes or tranches in which the payments on the underlying mortgages are passed along at a pace fast enough to provide an average life of three to five years with no change in market interest rates. The issuers of such securities, as noted above, pool and sell participation interests in security form to investors such as Investors Bank and guarantee the payment of principal and interest. Mortgage-backed securities and CMOs generally yield less than the loans that underlie such securities because of the cost of payment guarantees and credit enhancements. However, mortgage-backed securities are usually more liquid than individual mortgage loans and may be used to collateralize borrowings and other liabilities.

Mortgage-backed securities present a risk that actual prepayments may differ from estimated prepayments over the life of the security, which may require adjustments to the amortization of any premium or accretion of any discount relating to such instruments that can change the net yield on such securities. There is also reinvestment risk associated with the cash flows from such securities or if such securities are redeemed by the issuer. In addition, the fair value of such securities may be adversely affected by changes in interest rates.

Our mortgage-backed securities portfolio had a weighted average yield of 1.91% for the year ended December 31, 2015. The estimated fair value of our mortgage-backed securities at December 31, 2015 was $3.06 billion, which is $2.3 million more than the carrying value. The increase to the fair value is attributed to a decline to interest rates during 2015.

We also may invest in securities issued by non-agency or private mortgage originators, provided those securities are rated AAA by nationally recognized rating agencies and satisfactorily pass an internal credit review at the time of purchase. The Company currently has no non-agency mortgage-backed securities in its portfolio.

Corporate and Other Debt Securities. Our corporate and other debt securities portfolio consists of collateralized debt obligations (CDOs) backed by pooled trust preferred securities (TruPS), principally issued by banks and to a lesser extent insurance companies, real estate investment trusts, and collateralized debt obligations. The interest rates on these securities reset quarterly in relation to 3 month Libor rate. These securities have been classified in the held-to-maturity portfolio since their purchase.

At December 31, 2015, the trust preferred securities portfolio have an amortized cost of $35.1 million, or 1.12% of our total securities portfolio, and a fair value of $77.8 million with none of the securities in an unrealized loss position. Throughout the year we engage an independent valuation firm to assist us in valuing our TruPS portfolio and prepare our other-than temporary impairment, or OTTI, analysis. At December 31, 2015, management deemed that the present value of projected cash flows for each security was greater than the book

value and did not recognize any OTTI charges for the periods ended December 31, 2015 and 2014. At December 31, 2013, the discounted cash flow projected for one of the Company's pooled trust preferred securities fell below its adjusted book value. Based on the review of underlying collateral, the credit of this security has continued to deteriorate and therefore the Company recorded net other-than-temporary impairment ("OTTI") charge of $977,000 for the year ended December 31, 2013. For the year ended December 31, 2015 the Company recognized a loss of $646,000 on a TruPS security which was entirely liquidated by its Trustee.

In December 2013, regulatory agencies adopted a rule on the treatment of certain collateralized debt obligations backed by trust preferred securities to implement sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act, known as the Volcker Rule. One of our securities backed by trust preferred securities issued by insurance companies was deemed to be a "covered fund" under the Volker Rule and the Company sold the security during 2014. The Company has no intent to sell the remaining securities, nor is it more likely than not that it would be required to sell these securities.

We continue to closely monitor the performance of the securities we own as well as the events surrounding this segment of the market. We will continue to evaluate for other-than-temporary impairment, which could result in a future non-cash charge to earnings.

Municipal Bonds. At December 31, 2015, we had $43.1 million in municipal bonds which represents 1.4% of our total securities portfolio. These bonds are comprised of $38.3 million in short-term Bond Anticipation or Tax Anticipation notes and $4.8 million of longer term New Jersey Revenue Bonds. These purchases were made to diversify the securities portfolio and are designated as held to maturity.

Government Sponsored Enterprises. At December 31, 2015, debt securities issued by Government Sponsored Enterprises held in our security portfolio totaled $4.2 million representing less than 0.2% of our total securities portfolio. While these securities may generally provide lower yields than other securities in our securities portfolio; they are held for liquidity purposes, as collateral for certain borrowings, to achieve positive interest rate spreads with minimal administrative expense, and to lower our credit risk as a result of the guarantees provided by these issuers.

Marketable Equity Securities. At December 31, 2015, we had $6.5 million in equity securities representing 0.2% of our total securities portfolio. Equity securities are not insured or guaranteed investments and are affected by market interest rates and stock market fluctuations. Such investments (when held) are carried at their fair value and fluctuations in the fair value of such investments, including temporary declines in value, directly affect our net capital position.

Securities Portfolios. The following table sets forth the composition of our investment securities portfolios at the dates indicated.

	At December 31,					
	2015		2014		2013	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
			(In thousands)			
Available-for-sale:						
Equity securities	$ 5,778	$ 6,495	$ 6,887	$ 8,523	$ 7,148	$ 8,444
Debt securities:						
Government sponsored enterprises	—	—	—	—	3,004	3,004
Corporate and other debt securities	—	—	—	—	670	670
Total debt securities	—	—	—	—	3,674	3,674
Mortgage-backed securities:						
Federal National Mortgage Association	724,851	726,072	675,535	681,992	408,794	409,559
Federal Home Loan Mortgage Corporation	546,652	547,451	503,268	507,283	362,876	363,088
Government National Mortgage Association	24,841	24,679	125	126	267	267
Total mortgage-backed securities available for sale	1,296,344	1,298,202	1,178,928	1,189,401	771,937	772,914
Total available-for-sale securities	$1,302,122	$1,304,697	$1,185,815	$1,197,924	$ 782,759	$ 785,032
Held-to-maturity:						
Debt securities:						
Government sponsored enterprises	$ 4,232	$ 4,243	$ 4,388	$ 4,403	$ 4,542	$ 4,524
Municipal bonds	43,058	44,365	24,320	25,321	14,992	15,479
Corporate and other debt securities	35,113	77,817	33,440	65,236	29,681	48,604
Total debt securities	82,403	126,425	62,148	94,960	49,215	68,607
Mortgage-backed securities:						
Federal National Mortgage Association	1,226,140	1,227,325	974,376	984,787	478,616	472,214
Federal Home Loan Mortgage Corporation	514,339	513,470	500,637	502,320	303,617	297,872
Government National Mortgage Association	21,330	21,455	27,136	27,116	—	—
Federal housing authorities	11	11	182	182	371	371
Total mortgage-backed securities held-to-maturity	1,761,820	1,762,261	1,502,331	1,514,405	782,604	770,457
Total held-to-maturity securities	$1,844,223	$1,888,686	$1,564,479	$1,609,365	$ 831,819	$ 839,064
Total securities	$3,146,345	$3,193,383	$2,750,294	$2,807,289	$1,614,578	$1,624,096

At December 31, 2015, except for our investments in Fannie Mae and Freddie Mac securities, we had no investment in the securities of any issuer that had an aggregate book value in excess of 10% of our equity.

Portfolio Maturities and Coupon. The composition, maturities and coupon rate of the securities portfolio at December 31, 2015 are summarized in the following table. Maturities are based on the final contractual payment dates, and do not reflect the impact of prepayments or early redemptions that may occur. Municipal securities coupons have not been adjusted to a tax-equivalent basis.

	One Year or Less		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years		Total Securities		
	Carrying Value	Weighted Average Coupon	Carrying Value	Weighted Average Coupon	Carrying Value	Weighted Average Coupon	Carrying Value	Weighted Average Coupon	Carrying Value	Fair Value	Weighted Average Coupon
	(Dollars in thousands)										
Available-for-Sale:											
Equity securities	$ —	—	$ —	—	$ —	—	$ 5,778	—	$ 5,778	$ 6,495	—
Mortgage-backed securities:											
Federal Home Loan Mortgage Corporation	—	—	5,793	3.70%	67,680	2.75%	473,179	2.04%	546,652	547,451	2.15%
Federal National Mortgage Association	—	—	41,745	3.15%	136,446	2.01%	546,660	2.03%	724,851	726,072	2.09%
Government National Mortgage Association	—	—	—	—	26	1.05%	24,815	1.79%	24,841	24,679	1.79%
Total mortgage-backed securities	—	—	47,538	3.22%	204,152	2.26%	1,044,654	1.99%	1,296,344	1,298,202	2.11%
Total available-for-sale securities	$ —	—	$47,538	3.22%	$204,152	2.26%	$1,050,432	1.98%	$1,302,122	$1,304,697	2.10%
Held-to-Maturity:											
Debt securities:											
Government sponsored enterprises	$ 2,014	0.49%	$ 2,218	1.54%	$ —	—	$ —	—	$ 4,232	$ 4,243	1.04%
Municipal bonds	38,123	1.10%	145	3.63%	—	—	4,790	9.13%	43,058	44,365	2.00%
Corporate and other debt securities	—	—	—	—	—	—	35,113	2.84%	35,113	77,817	2.84%
	40,137	1.07%	2,363	1.67%	—	—	39,903	3.60%	82,403	126,425	2.31%
Mortgage-backed securities:											
Federal Home Loan Mortgage Corporation	—	—	924	4.54%	22,325	2.07%	491,090	2.16%	514,339	513,470	2.16%
Federal National Mortgage Association	—	—	25,996	1.97%	36,877	2.14%	1,163,267	2.33%	1,226,140	1,227,325	2.31%
Government National Mortgage Association	—	—	—	—	—	—	21,330	2.18%	21,330	21,455	2.18%
Federal Housing Authorities	11	8.90%	—	—	—	—	—	—	11	11	8.90%
Total mortgage-backed securities	11	8.90%	26,920	2.06%	59,202	2.11%	1,675,687	2.28%	1,761,820	1,762,261	2.27%
Total held-to-maturity securities	$40,148	1.07%	$29,283	2.03%	$ 59,202	2.11%	$1,715,590	2.25%	$1,844,223	$1,888,686	2.19%

Sources of Funds

General. Deposits are the primary source of funds used for our lending and investment activities. Our strategy is to increase core deposit growth to fund these activities. In addition, we use a significant amount of borrowings, primarily advances from the Federal Home Loan Bank of New York ("FHLB"); to supplement cash

flow needs, to lengthen the maturities of liabilities for interest rate risk management and to manage our cost of funds. Additional sources of funds include principal and interest payments from loans and securities, loan and security prepayments and maturities, repurchase agreements, brokered deposits, income on other earning assets and retained earnings. While cash flows from loans and securities payments can be relatively stable sources of funds, deposit inflows and outflows can vary widely and are influenced by prevailing interest rates, market conditions and levels of competition.

Deposits. At December 31, 2015, we held $14.06 billion in total deposits, representing 80% of our total liabilities. For several years, we revised our deposit strategy from one focused on attracting certificates of deposit to one focused on core deposits (savings, checking and money market accounts). The impact of these efforts has been a continuing shift in deposit mix to lower cost core products. We remain committed to our plan of attracting more core deposits because core deposits represent a more stable source of low cost funds and may be less sensitive to changes in market interest rates. At December 31, 2015, we held $10.65 billion in core deposits, representing 75.7% of total deposits, of which $614.2 million are brokered money market deposits. At December 31, 2015, $3.42 billion, or 24.3%, of our total deposit balances were certificates of deposit, which included $417.4 million of brokered certificates of deposits.

We have a suite of commercial deposit products, designed to appeal to small business owners and non-profit organizations. The interest rates we pay, our maturity terms, service fees and withdrawal penalties are all reviewed on a periodic basis. Deposit rates and terms are based primarily on our current operating strategies, market rates, liquidity requirements, rates paid by competitors and growth goals. We also rely on personalized customer service, long-standing relationships with customers and an active marketing program to attract and retain deposits.

The flow of deposits is influenced significantly by general economic conditions, changes in money market and other prevailing interest rates and competition. The variety of deposit accounts we offer allows us to respond to changes in consumer demands and to be competitive in obtaining deposit funds. Our ability to attract and maintain deposits and the rates we pay on deposits will continue to be significantly affected by market conditions.

We intend to continue to invest in de novo branches and technology platforms, branch staff training and to aggressively market and advertise our core deposit products and will attempt to generate our deposits from a diverse client group within our primary market area. We remain focused on attracting deposits from consumers, businesses and municipalities which operate in our marketplace.

The following table sets forth the distribution of total deposit accounts, by account type, at the dates indicated.

	At December 31,								
	2015			2014			2013		
	Balance	Percent of Total Deposits	Weighted Average Rate	Balance	Percent of Total Deposits	Weighted Average Rate	Balance	Percent of Total Deposits	Weighted Average Rate
	(Dollars in thousands)								
Checking accounts	$ 4,636,025	32.96%	0.17%	$ 3,892,839	31.98%	0.20%	$ 3,163,250	29.50%	0.17%
Money market deposits	3,861,317	27.46	0.67	3,390,238	27.85	0.71	1,958,982	18.28	0.34
Savings	2,150,004	15.29	0.29	2,318,911	19.05	0.27	2,212,034	20.64	0.28
Total core deposits	10,647,346	75.71	0.38	9,601,988	78.88	0.40	7,334,266	68.42	0.25
Certificates of deposit	3,416,310	24.29	1.14	2,570,338	21.12	1.00	3,384,545	31.58	0.83
Total deposits	$14,063,656	100.00%	0.56%	$12,172,326	100.00%	0.53%	$10,718,811	100.00%	0.43%

The following table sets forth, by rate category, the amount of certificates of deposit outstanding as of the dates indicated.

	At December 31,		
	2015	2014	2013
	(Dollars in thousands)		
Certificates of Deposits			
0.00% - 0.25%	$ 606,970	$ 703,630	$ 880,344
0.26% - 0.50%	304,458	511,058	482,603
0.51% - 1.00%	384,941	389,815	525,751
1.01% - 2.00%	1,791,549	512,383	941,224
2.01% - 3.00%	301,930	386,775	420,101
Over 3.00%	26,462	66,677	134,522
Total	$3,416,310	$2,570,338	$3,384,545

The following table sets forth, by rate category, the remaining period to maturity of certificates of deposit outstanding at December 31, 2015.

	Within Three Months	Over Three to Six Months	Over Six Months to One Year	Over One Year to Two Years	Over Two Years to Three Years	Over Three Years	Total
	(Dollars in thousands)						
Certificates of Deposits							
0.00% - 0.25%	$266,551	$136,978	$ 153,227	$ 474	$ 24,610	$ 25,130	$ 606,970
0.26% - 0.50%	58,772	99,584	58,563	87,090	157	292	304,458
0.51% - 1.00%	54,256	23,544	77,159	119,004	56,057	54,921	384,941
1.01% - 2.00%	10,595	424,426	936,814	266,081	84,923	68,710	1,791,549
2.01% - 3.00%	43,046	105,342	120,623	15,149	641	17,129	301,930
Over 3.00%	5,591	6,426	4,580	8,489	641	735	26,462
Total	$438,811	$796,300	$1,350,966	$496,287	$167,029	$166,917	$3,416,310

The following table sets forth the aggregate amount of outstanding certificates of deposit in amounts greater than or equal to $100,000 and the respective maturity of those certificates as of December 31, 2015.

	At December 31, 2015
	(In thousands)
Three months or less	$ 265,306
Over three months through six months	258,588
Over six months through one year	478,400
Over one year	318,374
Total	$1,320,668

FORM 10-K

Borrowings. We borrow directly from the FHLB and various financial institutions. Our FHLB borrowings, frequently referred to as advances, are over collateralized by our residential and non-residential mortgage portfolios as well as qualified investment securities. The following table sets forth information concerning balances and interest rates on our advances from the FHLB and other financial instruments at the dates and for the periods indicated.

	At or for the Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Balance at end of period	$3,106,783	$2,598,186	$3,099,593	$2,650,652	$2,005,486
Average balance during period	2,997,873	2,548,744	3,015,058	2,068,006	1,793,958
Maximum outstanding at any month end	3,548,000	3,230,000	3,586,000	2,650,652	2,167,000
Weighted average interest rate at end of period	2.12%	2.24%	1.83%	2.14%	2.68%
Average interest rate during period	2.06%	2.19%	1.90%	2.60%	2.88%

We also borrow funds under repurchase agreements with the FHLB and various brokers. These agreements are recorded as financing transactions as we maintain effective control over the transferred or pledged securities. The dollar amount of the securities underlying the agreements continues to be carried in our securities portfolio while the obligations to repurchase the securities are reported as liabilities. The securities underlying the agreements are delivered to the party with whom each transaction is executed. Those parties agree to resell to us the identical securities we delivered to them at the maturity or call period of the agreement. The following table sets forth information concerning balances and interest rate on our securities sold under agreements to repurchase at the dates and for the periods indicated:

	At or for the Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in thousands)				
Balance at end of period	$156,307	$167,918	$267,681	$ 55,000	$250,000
Average balance during period	159,438	192,865	164,415	156,120	347,300
Maximum outstanding at any month end	163,000	261,205	267,681	250,000	500,000
Weighted average interest rate at end of period	2.21%	2.28%	1.60%	3.94%	3.90%
Average interest rate during period	2.25%	2.02%	1.50%	3.93%	4.26%

Subsidiary Activities

Investors Bancorp, Inc. has two direct subsidiaries: Marathon Statutory Trust II and Investors Bank.

Marathon Statutory Trust II. Marathon Statutory Trust II is a Delaware statutory trust incorporated in December 2006 and acquired in the merger with Marathon Banking Corporation in October 2012. The purpose of this subsidiary was to issue and sell trust preferred securities. At December 31, 2015, the balance of securities issued was $5.0 million.

Investors Bank. Investors Bank is a New Jersey chartered savings bank headquartered in Short Hills, New Jersey. Originally founded in 1926, the bank is in the business of attracting deposits from the public through its branch network and borrowing funds in the wholesale markets to originate loans and to invest in securities. Investors Bank has the following direct and indirect subsidiaries: Investors Home Mortgage, American Savings Investment Corp., Investors Commercial, Inc., Investors Financial Group, Inc., My Way Development LLC, MNBNY Holdings Inc., Marathon Realty Investors Inc., Roma Capital Investment Corp., Roma Service Corporation and 84 Hopewell, LLC. In addition, Investors Bank also acquired additional subsidiaries in 2012 as a result of the merger with Brooklyn Federal Bancorp, Inc. These subsidiaries were inactive and substantially all assets held by the subsidiaries were cash. We are currently in the process of liquidating and dissolving those subsidiaries.

- ***Investors Home Mortgage***. Investors Home Mortgage is a New Jersey limited liability company that was formed in 2001 for the purpose of originating loans for sale to both Investors Bank and third parties. During 2011, in conjunction with the rebranding of Investors Bank, this subsidiary changed the name it does business under from ISB Mortgage Co., LLC to Investors Home Mortgage. Investors Home Mortgage serves as Investors Bank's retail lending production arm throughout the branch network. Investors Home Mortgage sells all loans that it originates to either Investors Bank or third parties.
- ***American Savings Investment Corp.*** American Savings Investment Corp. is a New Jersey corporation that was formed in 2004 as an investment company subsidiary. The purpose of this subsidiary is to invest in securities such as, but not limited to, U.S. Treasury obligations, mortgage-backed securities, certificates of deposit, mutual funds, and equity securities, subject to certain limitations. This subsidiary was obtained in the acquisition of American Bancorp in May 2009.
- ***Investors Commercial, Inc.*** Investors Commercial, Inc. is a New Jersey corporation that was formed in 2010 as an operating subsidiary of Investors Bank. The purpose of this subsidiary is to originate and purchase residential mortgage loans, commercial real estate and multi-family mortgage loans primarily in New York State.
- ***Investors Financial Group, Inc.*** Investors Financial Group, Inc. is a New Jersey corporation that was formed in 2011 as an operating subsidiary of Investors Bank. The primary purpose of this subsidiary is to process sales of non-deposit investment products through third party service providers to customers and consumers as may be referred by Investors Bank.
- ***My Way Development LLC.*** My Way Development LLC is a New Jersey single-member limited liability company formed in 2001 as a real estate holding company.
- ***MNBNY Holdings Inc.*** MNBNY Holdings, Inc. is a New York corporation that was formed in 2006 and acquired in the merger with Marathon Banking Corporation in October 2012. MNBNY Holdings, Inc. serves as a holding company and is the 100% owner of Marathon Realty Investors Inc.
- ***Marathon Realty Investors Inc.*** Marathon Realty Investors Inc. is a New York corporation established in 2006 and acquired in the merger with Marathon Banking Corporation in October 2012. Marathon Realty Investors Inc. operates, and is taxed, in a manner that enables it to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. As a result of this election, Marathon Realty Investors Inc. is not taxed at the corporate level on taxable income distributed to stockholders, provided that certain REIT qualification tests are met.
- ***Roma Capital Investment Corp.*** Roma Capital Investment Corp. is a New Jersey corporation formed in 2004 to hold bank-eligible securities, including U.S. government agency securities, municipal securities, GSE securities and collateralized mortgage obligations. This subsidiary was obtained in the acquisition of Roma Financial Corporation in December 2013.
- ***Roma Service Corporation.*** Roma Service Corporation is a New Jersey corporation formed in 2011 for the sole purpose of holding a 50% interest in 84 Hopewell, LLC. This subsidiary was obtained in the acquisition of Roma Financial Corporation in December 2013.
- ***84 Hopewell, LLC.*** 84 Hopewell, LLC is a New Jersey limited liability company formed in 2006 which owns an office property. This subsidiary was obtained in the acquisition of Roma Financial Corporation in December 2013 and is held 50% by Roma Service Corporation with the remaining 50% held by an unrelated third-party.

Investors Bank has two additional subsidiaries which are inactive. The subsidiaries are Investors Financial Services, Inc. and Investors Real Estate Corporation.

Personnel

As of December 31, 2015, we had 1,712 full-time employees and 56 part-time employees. The employees are not represented by a collective bargaining unit and we consider our relationship with our employees to be good.

Supervision and Regulation

General

Investors Bank is a New Jersey-chartered savings bank, and its deposit accounts are insured up to applicable limits by the Federal Deposit Insurance Corporation ("FDIC") under the Deposit Insurance Fund ("DIF"). Investors Bank is subject to extensive regulation, examination and supervision by the Commissioner of the New Jersey Department of Banking and Insurance (the "Commissioner") as the issuer of its charter, and, as a non-member state chartered savings bank, by the FDIC as the deposit insurer and its primary federal regulator. Investors Bank must file reports with the Commissioner and the FDIC concerning its activities and financial condition, and it must obtain regulatory approval prior to entering into certain transactions, such as mergers with, or acquisitions of, other depository institutions and opening or acquiring branch offices. The Commissioner and the FDIC each conduct periodic examinations to assess Investors Bank's compliance with various regulatory requirements. This regulation and supervision establishes a comprehensive framework of activities in which a savings bank may engage and is intended primarily for the protection of the DIF and its depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes.

As a bank holding company controlling Investors Bank, Investors Bancorp, Inc. is subject to the Bank Holding Company Act of 1956, as amended ("BHCA"), and the rules and regulations of the Federal Reserve Board under the BHCA and to the provisions of the New Jersey Banking Act of 1948 (the "New Jersey Banking Act") and the regulations of the Commissioner under the New Jersey Banking Act applicable to bank holding companies. Investors Bancorp, Inc. is required to file reports with, and otherwise comply with the rules and regulations of, the Federal Reserve Board, the Commissioner and the FDIC. The Federal Reserve Board and the Commissioner conduct periodic examinations to assess the Company's compliance with various regulatory requirements. Investors Bancorp, Inc. files certain reports with, and otherwise complies with, the rules and regulations of the Securities and Exchange Commission under the federal securities laws and the listing requirements of NASDAQ.

Any change in such laws and regulations, whether by the Commissioner, the FDIC, the Federal Reserve Board or through legislation, could have a material adverse impact on Investors Bank and Investors Bancorp, Inc. and their operations and stockholders.

We are unable to predict these future changes or the effects, if any, that these changes could have on the business, revenues, and results of Investors Bank and its subsidiaries.

The federal government has recently implemented and announced programs designed to bolster the capital of U.S. banks. Some of these programs have, and any future programs may, impose additional rules and regulations on us, some of which may affect the way we conduct our business and/or limit our ability to compete effectively.

Federal and state banking laws also require us to take steps to protect consumers. Bank regulatory agencies are increasingly focusing attention on compliance with consumer protection laws and regulations. These laws include disclosures regarding truth in lending, truth in savings, funds availability, privacy protection under the Gramm-Leach-Bliley Act of 1999, and prohibitions on discrimination in the provision of banking services. In addition, the Consumer Financial Protection Bureau ("CFPB") is responsible for interpreting and enforcing a broad range of consumer protection laws governing the provision of deposit accounts and the making of loans, including the regulation of mortgage lending and servicing. For further discussion on consumer protection and the role of the CFPB, see "— Dodd-Frank Act."

We have incurred and may in the future incur additional costs in complying with these requirements.

Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), signed into law on July 21, 2010, made extensive changes to the laws regulating financial services firms. The Dodd-Frank Act also required significant rulemaking and mandates multiple studies that have resulted and are likely to continue to result in additional legislative and regulatory actions that will impact the operations of the Bank. Under the Dodd-Frank Act, federal bank regulatory agencies are required to draft and implement enhanced supervision, examination and capital and liquidity standards for depository institutions. The capital provisions of the Dodd-Frank Act include, among other things, changes to capital, leverage limits and limitations on the use of hybrid capital instruments. The Dodd-Frank Act also imposed new restrictions on investments and other activities by depository institutions, particularly with respect to derivatives activities and proprietary trading. The Dodd-Frank Act also gave federal bank regulatory agencies, such as the Federal Reserve and the FDIC, additional latitude to monitor the systemic safety of the financial system and take responsive action, which could include imposing restrictions on the business activities of the Bank. In addition, the Dodd-Frank Act authorized the federal regulators to impose various new assessments and fees, which could increase the Bank's operational costs.

The Dodd-Frank Act required banks with total consolidated assets of more than $10 billion to conduct annual stress tests. The Dodd-Frank Act also required the FDIC, in coordination with federal financial regulatory agencies, to issue regulations establishing methodologies for stress testing that provide for at least three different sets of conditions, including baseline, adverse, and severely adverse. The regulations must also require banks to publish a summary of the results of the stress tests. In October 2012, the FDIC issued a final rule regarding annual stress tests requiring a bank subject to the rule to assess the quarterly impact of stress scenarios on the bank's capital over a horizon of nine quarters. For institutions, such as Investors Bank, with total consolidated assets of more than $10 billion but less than $50 billion, the final rule delayed the implementation of stress testing until September 2013, with initial results to be submitted by March 31, 2014. The final rule also delayed the initial public disclosure requirement of stress test results until 2015 (disclosing the 2014 stress test results).

The Bank has developed a process to comply with the stress testing requirements, which involves Senior Management, Risk Management, along with third-party consultants who assist in this process. The Risk Committee of the Board of Directors receives quarterly updates as to the progress and challenges in complying with this new regulatory requirement. We submitted our stress tests results by March 31, 2014, as required and published updated stress test results on June 26, 2015. The stress testing results affirmed the adequacy of the Bank's capital, even under severe economic conditions. As the related methodologies and best practices for banks of Investors' size continue to evolve, the stress testing process requires significant investment and we continue to seek ways to maximize shareholder value from the process while complying with regulatory requirements.

In addition, in December 2013 federal regulators adopted a final rule implementing the "Volcker Rule" enacted as part of the Dodd-Frank Act. The Volcker Rule prohibits (subject to certain exceptions) banks and their affiliates from engaging in short-term proprietary trading in securities and derivatives and from investing in and sponsoring certain unregistered investment companies (including not only such things as hedge funds, commodity pools and private equity funds, but also a range of asset securitization structures that do not meet exemptive criteria in the final rules). The rules also require banks to develop compliance and control programs, including board of directors' oversight, appropriate for the size of the bank and the types and complexity of its activities. Investors Bank has complied with the provisions of the Volcker Rule and has developed a governance and control program to ensure appropriate oversight and on-going compliance.

All federal prohibitions on the ability of financial institutions to pay interest on demand deposit accounts were repealed as part of the Dodd-Frank Act. As a result, beginning on July 21, 2011, financial institutions could commence offering interest on demand deposits to compete for clients.

Our interest expense will increase and our net interest margin will decrease if we have to offer higher rates of interest than we currently offer on demand deposits to attract additional clients or maintain current clients,

which could have a material adverse effect on our business, financial condition and results of operations. Thus far, the change has not had a meaningful effect on our business.

The Dodd-Frank Act also established the new federal CFPB. This agency is responsible for interpreting and enforcing a broad range of consumer protection laws ("Federal Consumer Financial Laws") that govern the provision of deposit accounts and the making of loans, including the regulation of mortgage lending and servicing. This includes laws such as the Equal Credit Opportunity Act, the Truth in Lending Act, the Truth in Savings Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, and the Fair Credit Reporting Act. In 2012, the CFPB proposed an integrated disclosure in connection with mortgage origination that incorporates disclosure requirements under the Real Estate Settlement Procedures Act and the Truth-in-Lending Act. The CFPB issued a final rule regarding the integrated disclosure in December 2013, and the disclosure requirement became effective in October 2015.

In accordance with deadlines set by the Dodd-Frank Act, the CFPB issued final rules in January 2013 related to new mortgage servicing standards, and mortgage lending requirements that establish a "qualified mortgage" which will fulfill the Dodd-Frank Act requirement that mortgages be provided to borrowers with an ability to repay. These mortgage servicing and lending rules became effective in January 2014. These and other CFPB regulations will increase the Bank's compliance expenses, and limit the terms under which the Bank can provide consumer financial products.

Additionally the CFPB has the authority to take enforcement action against banks and other financial services companies that fail to satisfy the standards imposed by it. As an insured depository institution with total assets of more than $10 billion, the Bank is subject to CFPB supervision and examination of compliance with Federal Consumer Financial Laws. The Dodd-Frank Act also permits states to adopt stricter consumer protection laws and state attorneys general to enforce consumer protection rules issued by the CFPB. As a result of these aspects of the Dodd-Frank Act, the Bank is operating in a consumer compliance environment that will be far less certain. Therefore, the Bank is likely to incur additional costs related to consumer protection compliance, including but not limited to potential costs associated with CFPB examinations, regulatory and enforcement actions and consumer-oriented litigation, which is likely to increase as a result of the consumer protection provisions of the Dodd-Frank Act.

In addition to creating the CFPB, the Dodd-Frank Act, among other things, directed changes in the way that institutions are assessed for deposit insurance, mandated the imposition of tougher consolidated capital requirements on holding companies, required originators of securitized loans to retain a percentage of the risk for the transferred loans, imposed regulatory rate-setting for certain debit card interchange fees, repealed restrictions on the payment of interest on commercial demand deposits and required reforms related to mortgage originations. At this time, it is difficult to predict the full extent to which the Dodd-Frank Act or the resulting regulations will impact the Bank's business. However, compliance with certain of these new laws and regulations could result in restraints on, and additional costs to, our business. It is also difficult to predict the impact the Dodd-Frank Act will have on our competitors and on the financial services industry as a whole. In addition to the recent legislative and regulatory initiatives described above, competitive and industry factors could also adversely impact our results, the cost of our operations, our financial condition and our liquidity.

New Jersey Banking Regulation

Activity Powers. Investors Bank derives its lending, investment and other powers primarily from the applicable provisions of the New Jersey Banking Act and its related regulations. Under these laws and regulations, savings banks, including Investors 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
- certain other assets.

A savings bank may also make investments pursuant to a "leeway" power, which permits investments not otherwise permitted by the New Jersey Banking Act, subject to certain restrictions imposed by the FDIC. "Leeway" investments must comply with a number of limitations on the individual and aggregate amounts of "leeway" investments. A savings bank may also exercise trust powers upon approval of the Commissioner. Lastly, New Jersey savings banks may exercise those powers, rights, benefits or privileges authorized for national banks or out-of-state banks or for federal or out-of-state savings banks or savings associations, provided that before exercising any such power, right, benefit or privilege, prior approval by the Commissioner by regulation or by specific authorization is required. The exercise of these lending, investment and activity powers are limited by federal law and the related regulations. See "Federal Banking Regulation — Activity Restrictions on State-Chartered Banks" below.

Loans-to-One-Borrower Limitations. With certain specified exceptions, a New Jersey-chartered savings bank may not make loans or extend credit to a single borrower or to entities related to the borrower in an aggregate amount that would exceed 15% of the bank's capital funds. A savings bank may lend an additional 10% of the bank's capital funds if secured by collateral meeting the requirements of the New Jersey Banking Act and the National Bank Act. Investors Bank currently complies with applicable loans-to-one-borrower limitations.

Dividends. Under the New Jersey Banking Act, a stock savings bank may declare and pay a dividend on its capital stock only to the extent that the payment of the dividend would not impair the capital stock of the savings bank. In addition, a stock savings bank may not pay a dividend unless the savings bank would, after the payment of the dividend, have a surplus of not less than 50% of its capital stock, or alternatively, the payment of the dividend would not reduce the surplus. Federal law may also limit the amount of dividends that may be paid by Investors Bank. See "— Federal Banking Regulation — Prompt Corrective Action" below.

Minimum Capital Requirements. Regulations of the Commissioner impose on New Jersey-chartered depository institutions, including Investors Bank, minimum capital requirements similar to those imposed by the FDIC on insured state banks. See "— Federal Banking Regulation — Capital Requirements" below.

Examination and Enforcement. The New Jersey Department of Banking and Insurance may examine Investors Bank whenever it deems an examination advisable. The Department examines Investors Bank at least once every two years. The Commissioner may order any savings bank to discontinue any violation of law or unsafe or unsound business practice, and may direct any director, officer, attorney or employee of a savings bank engaged in an objectionable activity, after the Commissioner has ordered the activity to be terminated, to show cause at a hearing before the Commissioner why such person should not be removed. The Commissioner may also seek the appointment of receiver or conservator for a New Jersey saving bank under certain conditions.

Federal Banking Regulation

Capital Requirements. Federal regulations require FDIC-insured depository institutions 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%, and a 4% Tier 1 capital to total assets leverage ratio. The existing capital requirements were effective January 1, 2015 and are the result of a final rule implementing regulatory amendments based on recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Act.

For the purposes of the 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 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 loan and lease 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 ("AOCI"), up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values. Institutions that have not exercised the AOCI opt-out have AOCI incorporated into common equity Tier 1 capital (including unrealized gains and losses on available-for-sale-securities). Calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, all assets, including certain off-balance sheet assets (e.g., recourse obligations, direct credit substitutes, residual interests) 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 permissible 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 asset above the amount necessary to meet its minimum risk-based capital requirements. The capital conservation buffer requirement is being phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increasing each year until fully implemented at 2.5% on January 1, 2019.

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

The federal banking agencies, including the FDIC, have also adopted regulations to require an assessment of an institution's exposure to declines in the economic value of a bank's capital due to changes in interest rates when assessing the bank's capital adequacy. Under such a risk assessment, examiners evaluate a bank's capital for interest rate risk on a case-by-case basis, with consideration of both quantitative and qualitative factors. Institutions with significant interest rate risk may be required to hold additional capital. According to the agencies, applicable considerations include:

- the quality of the bank's interest rate risk management process;
- the overall financial condition of the bank; and
- the level of other risks at the bank for which capital is needed.

The following table shows the Bank and the Company's Tier 1 leverage ratio, Common Equity Tier 1 risk-based capital, Tier 1 risk-based capital and Total risk-based capital ratios as of December 31, 2015:

	As of December 31, 2015(1)	
	Amount	Ratio
	(Dollars in thousands)	
Bank:		
Tier 1 Leverage Ratio	$2,558,334	12.41%
Common Equity Tier 1 Risk-Based Capital	2,558,334	15.87
Tier 1 Risk-Based Capital	2,558,334	15.87
Total Risk-Based Capital	2,760,081	17.12
Investors Bancorp, Inc.:		
Tier 1 Leverage Ratio	$3,259,928	15.80%
Common Equity Tier 1 Risk-Based Capital	3,259,928	20.20
Tier 1 Risk-Based Capital	3,259,928	20.20
Total Risk-Based Capital	3,461,649	21.45

(1) For purposes of calculating Tier 1 leverage ratio, assets are based on adjusted total average assets. In calculating Tier 1 risk-based capital and Total risk-based capital, assets are based on total risk-weighted assets.

As of December 31, 2015, both the Bank and the Company were considered "well capitalized" under applicable regulations.

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

Before making a new investment or engaging 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 to make such investment or engage in such activity. 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 insurance funds. Certain activities of subsidiaries that are engaged in activities permitted for national banks only through a "financial subsidiary" are subject to additional restrictions.

Federal law permits a state-chartered savings bank to engage, through financial subsidiaries, in any activity in which a national bank may engage through a financial subsidiary and on substantially the same terms and conditions. In general, the law permits a national bank that is well-capitalized and well-managed to conduct, through a financial subsidiary, any activity permitted for a financial holding company other than insurance underwriting, insurance investments or real estate development or merchant banking. The total assets of all such financial subsidiaries may not exceed the lesser of 45% of the bank's total assets or $50 billion. The bank must have policies and procedures to assess the financial subsidiary's risk and protect the bank from such risk and potential liability, must not consolidate the financial subsidiary's assets with the bank's and must exclude from its own assets and equity all equity investments, including retained earnings, in the financial subsidiary. State-chartered savings banks may retain subsidiaries in existence as of March 11, 2000 and may engage in activities that are not authorized under federal law. Although Investors Bank meets all conditions necessary to establish and engage in permitted activities through financial subsidiaries, it has not chosen to engage in such activities.

Federal Home Loan Bank System. Investors Bank is a member of the Federal Home Loan Bank system, which consists of the regional Federal Home Loan Banks, each subject to supervision and regulation by the Federal Housing Finance Agency ("FHFA"). The Federal Home Loan Banks provide a central credit facility primarily for member thrift institutions as well as other entities involved in home mortgage lending. It is funded

primarily from proceeds derived from the sale of consolidated obligations of the Federal Home Loan Banks. The Federal Home Loan Banks make loans to members (i.e., advances) in accordance with policies and procedures, including collateral requirements, established by the respective Boards of Directors of the Federal Home Loan Banks. These policies and procedures are subject to the regulation and oversight of the FHFA. All long-term advances are required to provide funds for residential home financing. The FHFA has also established standards of community or investment service that members must meet to maintain access to such long-term advances.

Investors Bank, as a member of the FHLB of New York is currently required to acquire and hold shares of FHLB Class B stock. The Class B stock has a par value of $100 per share and is redeemable upon five years notice, subject to certain conditions. The Class B stock has two subclasses, one for membership stock purchase requirements and the other for activity-based stock purchase requirements. The minimum stock investment requirement in the FHLB Class B stock is the sum of the membership stock purchase requirement, determined on an annual basis at the end of each calendar year, and the activity-based stock purchase requirement, determined on a daily basis. For Investors Bank, the membership stock purchase requirement is 0.15% of Mortgage-Related Assets, as defined by the FHLB, which consists principally of residential mortgage loans and mortgage-backed securities, including CMOs, held by Investors Bank. The activity-based stock purchase requirement for Investors Bank is equal to the sum of: (1) 4.50% of outstanding borrowing from the FHLB; (2) 4.50% of the outstanding principal balance of Acquired Member Assets, as defined by the FHLB, and delivery commitments for Acquired Member Assets; (3) a specified dollar amount related to certain off-balance sheet items, for which Investors Bank is zero; and (4) a specified percentage ranging from 0 to 5% of the carrying value on the FHLB balance sheet of derivative contracts between the FHLB and its members, which for Investors Bank is also zero. The FHLB can adjust the specified percentages and dollar amount from time to time within the ranges established by the FHLB capital plan. At December 31, 2015, the amount of FHLB stock held by us satisfies these requirements.

Safety and Soundness Standards. Pursuant to the requirements of FDICIA, as amended by the Riegle Community Development and Regulatory Improvement Act of 1994, each federal banking agency, including the FDIC, has adopted guidelines establishing general standards relating to matters such as internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director, or principal stockholder.

In addition, the FDIC adopted regulations to require a savings bank that is given notice by the FDIC that it is not satisfying any of such safety and soundness standards to submit a compliance plan to the FDIC. If, after being so notified, a savings bank fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the FDIC may issue an order directing corrective and other actions of the types to which a significantly undercapitalized institution is subject under the "prompt corrective action" provisions of FDICIA. If a savings bank fails to comply with such an order, the FDIC may seek to enforce such an order in judicial proceedings and to impose civil monetary penalties.

Enforcement. The FDIC has extensive enforcement authority over insured savings banks, including Investors Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist orders and to remove directors and officers. In general, these enforcement actions may be initiated in response to violations of laws and regulations and to unsafe or unsound practices.

Prompt Corrective Action. Federal law establishes a system of prompt corrective action to resolve the problems of undercapitalized institutions. The FDIC has adopted regulations to implement the prompt corrective action legislation. Those regulations were amended effective January 1, 2015 to incorporate the previously mentioned increased regulatory capital standards that were effective on the same date. 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. 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 deemed to be "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%. An institution is considered to be "critically undercapitalized" if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2.0%.

Generally a receiver or conservator must be appointed for an institution that is "critically "undercapitalized" within specific time frames. The regulations also provide that a capital restoration plan must be filed with the FDIC within 45 days of the date a savings bank receives notice that it is undercapitalized," "significantly "undercapitalized" or "critically undercapitalized." Various restrictions, such as restrictions on capital distributions and growth, also apply to "undercapitalized" institutions. The FDIC may also take any one of a number of discretionary supervisory actions against undercapitalized institutions, including the issuance of a capital directive and the replacement of senior executive officers and directors.

Investors Bank was classified as "well-capitalized" under the prompt corrective action framework as of December 31, 2015.

Liquidity. Investors Bank maintains sufficient liquidity to ensure its safe and sound operation, in accordance with FDIC regulations.

Deposit Insurance. Investors Bank is a member of the Deposit Insurance Fund, which is administered by the FDIC. Deposit accounts in Investors Bank are insured by the FDIC, up to a maximum of $250,000 for each separately insured depositor.

The FDIC imposes an assessment for deposit insurance against all insured depository institutions. Each institution's assessment is based on the perceived risk to the insurance fund of the institution, with institutions deemed riskiest paying higher assessments. The Dodd-Frank Act required the FDIC to revise its procedures to base assessments on average total assets less tangible capital, rather than deposits. The FDIC issued a final rule which implemented that directive effective April 1, 2011 and adjusted its assessment schedule so that it now ranges from 2.5 basis points to 45 basis points of average total assets less tangible capital. At the same time, the FDIC adopted a more comprehensive approach to evaluating, for assessment purposes, the risk presented by larger institutions such as Investors Bank. Small banks are assessed based on a risk classification determined by examination ratings, financial ratios and certain specified adjustments. However, beginning in 2011, large institutions (i.e., $10 billion more in assets) became subject to assessment based upon a more detailed scorecard approach involving (i) a performance score determined using forward-looking risk measures, including certain stress testing, and (ii) a loss severity score, which is designed to measure, based on modeling, potential loss to the FDIC insurance fund if the institution failed. The total score is converted to an assessment rate, subject to certain adjustments, with institutions deemed riskier paying higher assessments. In October 2012, the FDIC issued a final rule, effective March 1, 2013, which clarified and refined its large bank assessment formula. In October 2015, the FDIC issued a proposed rule that would impose an annual 4.5 basis point surcharge on institutions with assets of $10 billion or more. The surcharge would exist until the Deposit Insurance Fund ratio reaches 1.35% (which the FDIC estimates as eight calendar quarters). The proposed rule would implement a requirement of the Dodd-Frank Act that institutions with assets of $10 billion or more be responsible for increasing the Deposit Insurance Fund reserve ratio from 1.15% to 1.35%.

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.

In addition to the FDIC assessments, the Financing Corporation is authorized to impose and collect, with the approval of the FDIC, assessments for anticipated payments, issuance costs and custodial fees on bonds issued by the FICO in the 1980s to recapitalize the former Federal Savings and Loan Insurance Corporation. The bonds issued by the FICO are due to mature in 2017 through 2019. For the quarter ended December 31, 2015, the annualized Financing Corporation assessment was equal to 0.60 basis points of total assets less tangible capital.

Transactions with Affiliates of Investors Bank. Transactions between an insured bank, such as Investors Bank, and any of its affiliates are governed by Sections 23A and 23B of the Federal Reserve Act and implementing regulations. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank. Generally, a subsidiary of a bank that is not also a depository institution or financial subsidiary is not treated as an affiliate of the bank for purposes of Sections 23A and 23B.

Section 23A:

- limits the extent to which a bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such bank's capital stock and retained earnings, and limits all such transactions with all affiliates to an amount equal to 20% of such capital stock and retained earnings; and
- requires that all such transactions be on terms that are consistent with safe and sound banking practices.

The term "covered transaction" includes the making of loans, purchase of assets, issuance of guarantees and other similar types of transactions. Further, most loans by a bank to any of its affiliates must be secured by collateral in amounts ranging from 100% to 130% of the loan amounts. In addition, any covered transaction by a bank with an affiliate and any purchase of assets or services by a bank from an affiliate must be on terms that are substantially the same, or at least as favorable to the bank, as those that would be provided to a non-affiliate.

Prohibitions Against Tying Arrangements. Banks are subject to the prohibitions of 12 U.S.C. Section 1972 on certain tying arrangements. A depository institution is prohibited, subject to some exceptions, from extending credit to or offering any other service, or fixing or varying the consideration for such extension of credit or service, on the condition that the customer obtain some additional service from the institution or its affiliates or not obtain services of a competitor of the institution.

Privacy Standards. FDIC regulations require Investors Bank to disclose their privacy policy, including identifying with whom they share "non-public personal information," to customers at the time of establishing the customer relationship and annually thereafter.

Investors Bank is also required to provide its customers with the ability to "opt-out" of having Investors Bank share their non-public personal information with unaffiliated third parties before they can disclose such information, subject to certain exceptions.

In addition, in accordance with the Fair Credit Reporting Act, Investors Bank must provide its customers with the ability to "opt-out" of having Investors Bank share their non-public personal information for marketing purposes with an affiliate or subsidiary before they can disclose such information.

The FDIC and other federal banking agencies adopted guidelines establishing standards for safeguarding customer information. The guidelines describe the agencies' expectations for the creation, implementation and maintenance of an information security program, which would include administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to insure the security and confidentiality of customer records

and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

Community Reinvestment Act and Fair Lending Laws. All FDIC insured institutions have a responsibility under the Community Reinvestment Act (CRA) and related regulations to help meet the credit needs of their communities, including low-and moderate-income individuals and neighborhoods. In connection with its examination of a state chartered savings bank, the FDIC is required to assess the institution's record of compliance with the CRA. Among other things, the current CRA regulations rates an institution based on its actual performance in meeting community needs. In particular, the current evaluation system focuses on three tests:

- a lending test, to evaluate the institution's record of making loans in its service areas;
- an investment test, to evaluate the institution's record of investing in community development projects, affordable housing, and programs benefiting low or moderate income individuals and/or census tracts and businesses; and
- a service test, to evaluate the institution's delivery of services through its branches, ATMs and other offices.

An institution's failure to comply with the provisions of the CRA could, at a minimum, result in regulatory restrictions on its activities. Investors Bank received a "satisfactory" CRA rating in our most recent publicly-available federal evaluation, which was conducted by the FDIC in August 2011.

In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. The failure to comply with the Equal Credit Opportunity Act and the Fair Housing Act could result in enforcement actions by the FDIC, as well as other federal regulatory agencies and the Department of Justice.

Loans to a Bank's Insiders

Federal Regulation. A bank's loans to its insiders — executive officers, directors, principal shareholders (any owner of 10% or more of its stock) and any of certain entities affiliated with any such persons (an insider's related interest) are subject to the conditions and limitations imposed by Section 22(h) of the Federal Reserve Act and its implementing regulations. Under these restrictions, the aggregate amount of the loans to any insider and the insider's related interests may not exceed the loans-to-one-borrower limit applicable to national banks, which is comparable to the loans-to-one-borrower limit applicable to Investors Bank. See "— New Jersey Banking Regulation — Loans-to-One Borrower Limitations." All loans by a bank to all insiders and insiders' related interests in the aggregate may not exceed the bank's unimpaired capital and unimpaired surplus. With certain exceptions, loans to an executive officer, other than loans for the education of the officer's children and certain loans secured by the officer's residence, may not exceed the lesser of (1) $100,000 or (2) the greater of $25,000 or 2.5% of the bank's unimpaired capital and surplus. Federal regulation also requires that any proposed loan to an insider or a related interest of that insider be approved in advance by a majority of the board of directors of the bank, with any interested directors not participating in the voting, if such loan, when aggregated with any existing loans to that insider and the insider's related interests, would exceed either (1) $500,000 or (2) the greater of $25,000 or 5% of the bank's unimpaired capital and surplus.

Generally, loans to insiders must be made on substantially the same terms as, and follow credit underwriting procedures that are not less stringent than, those that are prevailing at the time for comparable transactions with other persons. An exception is made for extensions of credit made pursuant to a benefit or compensation plan of a bank that is widely available to employees of the bank and that does not give any preference to insiders of the bank over other employees of the bank.

In addition, federal law prohibits extensions of credit to a bank's insiders and their related interests by any other institution that has a correspondent banking relationship with the bank, unless such extension of credit is on

substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

Extensions of credit to a savings bank's executive officers are subject to specific limits based on the type of loans involved. Generally, loans are limited to $100,000, except for a mortgage loan secured by the officer's residence and education loans for the officer's children.

New Jersey Regulation. The New Jersey Banking Act imposes conditions and limitations on loans and extensions of credit to directors and executive officers of a savings bank and to corporations and partnerships controlled by such persons, which are comparable in many respects to the conditions and limitations imposed on the loans and extensions of credit to insiders and their related interests under federal law, as discussed above. The New Jersey Banking Act also provides that a savings bank that is in compliance with federal law is deemed to be in compliance with such provisions of the New Jersey Banking Act.

Federal Reserve System

Under Federal Reserve Board regulations, Investors Bank is required to maintain non-interest earning reserves against its transaction accounts. The Federal Reserve Board regulations generally require that reserves of 3% must be maintained against aggregate transaction accounts over $15.2 million and up to $110.2 million, and 10% against that portion of total transaction accounts in excess of up to $110.2 million. The first $15.2 million of otherwise reservable balances are exempted from the reserve requirements. Investors Bank is in compliance with these requirements. These requirements are adjusted annually by the Federal Reserve Board. Required reserves must be maintained in the form of vault cash and/or an interest bearing account at a Federal Reserve Bank; or a pass-through account as defined by the Federal Reserve Board.

Anti-Money Laundering and Customer Identification

Investors Bank is subject to FDIC regulations implementing the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA PATRIOT Act. The USA PATRIOT Act gives the federal government powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing, and broadened anti-money laundering requirements. By way of amendments to the Bank Secrecy Act, Title III of the USA PATRIOT Act takes measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III impose affirmative obligations on a broad range of financial institutions, including banks, thrifts, brokers, dealers, credit unions, money transfer agents and parties registered under the Commodity Exchange Act.

Title III of the USA PATRIOT Act and the related FDIC regulations require the:

- Establishment of anti-money laundering compliance programs that includes policies, procedures, and internal controls; the appointment of an anti-money laundering compliance officer; an training program; and independent testing;
- Make certain reports to FinCEN and law enforcement that are designated to assist in the detection and prevention of money laundering and terrorist financing activities;
- Establishment of a program specifying procedures for obtaining and maintaining certain records from customers seeking to open new accounts, including verifying the identity of customers within a reasonable period of time;
- Establishment of enhanced due diligence policies, procedures and controls designed to detect and report money-laundering, terrorist financing and other suspicious activity;
- Monitoring account activity for suspicious transactions; and
- Impose a heightened level of review for certain high risk customers or accounts.

The USA PATRIOT Act also includes prohibitions on correspondent accounts for foreign shell banks and requires compliance with record keeping obligations with respect to correspondent accounts of foreign banks. Bank regulators are directed to consider a holding company's effectiveness in combating money laundering when ruling on Federal Reserve Act and Bank Merger Act applications.

The bank regulatory agencies have increased the regulatory scrutiny of the Bank Secrecy Act and anti-money laundering programs maintained by financial institutions. Significant penalties and fines, as well as other supervisory orders may be imposed on a financial institution for non-compliance with these requirements. In addition, the federal bank regulatory agencies must consider the effectiveness of financial institutions engaging in a merger transaction in combating money laundering activities. Investors Bank has adopted policies and procedures to comply with these requirements.

Holding Company Regulation

Federal Regulation. Bank holding companies, like Investors Bancorp, Inc. are subject to examination, regulation and periodic reporting under the Bank Holding Company Act, as administered by the Federal Reserve Board. Federal Reserve Board regulations imposed consolidated capital adequacy requirements on bank holding companies. The Dodd-Frank Act required the Federal Reserve Board to promulgate consolidated capital requirements for depository institution holding companies that are no less stringent, both quantitatively and in terms of components of capital, than those applicable to institutions themselves. Among other things, that eliminated the inclusion of certain instruments from tier 1 capital, such as trust preferred securities, that were previously includable for bank holding companies. The Dodd-Frank Act grandfathered instruments issued prior to May 19, 2010 by mutual holding companies and all bank holding companies of less than $15 billion in assets. The previously referenced final rules on regulatory capital, effective January 1, 2015, implemented the Dodd-Frank Act directive. The capital requirements applicable to Investors Bancorp, Inc. are now identical to those applying to the Bank. As of December 31, 2015, Investors Bancorp, Inc.'s regulatory capital ratios exceeded these minimum capital requirements. See "Regulatory Capital Compliance."

Regulations of the Federal Reserve Board provide that a bank holding company must serve as a source of strength to any of its subsidiary banks and must not conduct its activities in an unsafe or unsound manner. The Dodd-Frank Act codified the source of strength policy. Under the prompt corrective action provisions of the Federal Deposit Insurance Act, a bank holding company parent of an undercapitalized subsidiary bank would be directed to guarantee, within limitations, the capital restoration plan that is required of an undercapitalized bank. See "— Federal Banking Regulation — Prompt Corrective Action." If an undercapitalized bank fails to file an acceptable capital restoration plan or fails to implement an accepted plan, the Federal Reserve Board may prohibit the bank holding company parent of the undercapitalized bank from paying any dividend or making any other form of capital distribution without the prior approval of the Federal Reserve Board.

In addition, Federal Reserve Board guidance sets forth the supervisory expectation that bank holding companies will inform and consult with Federal Reserve Board staff in advance of issuing a dividend that exceeds earnings for the quarter and should inform the Federal Reserve Board and should eliminate, defer or significantly reduce dividends if (i) net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends, (ii) prospective rate of earnings retention is not consistent with the bank holding company's capital needs and overall current and prospective financial condition, or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

A bank holding company is required to give the Federal Reserve Board prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, will be equal to 10% or more of the company's consolidated net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and

unsound practice, or would violate any law, regulation, Federal Reserve Board order or directive, or any condition imposed by, or written agreement with, the Federal Reserve Board. Such notice and approval is not required for a bank holding company that is as "well capitalized" under applicable regulations of the Federal Reserve Board, that has received a composite "1" or "2" rating, as well as a "satisfactory" rating for management, at its most recent bank holding company examination by the Federal Reserve Board, and that is not the subject of any unresolved supervisory issues.

As a bank holding company, Investors Bancorp is required to obtain the prior approval of the Federal Reserve Board to acquire all, or substantially all, of the assets of any bank or bank holding company. Prior Federal Reserve Board approval is also required for Investors Bancorp to acquire direct or indirect ownership or control of any voting securities of any bank or bank holding company if, after giving effect to such acquisition, it would, directly or indirectly, own or control more than 5% of any class of voting shares of such bank or bank holding company.

In addition, a bank holding company that does not elect to be a financial holding company under federal regulations, is generally prohibited from engaging in, or acquiring direct or indirect control of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the Federal Reserve Board to be so closely related to banking or managing or controlling banks. Some of the principal activities that the Federal Reserve Board has determined by regulation to be closely related to banking are:

- making or servicing loans;
- performing certain data processing services;
- providing discount brokerage services; or acting as fiduciary, investment or financial advisor;
- leasing personal or real property;
- making investments in corporations or projects designed primarily to promote community welfare; and
- acquiring a savings and loan association.

A bank holding company that elects to be a financial holding company may engage in activities that are financial in nature or incident to activities which are financial in nature. Investors Bancorp, Inc. has not elected to be a financial holding company, although it may seek to do so in the future. A bank holding company may elect to become a financial holding company if:

- each of its depository institution subsidiaries is "well capitalized";
- each of its depository institution subsidiaries is "well managed";
- each of its depository institution subsidiaries has at least a "satisfactory" Community Reinvestment Act rating at its most recent examination; and
- the bank holding company has filed a certification with the Federal Reserve Board stating that it elects to become a financial holding company.

Under federal law, depository institutions are liable to the FDIC for losses suffered or anticipated by the FDIC in connection with the default of a commonly controlled depository institution, or for any assistance provided by the FDIC to such an institution in danger of default. This law would potentially be applicable to Investors Bancorp, Inc. if it ever acquired as a separate subsidiary a depository institution in addition to Investors Bank.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, as amended by Section 613 of the Dodd-Frank Act, regulates interstate banking activities by establishing a framework for nationwide interstate banking and branching. As amended, this interstate banking and branching authority generally permits a bank in

one state to establish a de novo branch at a location in another host state if state banks chartered in such host state would also be permitted to establish a branch at that location in the state. Under these amendments, Investors Bank is permitted to establish branch offices in other states in addition to our existing New Jersey and New York branch offices.

The Gramm-Leach-Bliley Act of 1999 eliminated most of the barriers to affiliations among banks, securities firms, insurance companies, and other financial companies previously imposed under federal banking laws if certain criteria are satisfied. Certain subsidiaries of well-capitalized and well-managed banks may be treated as "financial subsidiaries," which are generally permitted to engage in activities that are financial in nature, including securities underwriting, dealing, and market making; sponsoring mutual funds and investment companies; and activities that the Federal Reserve has determined to be closely related to banking.

New Jersey Regulation. Under the New Jersey Banking Act, a company owning or controlling a savings bank is regulated as a bank holding company. The New Jersey Banking Act defines the terms "company" and "bank holding company" as such terms are defined under the BHCA. Each bank holding company controlling a New Jersey-chartered bank or savings bank must file certain reports with the Commissioner and is subject to examination by the Commissioner.

Acquisition of Investors Bancorp, Inc. Under federal law and under the New Jersey Banking Act, no person may acquire control of Investors Bancorp, Inc. or Investors Bank without first obtaining approval of such acquisition of control by the Federal Reserve Board and the Commissioner. See "Restrictions on the Acquisition of Investors Bancorp, Inc. and Investors Bank."

Federal Securities Laws. Investors Bancorp, Inc.'s common stock is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Investors Bancorp, Inc. is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

Investors Bancorp, Inc. common stock held by persons who are affiliates (generally officers, directors and principal stockholders) of Investors Bancorp, Inc. may not be resold without registration or unless sold in accordance with certain resale restrictions. If Investors Bancorp, Inc. meets specified current public information requirements, each affiliate of Investors Bancorp, Inc. is able to sell in the public market, without registration, a limited number of shares in any three-month period.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 was enacted to address, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information.

As directed by the Sarbanes-Oxley Act, our Chief Executive Officer and Chief Financial Officer are required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the SEC under the Sarbanes-Oxley Act have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal control over financial reporting; they have made certain disclosures to our auditors and the audit committee of the Board of Directors about our internal control over financial reporting; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal control over financial reporting or in other factors that could materially affect internal control over financial reporting.

We have existing policies, procedures and systems designed to comply with these regulations.

Taxation

Federal Taxation

General. Investors Bancorp, Inc. and its subsidiaries are subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. Investors Bancorp, Inc. and its subsidiaries file a consolidated federal income tax return. Investors Bancorp, Inc.'s 2013 federal tax return is currently under audit by the IRS. The following discussion of federal taxation is intended only to summarize certain pertinent federal income tax matters and is not a comprehensive description of the tax rules applicable to Investors Bancorp, Inc. or its subsidiaries.

Method of Accounting. For federal income tax purposes, Investors Bancorp, Inc. currently reports its income and expenses on the accrual method of accounting and uses a tax year ending December 31 for filing its federal and state income tax returns.

Bad Debt Reserves. Historically, Investors Bank was subject to special provisions in the tax law regarding allowable bad debt tax deductions and related reserves. Tax law changes were enacted in 1996 pursuant to the Small Business Protection Act of 1996 (the "1996 Act"), which eliminated the use of the percentage of taxable income method for tax years after 1995 and required recapture into taxable income over a six-year period of all bad debt reserves accumulated after 1987. Investors Bank has fully recaptured its post-1987 reserve balance. Currently, Investors Bank uses the specific charge off method to account for bad debt deductions for income tax purposes.

Taxable Distributions and Recapture. Prior to the 1996 Act, bad debt reserves created prior to January 1, 1988 (pre-base year reserves) were subject to recapture into taxable income if Investors Bank failed to meet certain thrift asset and definitional tests. As a result of the 1996 Act, bad debt reserves accumulated after 1987 are required to be recaptured into income over a six-year period. However, all pre-base year reserves are subject to recapture if Investors Bank makes certain non-dividend distributions, repurchases any of its stock, pays dividends in excess of tax earnings and profits, or ceases to maintain a bank charter. At December 31, 2015, our total federal pre-base year reserve was approximately $45.2 million.

Alternative Minimum Tax. The Internal Revenue Code imposes an alternative minimum tax ("AMT") at a rate of 20% on a base of regular taxable income plus certain tax preferences ("alternative minimum taxable income" or "AMTI"). The AMT is payable to the extent such AMTI is in excess of an exemption amount and the AMT exceeds the regular income tax. Net operating losses can offset no more than 90% of AMTI. Certain payments of AMT may be used as credits against regular tax liabilities in future years. Investors Bancorp, Inc. and its subsidiaries have not been subject to the AMT and have no such amounts available as credits for carryover.

Net Operating Loss Carryovers. A corporation may carry back net operating losses to the preceding two taxable years and forward to the succeeding 20 taxable years. On May 7, 2014, the second step conversion was completed. The new consolidated group resulting from the second step has the ability to carry back claims normally allowed under federal tax law to the old consolidated group. As of December 31, 2015, the Company had total federal net operating loss carryforwards of $8.8 million related to prior acquisitions.

Corporate Dividends-Received Deduction. Investors Bancorp, Inc. may exclude from its federal taxable income 100% of dividends received from Investors Bank as a wholly owned subsidiary. The corporate dividends-received deduction is 80% when the dividend is received from a corporation having at least 20% of its stock owned by the recipient corporation. A 70% dividends-received deduction is available for dividends received from a corporation having less than 20% of its stock owned by the recipient corporation.

State Taxation

New Jersey State Taxation. Investors Bancorp, Inc. and its subsidiaries file separate New Jersey corporate business tax returns on an unconsolidated basis. Generally, the income of savings institutions in New Jersey, which is calculated based on federal taxable income, subject to certain adjustments, is subject to New Jersey tax.

Investors Bancorp, Inc. is required to file a New Jersey income tax return and is generally subject to a state income tax at a 9% rate. If Investors Bancorp, Inc. meets certain requirements, it may be eligible to elect to be taxed as a New Jersey Investment Company, which would allow it to be taxed at a rate of 3.6%. At December 31, 2015, Investors Bancorp, Inc. did not meet the eligibility requirements to be taxed as a New Jersey Investment Company.

New Jersey tax law does not and has not allowed for a taxpayer to file a tax return on a combined or consolidated basis with another member of the affiliated group where there is common ownership. However, under tax legislation, if the taxpayer cannot demonstrate by clear and convincing evidence that the tax filing discloses the true earnings of the taxpayer on its business carried on in the State of New Jersey, the New Jersey Director of the Division of Taxation may, at the director's discretion, require the taxpayer to file a consolidated return for the entire operations of the affiliated group or controlled group, including its own operations and income.

In connection with the Company's second step conversion, a $20.0 million charitable contribution was made to the Investors Charitable Foundation, $10.0 million of which was made by Investors Bank and the remaining $10.0 million by Investors Bancorp, Inc. For Investors Bancorp, Inc., the excess contribution over the allowable deduction limit for the standalone entity may be carried forward to the succeeding 5 taxable years. Based on the entity's standalone future state taxable income, a valuation allowance was established for the portion of the state tax benefit related to the contribution that is not more likely than not to be realized.

New York State Taxation. In 2014, New York State enacted significant and comprehensive reforms to its corporate tax system that went into effect January 1, 2015. The new legislation resulted in significant changes to the method of calculating income taxes for banks, including changes to future period tax rates, rules relating to the sourcing of income, and the elimination of the banking corporation tax so that banking corporations will now be taxed under the State's corporate franchise tax. The corporate franchise tax is based on the combined entire net income of the Company and its affiliates allocable and apportionable to New York State and taxed at a rate of 7.1%. At this time, the changes to the New York tax code has caused our effective tax rate to increase. The amount of such increase will depend on the amount of revenues that are sourced to New York State under the new legislation, which can be expected to fluctuate over time. In addition, the Company and its affiliates are subject to the Metropolitan Transportation Authority ("MTA") Surcharge allocable to business activities carried on in the Metropolitan Commuter Transportation District. The MTA surcharge for 2015 was 25.6% of a recomputed New York State franchise tax, calculated using a 9% tax rate on allocated and apportioned entire net income. Investors Bank is currently under audit with respect to its New York State combined franchise tax return for tax years 2013 and 2014.

New York City Taxation. In 2015, New York City enacted provisions to its tax law to conform its corporate and banking tax laws to those of New York State, retroactive to January 1, 2015. The Company and its affiliates are subject to the new combined corporate tax for New York City calculated on a similar basis as the New York State franchise tax, subject to the New York City apportionment rules. While the majority of the Company's entire net income is derived from outside of the New York City jurisdiction, the new sourcing rules enacted by the tax law provisions have increased the income apportioned to New York City and in turn, caused an increase to our effective tax rate.

Delaware State Taxation. As a Delaware holding company not earning income in Delaware, Investors Bancorp, Inc. is exempted from Delaware corporate income tax but is required to file annual returns and pay annual fees and an annual franchise tax to the State of Delaware.

ITEM 1A. RISK FACTORS

The risks set forth below, in addition to the other risks described in this Annual Report on Form 10-K, may adversely affect our business, financial condition and operating results. In addition to the risks set forth below and the other risks described in this annual report, there may also 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. As a result, 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. Further, to the extent that any of the information contained in this Annual Report on Form 10-K constitutes forward-looking statements, the risk factors set forth below also are cautionary statements identifying important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of us.

Because we intend to continue to increase our commercial originations, our credit risk will increase.

At December 31, 2015, our portfolio of multi-family, commercial real estate, C&I and construction loans totaled $11.36 billion, or 67.2% of our total loans. We intend to continue to increase our originations of multi-family, commercial real estate and C&I loans, which generally have more risk than one- to four-family residential mortgage loans. Since repayment of commercial loans depends on the successful management and operation of the borrower's properties or related businesses, repayment of such loans can be affected by adverse conditions in the real estate market, local economy or the management of the business or property. In addition, our commercial borrowers may have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan. Because we plan to continue to increase our originations of these loans, it may be necessary to increase the level of our allowance for loan losses because of the increased risk characteristics associated with these types of loans. Any such increase to our allowance for loan losses would adversely affect our earnings.

If our allowance for loan losses is not sufficient to cover actual loan losses, our earnings could 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 amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If actual results differ significantly from our assumptions, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. Material additions to our allowance would materially decrease our net income. Our allowance for loan losses at December 31, 2015 of $218.5 million was 1.29% of total loans and 158.43% of non-performing loans at such date.

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

A significant portion of our multi-family loan portfolio, commercial real estate portfolio and nearly all of our C&I loan portfolio is unseasoned. It is difficult to judge the future performance of unseasoned loans.

Our multi-family loan portfolio has increased to $6.26 billion at December 31, 2015 from $1.82 billion at December 31, 2011. Our commercial real estate portfolio has increased to $3.83 billion at December 31, 2015 from $1.42 billion at December 31, 2011. Our C&I loan portfolio has increased to $1.04 billion at December 31, 2015 from $106.3 million at December 31, 2011. Consequently, a large portion of our multi-family loans, commercial real estate loans and nearly all of our C&I loans are unseasoned. It is difficult to assess the future performance of these recently originated loans because of their relatively limited payment history from which to

judge future collectability, especially in the economic environment since 2011. These loans may experience higher delinquency or charge-off levels than our historical loan portfolio experience, which could adversely affect our future performance.

Our liabilities reprice faster than our assets and future increases in interest rates will reduce our profits.

Our ability to make a profit largely depends on our net interest income, which could be negatively affected by changes in interest rates. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities; and the interest expense we pay on our interest-bearing liabilities, such as deposits and borrowings.

The interest income we earn on our assets and the interest expense we pay on our liabilities are generally fixed for a contractual period of time. Our liabilities generally have shorter contractual maturities than our assets. This imbalance can create significant earnings volatility, because market interest rates change over time. In a period of rising interest rates, the interest income earned on our assets may not increase as rapidly as the interest paid on our liabilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Management of Market Risk."

In addition, changes in interest rates can affect the average life of loans and mortgage-backed and related securities. A reduction in interest rates causes increased prepayments of loans and mortgage-backed and related securities as borrowers refinance their debt to reduce their borrowing costs. This creates reinvestment risk, which is the risk that we may not be able to reinvest the funds from faster prepayments at rates that are comparable to the rates we earned on the prepaid loans or securities. Conversely, an increase in interest rates generally reduces prepayments. Additionally, increases in interest rates may decrease loan demand and/or make it more difficult for borrowers to repay adjustable-rate loans.

Changes in interest rates also affect the current market value of our interest-earning securities portfolio. Generally, the value of securities moves inversely with changes in interest rates. At December 31, 2015, the fair value of our total securities portfolio was $3.19 billion. Unrealized net losses on securities available-for-sale are reported as a separate component of equity. To the extent interest rates increase and the value of our available-for-sale portfolio decreases, our stockholders' equity will be adversely affected.

We evaluate interest rate sensitivity using models that estimate the change in our net portfolio value over a range of interest rate scenarios. Net portfolio value is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts. At December 31, 2015, in the event of a 200 basis point increase in interest rates, whereby rates increase evenly over a twelve-month period, and assuming management took no action to mitigate the effect of such change, the model projects that we would experience a 7.1% or $42.3 million decrease in net interest income and 8.7% or $381.2 million decrease in net portfolio value.

Historically low interest rates may adversely affect our net interest income and profitability.

During the past several years it has been the policy of the Federal Reserve Board to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. As a result, market rates on the loans we have originated and the yields on securities we have purchased have been at lower levels than available prior to 2008. As a general matter, our interest-bearing liabilities reprice or mature more quickly than our interest-earning assets, over the past several years, this has been one factor contributing to the increase in our interest rate spread as interest rates decreased. However, our ability to lower our interest expense will be limited at these interest rate levels while the average yield on our interest-earning assets may continue to decrease. Accordingly, our net interest income may be adversely affected and may decrease, which may have an adverse effect on our future profitability.

We may not be able to continue to grow our business, which may adversely impact our results of operations.

Our total assets have grown from approximately $10.70 billion at December 31, 2011 to $20.89 billion at December 31, 2015. Our business strategy calls for continued growth. Our ability to continue to grow depends, in part, upon our ability to open new branch locations, successfully attract deposits, identify favorable loan and investment opportunities, and acquire other banks and non-bank entities. In the event that we do not continue to grow, our results of operations could be adversely impacted.

Our ability to grow successfully will depend on whether we can continue to fund this growth while maintaining cost controls and asset quality, as well as on factors beyond our control, such as national and regional economic conditions and interest rate trends. If we are not able to control costs and maintain asset quality, such growth could adversely impact our earnings and financial condition.

Public funds deposits are an important source of funds for us and a reduced level of those deposits may hurt our profits.

Public funds deposits are a significant source of funds for our lending and investment activities. At December 31, 2015, $2.75 billion, or 19.6% of our total deposits, consisted of public funds deposits from local government entities, primarily domiciled in the state of New Jersey, such as school districts, hospital districts, sheriff departments and other municipalities, which are collateralized by letters of credit from the FHLB and investment securities. Given our use of these 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 demand deposit accounts or short-term time deposits and are therefore more sensitive to interest rate risks. 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 resort to 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 income.

We could be required to repurchase mortgage loans or indemnify mortgage loan purchasers due to breaches of representations and warranties, borrower fraud, or certain borrower defaults, which could have an adverse impact on our liquidity, results of operations and financial condition.

We sell into the secondary market a portion of the residential mortgage loans that we originate through our mortgage subsidiary, Investors Home Mortgage. The whole loan sale agreements we enter into in connection with such loan sales require us to repurchase or substitute mortgage loans in the event there is a breach of any of representations or warranties. In addition, we may be required to repurchase mortgage loans as a result of borrower fraud or in the event of early payment default of the borrower on a mortgage loan. We have established a reserve for estimated repurchase and indemnification obligations on the residential mortgage loans that we sell. We make various assumptions and judgments in determining this reserve. If our assumptions are incorrect, our reserve may not be sufficient to cover losses from repurchase and indemnification obligations related to our residential loans sold. Such event would have an adverse effect on our earnings.

We may incur impairments to goodwill.

At December 31, 2015, we had approximately $77.6 million recorded as goodwill. We evaluate goodwill for impairment, at least annually. Significant negative industry or economic trends, including declines in the market price of our common stock, reduced estimates of future cash flows or disruptions to our business, could result in impairments to goodwill. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely on projections of future operating performance. We operate in competitive environments and projections of future operating results and cash flows may vary significantly from actual results. If our analysis results in impairment to goodwill, we would be

required to record an impairment charge to earnings in our financial statements during the period in which such impairment is determined to exist. Any such change could have an adverse effect on our results of operations.

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

Investors Bank is subject to extensive regulation, supervision and examination by the NJDBI, our chartering authority, by the FDIC, as insurer of our deposits, and by the CFPB, with respect to consumer protection laws. As a bank holding company, Investors Bancorp is subject to regulation and oversight by the Federal Reserve Board. Such regulation and supervision govern the activities in which a bank and its holding company may engage and are intended primarily for the protection of the insurance fund and depositors. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the requirement for additional capital, the imposition of restrictions on our operations, restrictions on our ability to pay dividends and make other capital distributions to shareholders, the classification of our assets and the adequacy of our allowance for loan losses, compliance and privacy issues (including anti-money laundering and Bank Secrecy Act Compliance) and approval of merger transactions. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on Investors Bank, Investors Bancorp and our operations.

The potential exists for additional Federal or state laws and regulations regarding capital requirements, lending and funding practices and liquidity standards, and bank regulatory agencies are expected to remain active in responding to concerns and trends identified in examinations, including the potential issuance of formal enforcement orders. New laws, regulations, and other regulatory changes could increase our costs of regulatory compliance and of doing business, and otherwise affect our operations. New laws, regulations, and other regulatory changes, along with negative developments in the financial industry and the domestic and international credit markets, may significantly affect the markets in which we do business, the markets for and value of our loans and investments, and our on-going operations, costs and profitability.

A continuation or worsening of economic conditions could adversely affect our financial condition and results of operations.

Although the U.S. economy has emerged from the severe recession that occurred in 2008 and 2009, economic growth has been slow despite the Federal Reserve Board’s unprecedented efforts to maintain low market interest rates and encourage economic growth. A return to prolonged deteriorating economic conditions could significantly affect the markets in which we do business, the value of our loans and investments, and our on-going operations, costs and profitability. Declines in real estate values and sales volumes and unemployment levels may result in greater loan delinquencies, increases in our nonperforming, criticized and classified assets and a decline in demand for our products and services. These events may cause us to incur losses and may adversely affect our financial condition and results of operations.

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.

Growing by acquisition entails integration and certain other risks.

Although we have successfully integrated business acquisitions in recent years, failure to successfully integrate systems subsequent to the completion of any future acquisitions could have a material impact on the operations of Investors Bank.

Future acquisition activity could dilute book value.

Both nationally and in our region, the banking industry is undergoing consolidation marked by numerous mergers and acquisitions. From time to time we may be presented with opportunities to acquire institutions and/or bank branches and we may engage in discussions and negotiations. Acquisitions typically involve the payment of a premium over book and trading values, and therefore, may result in the dilution of our book value per share.

The Dodd-Frank Act, among other things, created the CFPB, tightened capital standards and will continue to result in new laws and regulations that are expected to increase our costs of operations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has significantly changed the current bank regulatory structure and affecting the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many years. However, it is expected that the legislation and implementing regulations will materially increase our operating and compliance costs.

The Dodd-Frank Act created the CFPB with broad powers to supervise and enforce consumer protection laws. The CFPB has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over all banks with more than $10 billion in assets, such as Investors Bank. Banks with $10 billion or less in assets will continue to be examined for compliance with the consumer laws by their primary bank regulators. The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws.

The Dodd-Frank Act required minimum leverage (Tier 1) and risk-based capital requirements for bank and savings and loan holding companies that are no less than those applicable to banks, which excludes (subject to certain grandfathering rules) certain instruments that previously have been eligible for inclusion by bank holding companies as Tier 1 capital, such as trust preferred securities. Regulations implementing this requirement were effective January 1, 2015.

Effective July 21, 2011, the Dodd-Frank Act eliminated the federal prohibitions on paying interest on demand deposits, thus allowing businesses to have interest bearing checking accounts, which could result in an increase in our interest expense.

The Dodd-Frank Act also broadened the base for FDIC deposit insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a financial institution, rather than deposits. The Dodd-Frank Act also permanently increased the maximum amount of deposit insurance for banks, savings institutions and credit unions to $250,000 per depositor, retroactive to January 1, 2009. The legislation also increased the required minimum reserve ratio for the Deposit Insurance Fund from 1.15% to 1.35% of insured deposits, and directed the FDIC to offset the effects of increased assessments on depository institutions with less than $10 billion in assets.

The Dodd-Frank Act required publicly traded companies to give stockholders a non-binding vote on executive compensation and so-called "golden parachute" payments. It also provided that the listing standards of the national securities exchanges shall require listed companies to implement and disclose "clawback" policies mandating the recovery of incentive compensation paid to executive officers in connection with accounting restatements. The legislation also directed the Federal Reserve Board to promulgate rules prohibiting excessive compensation paid to bank holding company executives.

Effective December 10, 2013, pursuant to the Dodd-Frank Act, federal banking and securities regulators issued final rules to implement Section 619 of the Dodd-Frank Act (the "Volcker Rule"). Generally, subject to a transition period and certain exceptions, the Volcker Rule restricts insured depository institutions and their affiliated companies from engaging in short-term proprietary trading of certain securities, investing in funds with collateral comprised of less than 100% loans that are not registered with the Securities and Exchange Commission ("SEC") and from engaging in hedging activities that do not hedge a specific identified risk. After the transition period, the Volcker Rule prohibitions and restrictions will apply to banking entities, including Investors Bancorp, unless an exception applies.

We have become subject to more stringent capital requirements, which may adversely impact our return on equity, or constrain us from paying dividends or repurchasing shares.

In July 2013, the FDIC and the Federal Reserve Board approved a new rule, effective January 1, 2015, that substantially amended the regulatory risk-based capital rules applicable to Investors Bank and Investors Bancorp. The final rule implements the "Basel III" regulatory capital reforms and changes required by the Dodd-Frank Act.

The final rule includes new minimum risk-based capital and leverage ratios, which became effective for Investors Bank and Investors Bancorp on January 1, 2015, and refines the definition of what constitutes "capital" for purposes of calculating these ratios. The new minimum capital requirements are: (i) a new common equity Tier 1 to risk-based capital ratio of 4.5%; (ii) a Tier 1 to risk-based assets capital ratio of 6% (increased from 4% under prior rules); (iii) a total capital to risk-based assets ratio of 8%; and (iv) a Tier 1 leverage ratio of 4%. The final rule also establishes a "capital conservation buffer" of 2.5% of common equity Tier 1 capital, and will result in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1 to risk-based assets capital ratio of 8.5%; and (iii) a total capital to risk-based assets ratio of 10.5%. The new capital conservation buffer requirement will be phased in beginning in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented in January 2019. 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 can be utilized for such actions.

The application of more stringent capital requirements for Investors Bank and Investors Bancorp could, among other things, result in lower returns on equity, require the raising of additional capital, and result in regulatory actions constraining us from paying dividends or repurchasing shares if we were to be unable to comply with such requirements.

New regulations could restrict our ability to originate and sell mortgage loans.

The CFPB has issued a final rule which implements certain provisions of the Dodd-Frank Act, which requires lenders to make a reasonable, good faith determination of a borrower's ability to repay a mortgage loan. Loans that meet this "qualified mortgage" definition will be presumed to have complied with the new ability-to-repay standard. Under the CFPB's rule, a "qualified mortgage" loan must not contain certain specified features, including:

- excessive upfront points and fees (those exceeding 3% of the total loan amount, less "bona fide discount points" for prime loans);
- interest-only payments;
- negative-amortization; and
- terms longer than 30 years.

Also, to qualify as a "qualified mortgage," a borrower's total debt-to-income ratio may not exceed 43%. Lenders must also verify and document the income and financial resources relied upon to qualify the borrower

for the loan and underwrite the loan based on a fully amortizing payment schedule and maximum interest rate during the first five years, taking into account all applicable taxes, insurance and assessments. The CFPB's rule on qualified mortgages could limit our ability or desire to make certain types of loans or loans to certain borrowers, or could make it more expensive and/or time consuming to make these loans, which could limit our growth or profitability.

Strong competition within our market area may limit our growth and profitability.

Competition in the banking and financial services industry is intense. In our market area, we compete with numerous commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of our competitors have substantially greater resources and lending limits than we have, have greater name recognition and market presence that benefit them in attracting business, and offer certain services that we do not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than we can. Our profitability depends upon our continued ability to successfully compete in our market area. The greater resources and deposit and loan products offered by some of our competitors may limit our ability to increase our interest-earning assets. For additional information see "Business of Investors Bank-Competition."

Any future increase in FDIC insurance premiums will adversely impact our earnings.

As a "large institution" within the meaning of FDIC regulations (i.e., greater than $10 billion in assets), Investors Bank's deposit insurance premium is determined differently than smaller banks. Small banks are assessed based on a risk classification determined by examination ratings, financial ratios and certain specified adjustments. However, beginning in 2011, large institutions became subject to assessment based upon a more detailed scorecard approach involving (i) a performance score determined using forward-looking risk measures, including certain stress testing, and (ii) a loss severity score, which is designed to measure, based on modeling, potential loss to the FDIC insurance fund if the institution failed. The total score is converted to an assessment rate, subject to certain adjustments, with institutions deemed riskier paying higher assessments. In October 2012, the FDIC issued a final rule, effective March 1, 2013, which clarifies and refines its large bank assessment formula. Since the large institution assessment procedure is still relatively unknown, the long term effect on Investors Bank's deposit insurance assessment is uncertain.

We may eliminate dividends on our common stock.

On September 28, 2012, we declared our first quarterly cash dividend and we have paid quarterly cash dividend since then. Although we have begun paying quarterly cash dividends to our stockholders, stockholders are not entitled to receive dividends. Downturns in domestic and global economies and other factors could cause our board of directors to consider, among other things, the elimination of or reduction in the amount and/or frequency of cash dividends paid on our common stock.

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 customers, 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.

Risks associated with system failures, interruptions, or breaches of security could negatively affect our earnings.

Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, securities investments, deposits, and loans. We have established

policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches (including privacy breaches and cyber-attacks), but such events may still occur or may not be adequately addressed if they do occur. In addition, any compromise of our systems could deter customers from using our products and services. Although we take protective measures, the security of our computer systems, software, and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code and cyber attacks that could have an impact on information security.

In addition, we outsource a majority of our data processing to certain third-party providers. If these third-party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

There have been increasing efforts on the part of third parties, including through cyber attacks, to breach data security at financial institutions or with respect to financial transactions. There have been several recent instances involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information or the destruction or theft of corporate data. In addition, because the techniques used to cause such security breaches change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures. The ability of our customers to bank remotely, including online and through mobile devices, requires secure transmission of confidential information and increases the risk of data security breaches.

The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business thereby subjecting us to additional regulatory scrutiny, or 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.

Our failure to effectively deploy the capital raised in our second step conversion offering may have an adverse effect on our financial performance.

We invested 50% of the net proceeds from our second step conversion offering in Investors Bank; provided funding to our Employee Stock Ownership Plan for the purchase of 6,617,421 shares of common stock sold in the offering; and contributed $20.0 million to Investors Charitable foundation through issuing 1,000,000 shares as well as a $10.0 million cash contribution. A substantial portion of the net proceeds were used to pay off short-term borrowings as they matured and invest in securities. We will use the remainder of the net proceeds for general corporate purposes, including, among other items, paying cash dividends and repurchasing shares of our common stock, subject to applicable regulatory approval. Our failure to utilize these funds effectively may reduce our profitability and may adversely affect the value of our common stock.

Our recruitment efforts may not be sufficient to implement our business strategy and execute successful operations.

As we continue to grow, we may find our recruitment efforts more challenging. If we do not succeed in attracting, hiring, and integrating experienced or qualified personnel, we may not be able to continue to successfully implement our business strategy.

We have hired an asset based lending team and expanded our business lending into the healthcare market, both of which may expose us to increased lending risks and may have a negative effect on our results of operations.

In an effort to diversify our loan portfolio, we recently hired an asset based lending team and a healthcare lending team. These types of loans generally have a higher risk of loss compared to our one- to four-family residential real estate loans and multi-family loans, which could have a negative effect on our results of operations. In addition, because we are not as experienced with these new loan products, we may require additional time and resources for offering and managing such products effectively or may be unsuccessful in offering such products at a profit.

Severe weather, acts of terrorism and other external events could impact our ability to conduct business.

Recent weather-related events have adversely impacted our market area, especially areas located near coastal waters and flood prone areas. Such events that may cause significant flooding and other storm-related damage may become more common events in the future. Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems and 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At December 31, 2015, the Company and the Bank conducted business from their corporate headquarters in Short Hills, New Jersey, with an operation center located in Iselin, New Jersey as well as lending offices in Short Hills, Robbinsville, Mount Laurel, Spring Lake, Newark, Sewell, Manhattan, Queens, Brooklyn, as well as a full-service branch network of 140 offices.

ITEM 3. LEGAL PROCEEDINGS

We and our subsidiaries are subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on our financial condition or results of operations.

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

Our shares of common stock are traded on the NASDAQ Global Select Market under the symbol "ISBC". The approximate number of holders of record of Investors Bancorp, Inc.'s common stock as of February 23, 2016 was approximately 10,500. Certain shares of Investors Bancorp, Inc. are held in "nominee" or "street" name and accordingly, the number of beneficial owners of such shares is not known or included in the foregoing number. The following table presents quarterly market information for Investors Bancorp, Inc.'s common stock for the periods indicated. As a result of the second step conversion, all per share information prior to the completion of the second step conversion on May 7, 2014 has been revised to reflect the 2.55- to- one exchange ratio.

The following information was provided by the NASDAQ Global Select Market.

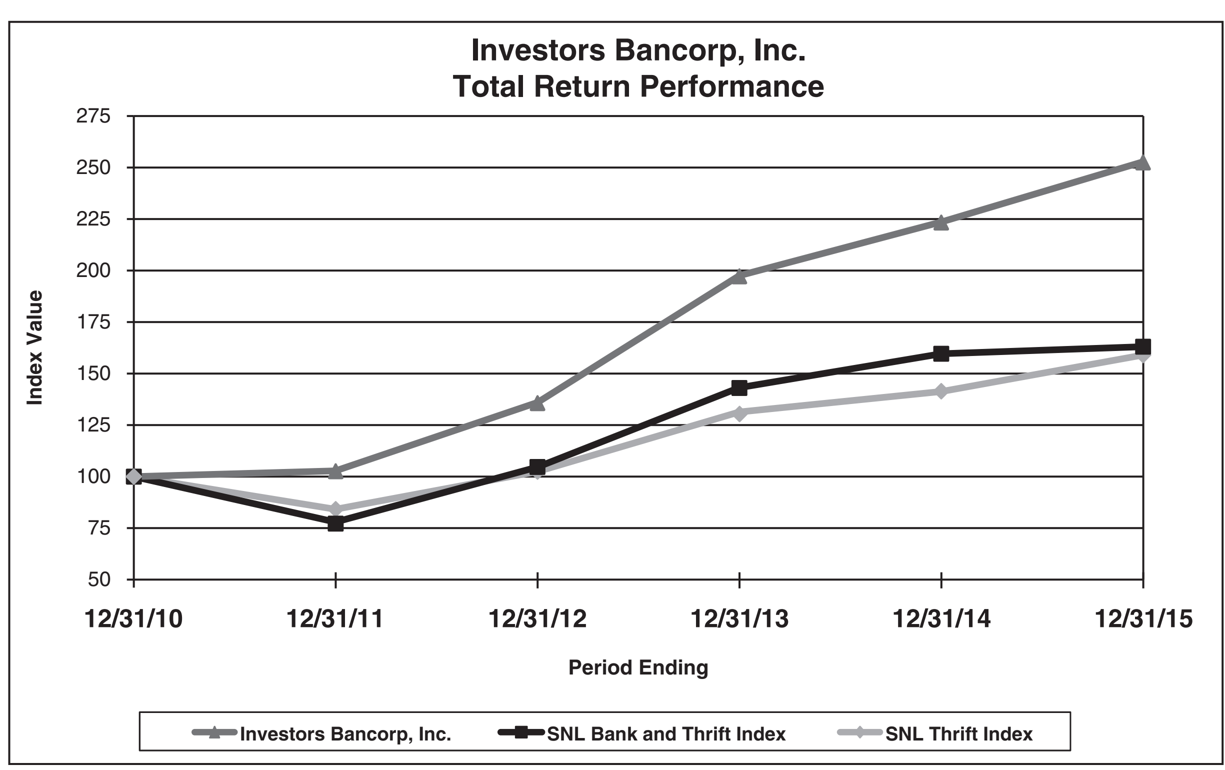
	Year Ended December 31, 2015			Year Ended December 31, 2014		
	High	Low	Dividends Declared	High	Low	Dividends Declared
First Quarter	$11.98	$10.70	$0.10	$11.26	$ 9.68	$0.02
Second Quarter	12.72	11.55	0.05	11.19	10.18	0.02
Third Quarter	12.59	11.27	0.05	11.21	10.00	0.04
Fourth Quarter	13.13	11.99	0.05	11.36	9.80	0.04

On September 28, 2012, we declared our first quarterly cash dividend of $0.02 per share since completing our initial public offering in October 2005. Since declaring this dividend, we have paid a dividend to stockholders in each subsequent quarter, with the most recent paid in February 2016. The timing and amount of cash dividends paid depend on our earnings, capital requirements, financial condition and other relevant factors. Although we have begun paying quarterly cash dividends to our stockholders, stockholders are not entitled to receive dividends. Downturns in domestic and global economies and other factors could cause our board of directors to consider, among other things, the elimination of or reduction in the amount and/or frequency of cash dividends paid on our common stock. In addition, Federal Reserve Board guidance sets forth the supervisory expectation that bank holding companies will inform and consult with Federal Reserve Board staff in advance of issuing a dividend that exceeds earnings for the quarter and should inform the Federal Reserve Board and should eliminate, defer or significantly reduce dividends if (i) net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends, (ii) prospective rate of earnings retention is not consistent with the bank holding company's capital needs and overall current and prospective financial condition, or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

In the future, dividends from Investors Bancorp, Inc. may depend, in part, upon the receipt of dividends from Investors Bank, because Investors Bancorp, Inc. has no source of income other than earnings from the investment of net proceeds retained from the sale of shares of common stock, investment income, and interest earned on its loan to the employee stock ownership plan. Under New Jersey law, Investors Bank may not pay a cash dividend unless, after the payment of such dividend, its capital stock will not be impaired and either it will have a statutory surplus of not less than 50% of its capital stock, or the payment of such dividend will not reduce its statutory surplus.

Stock Performance Graph

Set forth below is a stock performance graph comparing (a) the cumulative total return on the Company's common stock for the period beginning December 31, 2010 through December 31, 2015, (b) the cumulative total return of publicly traded thrifts over such period, and, (c) the cumulative total return of all publicly traded banks and thrifts over such period. Cumulative return assumes the reinvestment of dividends, and is expressed in dollars based on an assumed investment of $100.



Index	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Investors Bancorp, Inc.	100.00	102.74	135.88	197.38	223.41	252.79
SNL U.S. Bank and Thrift	100.00	77.76	104.42	142.97	159.60	162.83
SNL U.S. Thrift	100.00	84.12	102.32	131.30	141.22	158.80

Source: SNL Financial LC, Charlottesville, VA

Stock Repurchases

In connection with the second step conversion completed on May 7, 2014, the existing stock repurchase plan was terminated. Under applicable federal regulations, the Company was not permitted to implement a stock repurchase program during the first year following completion of the second-step conversion without prior notice to, and the receipt of a non-objection from the Federal Reserve Board. On March 16, 2015, the Company received approval from the Board of Governors of the Federal Reserve System to commence a buyback program prior to the one-year anniversary of the completion of its second step conversion.

The following table reports information regarding repurchases of our common stock during the quarter ended December 31, 2015 and the stock repurchase plans approved by our Board of Directors.

Period	Total Number of Shares Purchased(1)	Average Price paid Per Share	As part of Publicly Announced Plans or Programs	Yet to be Purchased Under the Plans or Programs
October 1, 2015 through October 31, 2015	2,030,000	$12.53	2,030,000	25,347,925
November 1, 2015 through November 30, 2015	1,553,494	12.63	1,553,494	23,794,431
December 1, 2015 through December 31, 2015	2,680,080	12.55	2,680,080	21,114,351
Total	6,263,574		6,263,574	

(1) On March 16, 2015, the Company announced a 5% buyback program, which authorized the repurchase of 17,911,561 shares of its publicly-held outstanding shares of common stock. On June 9, 2015, the Company announced its second share repurchase program, which authorized the purchase of an additional 10% of its publicly-held outstanding shares of common stock, or approximately 34,779,211 shares. The new repurchase program commenced immediately upon completion of the first repurchase plan on June 30, 2015. This program has no expiration date and has 21,114,351 shares yet to be purchased as of December 31, 2015.

Equity Compensation Plan Information

The information set forth in Item 12 of Part III of this Annual Report under the heading "Equity Compensation Plan Information" is incorporated by reference herein.

ITEM 6. SELECTED FINANCIAL DATA

The following information is derived in part from the consolidated financial statements of Investors Bancorp, Inc. As a result of the completion of the second step conversion on May 7, 2014, all share information prior to that date has been revised to reflect the 2.55- to- one exchange ratio. For additional information, reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of Investors Bancorp, Inc. and related notes included elsewhere in this Annual Report.

	At December 31,				
	2015	2014	2013	2012	2011
			(In thousands)		
Selected Financial Condition Data:					
Total assets	$20,888,684	$18,773,639	$15,623,070	$12,722,574	$10,701,585
Loans receivable, net	16,661,133	14,887,570	12,882,544	10,306,786	8,794,211
Loans held-for-sale	7,431	6,868	8,273	28,233	18,847
Securities held to maturity	1,844,223	1,564,479	831,819	179,922	287,671
Securities available for sale, at estimated fair value	1,304,697	1,197,924	785,032	1,385,328	983,715
Bank owned life insurance	159,152	161,609	152,788	113,941	112,990
Deposits	14,063,656	12,172,326	10,718,811	8,768,857	7,362,003
Borrowed funds	3,263,090	2,766,104	3,367,274	2,705,652	2,255,486
Goodwill	77,571	77,571	77,571	77,063	21,972
Stockholders' equity	3,311,647	3,577,855	1,334,327	1,066,817	967,440

	Year Ended December 31,				
	2015	2014	2013	2012	2011
			(In thousands)		
Selected Operating Data:					
Interest and dividend income	$731,723	$660,862	$545,068	$496,189	$473,572
Interest expense	136,639	118,891	109,642	123,444	144,488
Net interest income	595,084	541,971	435,426	372,745	329,084
Provision for loan losses	26,000	37,500	50,500	65,000	75,500
Net interest income after provision for loan losses	569,084	504,471	384,926	307,745	253,584
Non-interest income	40,125	41,861	36,571	44,112	29,170
Non-interest expenses	328,332	339,860	245,711	207,007	157,587
Income before income tax expense	280,877	206,472	175,786	144,850	125,167
Income tax expense	99,372	74,751	63,755	56,083	46,281
Net income	$181,505	$131,721	$112,031	$ 88,767	$ 78,886
Earnings per share — basic and diluted	$ 0.55	$ 0.38	$ 0.40	$ 0.32	$ 0.29

	At or for the Year Ended December 31,				
	2015	2014	2013	2012	2011
Selected Financial Ratios and Other Data:					
Performance Ratios:					
Return on assets (ratio of net income to average total assets)	0.92%	0.76%	0.83%	0.77%	0.78%
Return on equity (ratio of net income to average equity)	5.26%	4.71%	10.00%	8.68%	8.43%
Net interest rate spread(1)	2.91%	3.08%	3.24%	3.26%	3.22%
Net interest margin(2)	3.12%	3.27%	3.37%	3.40%	3.39%
Efficiency ratio(3)	51.69%	58.21%	52.06%	49.66%	43.68%
Efficiency ratio — Adjusted(4)	51.48%	52.45%	50.66%	46.47%	43.68%
Non-interest expenses to average total assets	1.66%	1.96%	1.82%	1.81%	1.54%
Average interest-earning assets to average interest-bearing liabilities	1.30x	1.28x	1.15x	1.13x	1.11x
Dividend payout ratio(5)	45.45%	31.58%	19.61%	6.02%	—
Asset Quality Ratios:					
Non-performing assets to total assets	0.69%	0.81%	0.95%	1.14%	1.48%
Non-accrual loans to total loans	0.68%	0.72%	0.77%	1.16%	1.60%
Allowance for loan losses to non-performing loans(6)	158.43%	139.10%	124.30%	104.29%	76.79%
Allowance for loan losses to total loans	1.29%	1.33%	1.33%	1.36%	1.32%
Capital Ratios:					
Tier 1 leverage ratio(7)	12.41%	12.79%	8.20%	7.59%	8.21%
Common equity tier 1 risk-based(7)	15.87%	n/a	n/a	n/a	n/a
Tier 1 risk-based capital(7)	15.87%	17.01%	10.14%	9.98%	11.65%
Total-risk-based capital(7)	17.12%	18.26%	11.39%	11.24%	12.91%
Equity to total assets	15.85%	19.06%	8.54%	8.39%	9.04%
Tangible equity to tangible assets(8)	15.43%	18.60%	7.90%	7.67%	8.71%
Average equity to average assets	17.41%	16.16%	8.32%	8.92%	9.26%
Other Data:					
Book value per common share	$ 10.30	$ 10.39	$ 9.85	$ 9.81	$ 8.98
Tangible book value per common share(8)	$ 9.97	$ 10.08	$ 9.04	$ 8.89	$ 8.62
Number of full service offices	140	132	129	101	81
Full time equivalent employees	1,734	1,682	1,541	1,193	959

(1) The net interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted- average cost of interest-bearing liabilities for the period.

(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(3) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.

(4) The efficiency ratio — adjusted represents non-interest expense divided by the sum of net interest income and non-interest income adjusted; For the year ended December 31, 2015, excludes a one time item related to a payout under an employment agreement with a former executive. For the year ended December 31, 2014, excludes $13.0 million of compensation expense related to the accelerated vesting of all stock option and restricted stock plans upon the completion of the second step capital transaction, the contribution of $20 million to the Investors Charitable Foundation and one-time items related to the acquisition of Gateway, completed in January 2014. For the year ended December 31, 2013, excludes pre-tax acquisition charges related to Roma Financial of $5.6 million and a non-cash OTTI charge of $977,000. Excludes pre-tax acquisition charges related to Marathon and BFSB of $13.3 million for the year ended December 31, 2012.

(5) The dividend payout ratio represents dividends paid per share divided by net income per share.

(6) Non performing loans include non-accrual loans and performing troubled debt restructured loans.

(7) Ratios are for Investors Bank and do not include capital retained at the holding company level. The information presented prior to December 31, 2015 reflect the requirements in effect at that time, as the Basel III requirements became effective on January 1, 2015, see Supervision and Regulation, Part I, Item 1.

(8) Excludes goodwill and intangible assets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our fundamental business strategy is to be a well-capitalized, full service, community bank that provides high quality customer service and competitively priced products and services to individuals and businesses in the communities we serve.

Our results of operations depend primarily on net interest income, which is directly impacted by the market interest rate environment. Net interest income is the difference between the interest income we earn on our interest-earning assets, primarily mortgage loans and investment securities, and the interest we pay on our interest-bearing liabilities, primarily interest-bearing transaction accounts, time deposits, and borrowed funds. Net interest income is affected by the level of interest rates, the shape of the market yield curve, the timing of the placement and the repricing of interest-earning assets and interest-bearing liabilities on our balance sheet, and the prepayment rate on our mortgage-related assets.

While an increase in intermediate-term treasury yields earlier in the year provided an opportunity to increase loan rates, the persistent low interest rate environment has resulted in a significant portion of our interest-earning assets being originated or re-priced at yields lower than the overall portfolio. However, we have been able to generally offset net interest income compression through interest earning asset growth. We continue to actively manage our interest rate risk against a backdrop of slow but positive economic growth and the increase in short-term interest rates at the end of 2015. If short-term interest rates increase, and the yield curve flattens, we may be subject to near-term net interest margin compression. Should the treasury yield curve steepen, we may experience an improvement in net interest income, particularly if short-term interest rates remain unchanged.

Our results of operations are also significantly affected by general economic conditions. While the consumer has benefited from lower energy costs and national and regional unemployment rates have improved, the velocity of economic growth remains sluggish. The overall level of non-performing loans remains low compared to our national and regional peers. We attribute this to our conservative underwriting standards, our diligence in resolving our problem loans as well as the unseasoned nature of our loan portfolio.

We continue to grow and transform the composition of our balance sheet. Total assets increased by $2.12 billion, or 11.3%, to $20.89 billion at December 31, 2015 from $18.77 billion at December 31, 2014. Net loans increased $1.77 billion to $16.66 billion at December 31, 2015, while securities increased by $386.5 million, or 14.0%, to $3.15 billion at December 31, 2015 from $2.76 billion at December 31, 2014. During the year ended December 31, 2015, we originated $2.08 billion in multi-family loans, $936.9 million in commercial real estate loans, $930.8 million in commercial and industrial loans, $646.5 million in residential loans, $247.8 million in consumer and other loans and $82.5 million in construction loans. This increase in loans reflects our continued focus on generating multi-family loans, commercial real estate loans and commercial and industrial loans, which was partially offset by pay downs and payoffs of loans. The multi-family and commercial real estate loans we originate are secured by properties located primarily in New Jersey and New York.

Capital management is a key component of our business strategy. With the completion of the second step conversion in May 2014, we raised $2.15 billion in equity. We plan to manage our capital through a combination of organic growth, acquisitions, stock repurchases and cash dividends. Effective capital management and prudent growth allowed us to effectively leverage the capital from the Company's initial public offering, while being mindful of tangible book value for stockholders. We continue to leverage our capital, resulting in our capital to total assets ratio decreasing to 15.85% at December 31, 2015 from 19.06% at December 31, 2014. In March 2015, we commenced the first stock repurchase plan for 5% of our outstanding shares of common stock, or approximately 17.9 million shares. This repurchase plan was completed in June 2015 when we announced our second share repurchase program which authorizes the repurchase of an additional 10% of outstanding shares of common stock, or approximately 34.8 million shares. Stockholders' equity has been impacted for the year ended December 31, 2015 by the repurchase of 31.6 million shares of common stock for $382.9 million as well as cash dividends of $0.25 per share totaling $87.4 million.

We will continue to execute our business strategies with a focus on prudent and opportunistic growth while producing financial results that will create value for our stockholders. We intend to continue to grow our business and strengthen our market share through planned de novo branching, enhanced product offerings, investments in our people and opportunistic acquisitions in our market area. In August 2015, we completed the conversion of the Bank's core operating system. In 2016 we plan to enhance our employee training and development programs, build additional risk management and operational infrastructure and add key personnel as our company grows and our business changes. We will continue to enhance stockholder value through our strategic capital initiatives, including growth both organically and through acquisitions, stock buybacks and dividend payments.

Critical Accounting Policies

We consider accounting policies that require management to exercise significant judgment or discretion or to make significant assumptions that have, or could have, a material impact on the carrying value of certain assets or on income to be critical accounting policies. We consider the following to be our critical accounting policies.

Allowance for Loan Losses. The allowance for loan losses is the estimated amount considered necessary to cover credit losses inherent in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses that is charged against income. The methodology for determining the allowance for loan 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 economic environment that could result in changes to the amount of the recorded allowance for loan losses.

The allowance for loan losses has been determined in accordance with U.S. generally accepted accounting principles, under which we are required to maintain an allowance for probable losses at the balance sheet date. We are responsible for the timely and periodic determination of the amount of the allowance required. We believe that our allowance for loan losses is adequate to cover specifically identifiable losses, as well as estimated losses inherent in our portfolio for which certain losses are probable but not specifically identifiable. Loans acquired are marked to fair value on the date of acquisition with no valuation allowance reflected in the allowance for loan losses. In conjunction with the quarterly evaluation of the adequacy of the allowance for loan loss, the Company performs an analysis on acquired loans to determine whether or not there has been subsequent deterioration in relation to those loans. If deterioration has occurred, the Company will include these loans in their calculation of the allowance for loan loss.

Management performs a quarterly evaluation of the adequacy of the allowance for loan losses. The analysis of the allowance for loan losses has two components: specific and general allocations. Specific allocations are made for loans determined to be impaired. A loan is deemed to be impaired if it is a commercial loan with an outstanding balance greater than $1.0 million and on non-accrual status, loans modified in a troubled debt restructuring ("TDR"), and other commercial loans greater than $1.0 million if management has specific information that it is probable we will not collect all amounts due under the contractual terms of the loan agreement. Impairment is measured by determining the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses. The general allocation is determined by segregating the remaining loans, including those loans not meeting the Company's definition of an impaired loan, by type of loan, risk rating (if applicable) and payment history. In addition, the Company's residential portfolio is subdivided between fixed and adjustable rate loans as adjustable rate loans are deemed to be subject to more credit risk if interest rates rise. We also analyze historical loss experience using the appropriate look-back and loss emergence period. The loss factors used are based on the Company's historical loss experience over a look-back period determined to provide the appropriate amount of data to accurately estimate expected losses as of period end. Additionally, management assesses the loss emergence period for the expected losses of each loan segment and adjusts each historical loss factor accordingly. The loss emergence period is the estimated time from the date of a loss event (such as a personal bankruptcy) to the actual recognition of the loss (typically via the first full or partial loan charge-off), and is determined based upon a study of the Company's past loss experience by loan segment. The loss factors may also

be adjusted to account for qualitative or environmental factors that are likely to cause estimated credit losses inherent in the portfolio to differ from historical loss experience. This evaluation is based on among other things, loan and delinquency trends, general economic conditions, geographic concentrations, lending policies and procedures and industry and peer comparisons, but is inherently subjective as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results.

Purchased Credit-Impaired ("PCI") loans, are loans acquired at a discount due, in part, to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30 and are initially recorded at fair value (as determined by the present value of expected future cash flows) with no valuation allowance (i.e., the allowance for loan losses). The difference between the undiscounted cash flows expected at acquisition and the initial carrying amount (fair value) of the PCI loans, or the "accretable yield," is recognized as interest income utilizing the level-yield method over the life of the loans. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "non-accretable difference," are not recognized as a yield adjustment, as a loss accrual or a valuation allowance. Reclassifications of the non-accretable difference to the accretable yield may occur subsequent to the loan acquisition dates due to increases in expected cash flows of the loans and would result in an increase in yield on a prospective basis. The Company analyzes the actual cash flow versus the forecasts and any adjustments to credit loss expectations are made based on actual loss recognized as well as changes in the probability of default. For a period in which cash flows aren't reforecasted, prior period's estimated cash flows are adjusted to reflect the actual cash received and credit events that occurred during the current reporting period.

On a quarterly basis, management reviews the current status of various loan assets in order to evaluate the adequacy of the allowance for loan losses. In this evaluation process, specific loans are analyzed to determine their potential risk of loss. Loans determined to be impaired are evaluated for potential loss. Any shortfall results in a recommendation of a charge-off or specific allowance if the likelihood of loss is evaluated as probable. To determine the adequacy of collateral on a particular loan, an estimate of the fair market value of the collateral is based on the most current appraised value for real property or a discounted cash flow analysis on a business. This appraised value for real property is then reduced to reflect estimated liquidation expenses. Acquired loans are marked to fair value on the date of acquisition.

The allowance contains reserves identified as unallocated. These reserves reflect management's attempt to ensure that the overall allowance reflects a margin for imprecision and the uncertainty that is inherent in estimates of probable credit losses.

Our primary lending emphasis has been the origination of commercial real estate loans, multi-family loans, commercial and industrial loans and the origination and purchase of residential mortgage loans. We also originate home equity loans and home equity lines of credit. These activities resulted in a concentration of loans secured by real estate property and businesses located in New Jersey and New York. Based on the composition of our loan portfolio, we believe the primary risks are increases in interest rates, a decline in the general economy, and declines in real estate market values in New Jersey, New York and surrounding states. Any one or combination of these events may adversely affect our loan portfolio resulting in increased delinquencies, loan losses and future levels of loan loss provisions. We consider it important to maintain the ratio of our allowance for loan losses to total loans at an adequate level given current economic conditions and the composition of the portfolio. As a substantial amount of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions for appraisal valuations are instrumental in determining the value of properties. Negative changes to appraisal assumptions could significantly impact the valuation of a property securing a loan and the related allowance determined. The assumptions supporting such appraisals are carefully reviewed to determine that the resulting values reasonably reflect amounts realizable on the related loans.

For commercial real estate, multi-family and construction loans, the Company obtains an appraisal for all collateral dependent loans upon origination. An updated appraisal is obtained annually for loans rated substandard or worse with a balance of $500,000 or greater. An updated appraisal is obtained bi-annually for loans rated special mention with a balance of $2.0 million or greater. This is done in order to determine the specific reserve or charge off needed. As part of the allowance for loan loss process, the Company reviews each collateral dependent commercial real estate loan previously classified as non-accrual and/or impaired and assesses whether there has been an adverse change in the collateral value supporting the loan. The Company utilizes information from its commercial lending officers and its credit department and loan workout department's knowledge of changes in real estate conditions in our lending area to identify if possible deterioration of collateral value has occurred. Based on the severity of the changes in market conditions, management determines if an updated appraisal is warranted or if downward adjustments to the previous appraisal are warranted. If it is determined that the deterioration of the collateral value is significant enough to warrant ordering a new appraisal, an estimate of the downward adjustments to the existing appraised value is used in assessing if additional specific reserves are necessary until the updated appraisal is received.

For homogeneous residential mortgage loans, the Company's policy is to obtain an appraisal upon the origination of the loan and an updated appraisal in the event a loan becomes 90 days delinquent. Thereafter, the appraisal is updated every two years if the loan remains in non-performing status and the foreclosure process has not been completed. Management adjusts the appraised value of residential loans to reflect estimated selling costs and estimated declines in the real estate market.

Management believes the potential risk for outdated appraisals for impaired and other non-performing loans has been mitigated due to the fact that the loans are individually assessed to determine that the loan's carrying value is not in excess of the fair value of the collateral. Loans are generally charged off after an analysis is completed which indicates that collectability of the full principal balance is in doubt.

Our allowance for loan losses reflects probable losses considering, among other things, the economic conditions, the actual growth and change in composition of our loan portfolio, the level of our non-performing loans and our charge-off experience. We believe the allowance for loan losses reflects the inherent credit risk in our portfolio.

Although we believe we have established and maintained the allowance for loan losses at adequate levels, additions may be necessary if the current economic environment deteriorates. Management uses the best information available; however, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. In addition, the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance, as an integral part of their examination process, will periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination.

Deferred Income Taxes. The Company records income taxes in accordance with ASC 740, "Income Taxes," as amended, using the asset and liability method. Accordingly, deferred tax assets and liabilities: (i) are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns; (ii) are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases; and (iii) are measured using enacted tax rates expected to apply in the years when those temporary differences are expected to be recovered or settled. Where applicable, deferred tax assets are reduced by a valuation allowance for any portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period of enactment. The valuation allowance is adjusted, by a charge or credit to income tax expense, as changes in facts and circumstances warrant.

Asset Impairment Judgments. Certain of our assets are carried on our consolidated balance sheets at cost, fair value or at the lower of cost or fair value. Valuation allowances or write-downs are established when

necessary to recognize impairment of such assets. We periodically perform analyses to test for impairment of such assets. In addition to the impairment analyses related to our loans discussed above, another significant impairment analysis is the determination of whether there has been an other-than-temporary decline in the value of one or more of our securities.

Our available-for-sale portfolio is carried at estimated fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive income or loss in stockholders' equity. While the Company does not intend to sell these securities, and it is more likely than not that we will not be required to sell these securities before their anticipated recovery of the remaining carrying value, we have the ability to sell the securities. Our held-to-maturity portfolio, consisting primarily of mortgage-backed securities and other debt securities for which we have a positive intent and ability to hold to maturity, is carried at carrying value. We conduct a periodic review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. Management utilizes various inputs to determine the fair value of the portfolio. To the extent they exist, unadjusted quoted market prices in active markets (Level 1) or quoted prices on similar assets (Level 2) are utilized to determine the fair value of each investment in the portfolio. In the absence of quoted prices and in an illiquid market, valuation techniques, which require inputs that are both significant to the fair value measurement and unobservable (Level 3), are used to determine fair value of the investment. Valuation techniques are based on various assumptions, including, but not limited to cash flows, discount rates, rate of return, adjustments for nonperformance and liquidity, and liquidation values. Management is required to use a significant degree of judgment when the valuation of investments includes unobservable inputs. The use of different assumptions could have a positive or negative effect on our consolidated financial condition or results of operations.

The fair values of our securities portfolio are also affected by changes in interest rates. When significant changes in interest rates occur, we evaluate our intent and ability to hold the security to maturity or for a sufficient time to recover our recorded investment balance.

If a determination is made that a debt security is other-than-temporarily impaired, the Company will estimate the amount of the unrealized loss that is attributable to credit and all other non-credit related factors. The credit related component will be recognized as an other-than-temporary impairment charge in non-interest income as a component of gain (loss) on securities, net. The non-credit related component will be recorded as an adjustment to accumulate other comprehensive income, net of tax.

Goodwill Impairment. Goodwill is presumed to have an indefinite useful life and is tested, at least annually, for impairment at the reporting unit level. Impairment exists when the carrying amount of goodwill exceeds its implied fair value. For purposes of our goodwill impairment testing, we have identified a single reporting unit.

In connection with our annual impairment assessment we applied the guidance in FASB ASU 2011-08, *Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment,* which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. For the year ended December 31, 2015, our qualitative assessment concluded that it was not more likely than not that the fair value of the reporting unit is less than its carrying amount and, therefore, the two-step goodwill impairment test was not required.

Valuation of Mortgage Servicing Rights ("MSR"). The initial asset recognized for originated MSR is measured at fair value. The fair value of MSR is estimated by reference to current market values of similar loans sold with servicing released. MSR are amortized in proportion to and over the period of estimated net servicing income. We apply the amortization method for measurements of our MSR. MSR are assessed for impairment based on fair value at each reporting date. MSR impairment, if any, is recognized in a valuation allowance through charges to earnings as a component of fees and service charges. Subsequent increases in the fair value of impaired MSR are recognized only up to the amount of the previously recognized valuation allowance.

The estimated fair value of the MSR is obtained through independent third party valuations through an analysis of future cash flows, incorporating estimates of assumptions market participants would use in determining fair value including market discount rates, prepayment speeds, servicing income, servicing costs, default rates and other market driven data, including the market's perception of future interest rate movements. The valuation allowance is then adjusted in subsequent periods to reflect changes in the measurement of impairment. All assumptions are reviewed for reasonableness on a quarterly basis to ensure they reflect current and anticipated market conditions.

The fair value of MSR is highly sensitive to changes in assumptions. Changes in prepayment speed assumptions generally have the most significant impact on the fair value of our MSR. Generally, as interest rates decline, mortgage loan prepayments accelerate due to increased refinance activity, which results in a decrease in the fair value of MSR. As interest rates rise, mortgage loan prepayments slow down, which results in an increase in the fair value of MSR. Thus, any measurement of the fair value of our MSR is limited by the conditions existing and the assumptions utilized as of a particular point in time, and those assumptions may not be appropriate if they are applied at a different point in time.

Stock-Based Compensation. We recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards in accordance with ASC 718, "Compensation-Stock Compensation". We estimate the per share fair value of option grants on the date of grant using the Black-Scholes option pricing model using assumptions for the expected dividend yield, expected stock price volatility, risk-free interest rate and expected option term. These assumptions are subjective in nature, involve uncertainties and, therefore, cannot be determined with precision. The Black- Scholes option pricing model also contains certain inherent limitations when applied to options that are not traded on public markets. The per share fair value of options is highly sensitive to changes in assumptions. In general, the per share fair value of options will move in the same direction as changes in the expected stock price volatility, risk-free interest rate and expected option term, and in the opposite direction as changes in the expected dividend yield. For example, the per share fair value of options will generally increase as expected stock price volatility increases, risk-free interest rate increases, expected option term increases and expected dividend yield decreases. The use of different assumptions or different option pricing models could result in materially different per share fair values of options.

Comparison of Financial Condition at December 31, 2015 and December 31, 2014

Total Assets. Total assets increased by $2.12 billion, or 11.3%, to $20.89 billion at December 31, 2015 from $18.77 billion at December 31, 2014. Net loans increased $1.77 billion to $16.66 billion at December 31, 2015, and securities increased by $386.5 million, or 14.0%, to $3.15 billion at December 31, 2015 from $2.76 billion at December 31, 2014.

Net Loans. Net loans increased by $1.77 billion, or 11.9%, to $16.66 billion at December 31, 2015 from $14.89 billion at December 31, 2014. At December 31, 2015, total loans were $16.89 billion which included $6.26 billion in multi-family loans, $5.04 billion in residential loans, $3.83 billion in commercial real estate loans, $1.04 billion in commercial and industrial loans, $496.6 million in consumer and other loans and $225.8 million in construction loans. During the year ended December 31, 2015, we originated $2.08 billion in multi-family loans, $936.9 million in commercial real estate loans, $930.8 million in commercial and industrial loans, $646.5 million in residential loans, $247.8 million in consumer and other loans and $82.5 million in construction loans. This increase in loans reflects our continued focus on generating multi-family loans, commercial real estate loans and commercial and industrial loans, which was partially offset by pay downs and payoffs of loans. Our loans are primarily on properties and businesses located in New Jersey and New York.

In addition to the loans originated for our portfolio, our mortgage subsidiary, Investors Home Mortgage Co., originated $238.6 million for the year ended December 31, 2015 in residential mortgage loans that were sold to third party investors.

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

	December 31, 2015		September 30, 2015		June 30, 2015		March 31, 2015		December 31, 2014	
	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount	# of Loans	Amount
	(Dollars in millions)									
Multi-family	4	$ 3.5	4	$ 3.0	6	$ 4.1	5	$ 3.9	2	$ 3.0
Commercial real estate	37	10.8	40	13.8	36	12.9	35	11.6	36	13.9
Commercial and industrial	17	9.2	9	6.5	7	2.2	8	2.3	11	2.9
Construction	4	0.8	5	1.0	3	0.9	7	4.3	7	4.4
Total commercial loans	62	24.3	58	24.3	52	20.1	55	22.1	56	24.2
Residential and consumer	500	91.1	506	99.8	422	86.6	423	88	406	84.2
Total non-accrual loans	562	$ 115.4	564	$ 124.1	474	$ 106.7	478	$ 110.1	462	$ 108.4
Accruing troubled debt restructured loans	39	$ 22.5	38	$ 25.2	48	$ 29.6	50	$ 31.5	55	$ 35.6
Non-accrual loans to total loans		0.68%		0.76%		0.68%		0.70%		0.72%
Allowance for loan loss as a percent of non-accrual loans		189.30%		175.97%		200.51%		189.02%		184.83%
Allowance for loan loss as a percent of total loans		1.29%		1.33%		1.36%		1.33%		1.33%

Total non-accrual loans increased to $115.4 million at December 31, 2015 compared to $108.4 million at December 31, 2014. We continue to diligently resolve our troubled loans, however it takes a long period of time to resolve residential credits in our lending area. At December 31, 2015, our allowance for loan loss as a percent of total loans is 1.29%. At December 31, 2015, there were $47.4 million of loans deemed as troubled debt restructurings, of which $22.9 million were residential and consumer loans, $19.0 million were commercial real estate loans, $0.7 million were construction loans, $1.6 million were multi-family loans and $3.2 million were commercial and industrial loans. Troubled debt restructured loans in the amount of $22.5 million were classified as accruing and $24.9 million were classified as non-accrual at December 31, 2015.

In addition to non-accrual loans, we continue to monitor our portfolio for potential problem loans. Potential problem loans are defined as loans about which we have concerns as to the ability of the borrower to comply with the current loan repayment terms and which may cause the loan to be placed on non-accrual status. As of December 31, 2015, the Company has deemed potential problems loans excluding PCI loans, totaling $19.7 million, which comprised of 16 commercial real estate loans totaling $4.5 million, 6 commercial and industrial loans totaling $962,000 and 6 multi-family loans totaling $14.2 million. Management is actively monitoring these loans.

The allowance for loan losses increased by $18.2 million to $218.5 million at December 31, 2015 from $200.3 million at December 31, 2014. The increase in our allowance for loan losses is due to the growth of the

loan portfolio and the credit risk in our overall portfolio, particularly the inherent credit risk associated with commercial real estate lending as well as commercial and industrial loans. Our overall level of non-performing loans remains low compared to our national and regional peers. We attribute this to our conservative underwriting standards, our diligence in resolving our problem loans as well as the unseasoned nature of our loan portfolio. Although we use the best information available, the level of allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. See "Critical Accounting Policies."

Securities. Securities, in the aggregate, increased by $386.5 million, or 14.0%, to $3.15 billion at December 31, 2015 from $2.76 billion at December 31, 2014. This increase was a result of purchases partially offset by paydowns.

Stock in the Federal Home Loan Bank, Bank Owned Life Insurance and Other Assets,. The amount of stock we own in the FHLB increased by $27.1 million, or 18.0% to $178.4 million at December 31, 2015 from $151.3 million at December 31, 2014. The amount of stock we own in the FHLB is related to the balance of borrowings, therefore the increase in borrowings has an impact in the FHLB stock owned. Bank owned life insurance was $159.2 million at December 31, 2015 and $161.6 million at December 31, 2014. Other assets was $4.7 million at December 31, 2015 and $10.3 million at December 31, 2014.

Deposits. Deposits increased by $1.89 billion, or 15.5%, from $12.17 billion at December 31, 2014 to $14.06 billion at December 31, 2015. Core deposits accounts (savings, checking, and money market) represent approximately 76% of our total deposits as of December 31, 2015.

Borrowed Funds. Borrowed funds increased by $497.0 million, or 18.0%, to $3.26 billion at December 31, 2015 from $2.77 billion at December 31, 2014 to help fund the continued growth of the loan portfolio.

Stockholders' Equity. Stockholders' equity decreased by $266.2 million to $3.31 billion at December 31, 2015 from $3.58 billion at December 31, 2014. The decrease is primarily attributed to the repurchase of 31.6 million shares of common stock for $382.9 million as well as cash dividends of $0.25 per share totaling $87.4 million for the year ended December 31, 2015. These decreases are offset by net income of $181.5 million for the year ended December 31, 2015.

Analysis of Net Interest Income

Net interest income represents the difference between income we earn on our interest-earning assets and the expense we pay on interest-bearing liabilities. Net interest income depends on the volume of interest-earning assets and interest-bearing liabilities and the interest rates earned on such assets and paid on such liabilities.

Average Balances and Yields. The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, however interest receivable on these loans have been fully

reserved for and not included in interest income. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense.

	For the Year Ended December 31,								
	2015			2014			2013		
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Rate
	(Dollars in thousands)								
Interest-earning assets:									
Interest-bearing deposits	$ 207,331	$ 225	0.11%	$ 371,636	$ 552	0.15%	$ 136,656	$ 49	0.04%
Securities available-for-sale	1,245,745	22,646	1.82	965,969	18,164	1.88	1,092,496	18,638	1.71
Securities held-to-maturity	1,708,176	38,547	2.26	1,315,604	31,847	2.42	449,742	15,362	3.42
Net loans	15,716,010	663,424	4.22	13,776,250	603,438	4.38	11,065,190	504,622	4.56
Stock in FHLB	172,367	6,881	3.99	152,330	6,861	4.50	168,028	6,397	3.81
Total interest-earning assets	19,049,629	731,723	3.84	16,581,789	660,862	3.99	12,912,112	545,068	4.22
Non-interest-earning assets	770,262			732,469			564,765		
Total assets	$19,819,891			$17,314,258			$13,476,877		
Interest-bearing liabilities:									
Savings deposits	$ 2,235,703	$ 6,976	0.31%	$ 2,241,747	$ 6,638	0.30%	$ 1,775,454	$ 6,320	0.36%
Interest-bearing checking	2,735,513	9,642	0.35	2,478,047	8,755	0.35	1,791,345	6,245	0.35
Money market accounts	3,564,311	23,562	0.66	2,355,982	13,664	0.58	1,646,235	7,537	0.46
Certificates of deposit	2,972,611	31,234	1.05	3,180,032	30,149	0.95	2,849,573	29,867	1.05
Total interest-bearing deposits	11,508,138	71,414	0.62	10,255,808	59,206	0.58	8,062,607	49,969	0.62
Borrowed funds	3,157,311	65,225	2.07	2,741,609	59,685	2.18	3,180,473	59,673	1.88
Total interest-bearing liabilities	14,665,449	136,639	0.93	12,997,417	118,891	0.91	11,243,080	109,642	0.98
Non-interest-bearing liabilities	1,702,945			1,518,331			1,113,121		
Total liabilities	16,368,394			14,515,748			12,356,201		
Stockholders' equity	3,451,497			2,798,510			1,120,676		
Total liabilities and stockholders' equity	$19,819,891			$17,314,258			$13,476,877		
Net interest income		$595,084			$541,971			$435,426	
Net interest rate spread(1)			2.91%			3.08%			3.24%
Net interest-earning assets(2)	$ 4,384,180			$ 3,584,372			$ 1,669,033		
Net interest margin(3)			3.12%			3.27%			3.37%
Ratio of interest-earning assets to total interest-bearing liabilities	1.30x			1.28x			1.15x		

(1) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average total interest-earning assets.

Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The net column represents the sum of the prior columns. For purposes of this table,

changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately, based on the changes due to rate and the changes due to volume.

	Years Ended December 31, 2015 vs. 2014			Years Ended December 31, 2014 vs. 2013		
	Increase (Decrease) Due to		Net Increase (Decrease)	Increase (Decrease) Due to		Net Increase (Decrease)
	Volume	Rate		Volume	Rate	
	(In thousands)					
Interest-earning assets:						
Interest-bearing deposits	$ (203)	(124)	(327)	$ 178	325	503
Securities available-for-sale	5,112	(630)	4,482	(2,257)	1,783	(474)
Securities held-to-maturity	8,367	(1,667)	6,700	17,976	(1,491)	16,485
Net loans	87,885	(27,899)	59,986	121,987	(23,171)	98,816
Stock in FHLB	847	(827)	20	(635)	1,099	464
Total interest-earning assets	102,008	(31,147)	70,861	137,249	(21,455)	115,794
Interest-bearing liabilities:						
Savings deposits	(18)	356	338	1,490	(1,172)	318
Interest-bearing checking	908	(21)	887	2,425	85	2,510
Money market accounts	7,778	2,120	9,898	3,785	2,342	6,127
Certificates of deposit	(2,047)	3,132	1,085	3,282	(3,000)	282
Total deposits	6,621	5,587	12,208	10,982	(1,745)	9,237
Borrowed funds	8,668	(3,128)	5,540	(9,071)	9,083	12
Total interest-bearing liabilities	15,289	2,459	17,748	1,911	7,338	9,249
Increase in net interest income	$ 86,719	(33,606)	53,113	$135,338	(28,793)	106,545

Comparison of Operating Results for the Year Ended December 31, 2015 and 2014

Net Income. Net income for the year ended December 31, 2015 was $181.5 million compared to net income of $131.7 million for the year ended December 31, 2014.

Net Interest Income. Net interest income increased by $53.1 million, or 9.8%, to $595.1 million for the year ended December 31, 2015 from $542.0 million for the year ended December 31, 2014. The increase was primarily due to the average balance of interest earning assets increasing $2.47 billion to $19.05 billion at December 31, 2015 compared to $16.58 billion at December 31, 2014. This was partially offset by the average balance of our interest bearing liabilities increasing $1.67 billion to $14.67 billion at December 31, 2015 compared to $13.00 billion at December 31, 2014, as well as the weighted average yield on our interest-earning assets decreasing 15 basis points to 3.84% for the year ended December 31, 2015 from 3.99% for the year ended December 31, 2014. The net interest spread decreased by 17 basis points to 2.91% for the year ended December 31, 2015 from 3.08% for the year ended December 31, 2014 as the weighted average yield on interest-earning assets declined 15 basis points and cost of interest bearing liabilities increased 2 basis points.

Interest and Dividend Income. Total interest and dividend income increased by $70.9 million, or 10.7%, to $731.7 million for the year ended December 31, 2015 from $660.9 million for the year ended December 31, 2014. This increase is attributed to the average balance of interest-earning assets increasing $2.47 billion, or 14.9%, to $19.05 billion for the year ended December 31, 2015 from $16.58 billion for the year ended December 31, 2014. This was partially offset by the weighted average yield on interest-earning assets decreasing 15 basis points to 3.84% for the year ended December 31, 2015 compared to 3.99% for the year ended December 31, 2014.

Interest income on loans increased by $60.0 million, or 9.9%, to $663.4 million for the year ended December 31, 2015 from $603.4 million for the year ended December 31, 2014, reflecting a $1.94 billion, or

14.1%, increase in the average balance of net loans to $15.72 billion for the year ended December 31, 2015 from $13.78 billion for the year ended December 31, 2014.

The increase is primarily attributed to the average balance of multi-family loans, commercial real estate loans and commercial and industrial loans increasing $1.20 billion, $732.5 million and $427.1 million, respectively, partially offset by the average balance of residential loans decreasing $424.4 million for the year ended December 31, 2015. The weighted average yield on net loans decreased 16 basis points to 4.22% for the year ended December 31, 2015 from 4.38% for the year ended December 31, 2014. The decrease in the weighted average yield on net loans reflects lower rates on new and refinanced loans due to the current interest rate environment. Prepayment penalties, which are included in interest income, increased to $21.0 million for the year ended December 31, 2015 from $16.3 million for the year ended December 31, 2014.

Interest income on all other interest-earning assets, excluding loans, increased by $10.9 million, or 18.9%, to $68.3 million for the year ended December 31, 2015 from $57.4 million for the year ended December 31, 2014. The average balance of all other interest-earning assets, excluding loans, increased by $528.1 million to $3.33 billion for the year ended December 31, 2015 from $2.81 billion for the year ended December 31, 2014. The weighted average yield on interest-earning assets, excluding loans, was 2.05% for the years ended December 31, 2015 and 2014.

Interest Expense. Total interest expense increased by $17.7 million, or 14.9%, to $136.6 million for the year ended December 31, 2015 from $118.9 million for the year ended December 31, 2014. This increase is attributed to the average balance of total interest-bearing liabilities increasing by $1.67 billion, or 12.8%, to $14.67 billion for the year ended December 31, 2015 from $13.00 billion for the year ended December 31, 2014. In addition, the weighted average cost of total interest-bearing liabilities increased 2 basis points to 0.93% for the year ended December 31, 2015 from 0.91% for the year ended December 31, 2014.

Interest expense on interest-bearing deposits increased $12.2 million, or 20.6%, to $71.4 million for the year ended December 31, 2015 from $59.2 million for the year ended December 31, 2014. This increase is attributed to the average balance of total interest-bearing deposits increasing $1.25 billion, or 12.2% to $11.51 billion for the year ended December 31, 2015 from $10.26 billion for the year ended December 31, 2014. In addition the average cost of interest-bearing deposits increased 4 basis points to 0.62% for the year ended December 31, 2015 from 0.58% for the year ended December 31, 2014.

Interest expense on borrowed funds increased by $5.5 million, or 9.3%, to $65.2 million for the year ended December 31, 2015 from $59.7 million for the year ended December 31, 2014. The average balance of borrowed funds increased $415.7 million or 15.2%, to $3.16 billion for the year ended December 31, 2015 from $2.74 billion for the year ended December 31, 2014. This was partially offset by the weighted average cost of borrowings decreasing 11 basis points to 2.07% for the year ended December 31, 2015 from 2.18% for the year ended December 31, 2014.

Provision for Loan Losses. For the year ended December 31, 2015, our provision for loan losses was $26.0 million compared to $37.5 million for the year ended December 31, 2014. For the year ended December 31, 2015, net charge-offs were $7.8 million compared to $11.1 million for the year ended December 31, 2014. Our provision for the year ended December 31, 2015 is a result of continued organic growth in the loan portfolio, specifically the multi-family, commercial real estate and commercial and industrial portfolios; the inherent credit risk in our overall portfolio, particularly the credit risk associated with commercial real estate lending and commercial and industrial lending; and the level of non-performing loans.

Non-Interest Income. Total non-interest income decreased by $1.7 million, or 4.1%, to $40.1 million for the year ended December 31, 2015 from $41.9 million for the year ended December 31, 2014. The reduction is mainly attributed to decreases in fees and service charges and other income of $2.3 million and $1.6 million, respectively, for the year ended December 31, 2015. Included in other income for the year ended December 31, 2014 was a bargain purchase gain of $1.5 million, net of tax, relating to the acquisition of Gateway Community

Financial Corp, the federally-chartered holding company for GCF Bank ("Gateway"), which was completed in January 2014. These decreases were partially offset by an increase of $2.5 million in gain on loans sales, net for the year ended December 31, 2015.

Non-Interest Expenses. Total non-interest expenses decreased by $11.5 million, or 3.4%, to $328.3 million for the year ended December 31, 2015 from $339.9 million for the year ended December 31, 2014. Included in the year ended December 31, 2014 is a contribution of $20.0 million to the Investors Charitable Foundation in conjunction with the second step capital offering in 2014. In addition, FDIC insurance premium decreased $5.3 million for the year ended December 31, 2015 due to the continued improvement in asset quality and additional capital raised in the second step offering. Data processing service fees decreased $3.0 million for the year ended December 31, 2015 to $22.4 million. Compensation and fringe benefits increased $14.3 million for the year ended December 31, 2015, which included $9.2 million related to the 2015 Equity Incentive Plan. For the 2014 period, compensation expense included a charge of $13.0 million related to the accelerated vesting of all stock option and restricted stock awards upon the completion of the second step capital offering in May 2014. In addition, for the year ended December 31, 2015, there was a $1.3 million expense related to a payout under an employment agreement with a former executive. Absent the accelerated vesting in 2014, the payout of an employment agreement and the $9.2 million in equity incentive expense for 2015, compensation and fringe benefits increased $16.7 million for the year ended December 31, 2015. This increase was related to staff additions to support our continued growth, normal merit increases and increasing costs associated with employee benefits. For the year ended December 31, 2015 non-interest expenses included $972,000 of expenses to support our core conversion which was completed in August 2015.

Income Tax Expense. Income tax expense was $99.4 million for the year ended December 31, 2015, representing a 35.4% effective tax rate compared to income tax expense of $74.8 million for the year ended December 31, 2014 representing a 36.2% effective tax rate.

In April 2015, New York City changed their tax law to conform with that of New York State. As a result, the Company analyzed the impact of this change relative to its deferred tax positions. Based on that analysis, the Company revalued the deferred tax asset as of December 31, 2014, resulting in a tax benefit of $4.9 million for the year ended December 31, 2015. This change will result in the Company's effective tax rate increasing in future periods. In addition, for the year ended December 31, 2015 income taxes include a net operating loss carryforward related to a prior acquisition of $4.1 million.

Comparison of Operating Results for the Year Ended December 31, 2014 and 2013

Net Income. Net income for the year ended December 31, 2014 was $131.7 million compared to net income of $112.0 million for the year ended December 31, 2013.

Net Interest Income. Net interest income increased by $106.5 million, or 24.5%, to $542.0 million for the year ended December 31, 2014 from $435.4 million for the year ended December 31, 2013. The increase was primarily due to the average balance of interest earning assets increasing $3.67 billion, or 28.4% to $16.58 billion at December 31, 2014 compared to $12.91 billion at December 31, 2013, as well as a 7 basis point decrease in our weighted average cost of interest-bearing liabilities to 0.91% for the year ended December 31, 2014 from 0.98% for the year ended December 31, 2013. These were partially offset by the average balance of our interest bearing liabilities increasing $1.75 billion to $13.00 billion at December 31, 2014 compared to $11.24 billion at December 31, 2013, as well as the weighted average yield on our interest-earning assets decreasing 23 basis points to 3.99% for the year ended December 31, 2014 from 4.22% for the year ended December 31, 2013. This was partially attributed to higher average balances in securities and cash at lower weighted average yields for the year ended December 31, 2014 compared to the year ended December 31, 2013. The net interest spread decreased by 16 basis points to 3.08% for the year ended December 31, 2014 from 3.24% for the year ended December 31, 2013 as the weighted average yield on interest-earning assets declined 23 basis points while our weighted average cost of interest bearing liabilities declined 7 basis points.

Interest and Dividend Income. Total interest and dividend income increased by $115.8 million, or 21.2%, to $660.9 million for the year ended December 31, 2014 from $545.1 million for the year ended December 31, 2013. This increase is attributed to the average balance of interest-earning assets increasing $3.67 billion, or 28.4%, to $16.58 billion for the year ended December 31, 2014 from $12.91 billion for the year ended December 31, 2013. This was partially offset by the weighted average yield on interest-earning assets decreasing 23 basis points to 3.99% for the year ended December 31, 2014 compared to 4.22% for the year ended December 31, 2013.

Interest income on loans increased by $98.8 million, or 19.6%, to $603.4 million for the year ended December 31, 2014 from $504.6 million for the year ended December 31, 2013, reflecting a $2.71 billion, or 24.5%, increase in the average balance of net loans to $13.78 billion for the year ended December 31, 2014 from $11.07 billion for the year ended December 31, 2013. The increase is primarily attributed to the average balance of multi-family loans, residential loans, commercial real estate loans and commercial and industrial loans increasing $1.04 billion, $794.1 million, $611.6 million and $152.3 million, respectively, as we continue to grow our loan portfolio. These increases were partially offset by an 18 basis point decrease in the weighted average yield on net loans to 4.38% for the year ended December 31, 2014 from 4.56% for the year ended December 31, 2013. The decrease in the weighted average yield on net loans reflects lower rates on new and refinanced loans due to the current interest rate environment. Prepayment penalties, which are included in interest income, increased to $16.3 million for the year ended December 31, 2014 from $15.9 million for the year ended December 31, 2013.

Interest income on all other interest-earning assets, excluding loans, increased by $17.0 million, or 42.0%, to $57.4 million for the year ended December 31, 2014 from $40.4 million for the year ended December 31, 2013. The average balance of all other interest-earning assets, excluding loans, increased by $958.6 million to $2.81 billion for the year ended December 31, 2014 from $1.85 billion for the year ended December 31, 2013. A portion of second step capital offering proceeds was initially used to purchase investment securities. This was partially offset by the weighted average yield on interest-earning assets, excluding loans, decreasing by 14 basis points to 2.05% for the year ended December 31, 2014 compared to 2.19% for the year ended December 31, 2013.

Interest Expense. Total interest expense decreased by $9.2 million, or 8.4%, to $118.9 million for the year ended December 31, 2014 from $109.6 million for the year ended December 31, 2013. This increase is attributed to the average balance of total interest-bearing liabilities increasing by $1.75 billion, or 15.6%, to $13.00 billion for the year ended December 31, 2014 from $11.24 billion for the year ended December 31, 2013. This increase was partially offset by the weighted average cost of total interest-bearing liabilities decreasing 7 basis points to 0.91% for the year ended December 31, 2014 compared to 0.98% for the year ended December 31, 2013, which is partially attributable to lower deposit costs.

Interest expense on interest-bearing deposits increased $9.2 million, or 18.5% to $59.2 million for the year ended December 31, 2014 from $50.0 million for the year ended December 31, 2013. This increase is attributed to the average balance of total interest-bearing deposits increasing $2.19 billion, or 27.2%, to $10.26 billion for the year ended December 31, 2014 from $8.06 billion for the year ended December 31, 2013. This increase was partially offset by a 4 basis point decrease in the average cost of interest-bearing deposits to 0.58% for the year ended December 31, 2014 from 0.62% for the year ended December 31, 2013 as deposit rates declined due to the lower interest rate environment.

Interest expense on borrowed funds was $59.7 million for the year ended December 31, 2014 and December 31, 2013. Although the average of balance of borrowed funds decreased by $438.9 million or 13.8%, to $2.74 billion for the year ended December 31, 2014 from 3.18 billion for the year ended December 31, 2013, the average cost of borrowed funds increased 30 basis points to 2.18% for the year ended December 31, 2014 from 1.88% for the year ended December 31, 2013, as maturing lower rate short-term borrowings were paid off.

Provision for Loan Losses. For the year ended December 31, 2014, our provision for loan losses was $37.5 million compared to $50.5 million for the year ended December 31, 2013. For the year ended December 31, 2014, net charge-offs were $11.1 million compared to $18.7 million for the year ended December 31, 2013. Our provision for the year ended December 31, 2014 is a result of continued growth in the loan portfolio, specifically the multi-family, commercial real estate and commercial and industrial portfolios; the inherent credit risk in our overall portfolio, particularly the credit risk associated with commercial real estate lending and commercial and industrial lending; and the level of non-performing loans and delinquent loans. While the economic and real estate conditions in our lending area have improved slightly, management is cautiously optimistic and continues to be prudent in assessing the Company's credit risk.

Non-Interest Income. Total non-interest income increased by $5.3 million, or 14.5% to $41.9 million for the year ended December 31, 2014 from $36.6 million for the year ended December 31, 2013. Income on bank owned life insurance, gain on securities transactions and fees and service charges increased $1.8 million, $774,000 and $595,000, respectively, for the year ended December 31, 2014. In addition, other income increased $5.3 million for the year ended December 31, 2014. Included in other income for the year ended December 31, 2014 is a bargain purchase gain of $1.5 million, net of tax, relating to the acquisition of Gateway Community Financial Corp, the federally-chartered holding company for GCF Bank ("Gateway"), which was completed in January 2014. These increases were partially offset by a $3.5 million decrease in gain on the sale of loans to $5.3 million for the year ended December 31, 2014 compared to $8.7 million for the year ended December 31, 2013 due to lower volume of sales in the secondary market.

Non-Interest Expenses. Total non-interest expenses increased by $94.1 million, or 38.3%, to $339.9 million for the year ended December 31, 2014 from $245.7 million for the year ended December 31, 2013. Compensation and fringe benefits increased $43.3 million for the year ended December 31, 2014, which includes $13.0 million related to the accelerated vesting of all stock option and restricted stock awards upon the completion of the second step capital offering in May 2014. In addition, compensation expense included approximately $1.0 million related to retention and severance payments to former RomaFinancial Corporation employees and $807,000 related to retention and severance payments to former Gateway employees. The remaining increase in compensation and fringe benefits relate to staff additions to support our continued growth, including the acquisitions of Roma Financial Corporation and Gateway, as well as normal merit increases. Other operating expenses increased by $7.5 million to $27.3 million for the year ended December 31, 2014 from $19.8 million for the year ended December 31, 2013. Contribution to charitable foundation represents the Company's contribution of $20.0 million to the Investors Charitable Foundation in conjunction with the second step capital offering, comprised of 1,000,000 shares of common stock and $10.0 million in cash. Occupancy expense, data processing fees, professional fees and advertising expenses have increased by $10.4 million, $5.5 million, $3.5 million and $3.6 million, respectively, for the year ended December 31, 2014. These increases are primarily the result of our recent acquisitions and organic growth.

Income Tax Expense. Income tax expense was $74.8 million for the year ended December 31, 2014, representing a 36.20% effective tax rate compared to income tax expense of $63.8 million for the year ended December 31, 2013 representing a 36.27% effective tax rate.

For the year ended December 31, 2014, there was a change in New York state tax law. The Company analyzed the impact of this change relative to its deferred tax positions. Based on that analysis, the Company revalued the deferred tax asset, resulting in a tax benefit of $3.6 million for the year ended December 31, 2014, respectively. This change will likely result in the Company paying higher New York state taxes in future periods.

Management of Market Risk

Qualitative Analysis. We believe one significant form of market risk is interest rate risk. Interest rate risk results from timing differences in the maturity or re-pricing of our assets, liabilities and off-balance sheet contracts (i.e., loan commitments); the effect of loan prepayments, deposits and withdrawals; the difference in the behavior of lending and funding rates arising from the uses of different indices; and "yield curve risk" arising from changing interest rate relationships across the spectrum of maturities for constant or variable credit risk investments. Besides directly affecting our net interest income, changes in market interest rates can also affect the amount of new loan originations, the ability of borrowers to repay variable rate loans, the volume of loan prepayments and refinancings, the carrying value of securities classified as available for sale and the mix and flow of deposits.

The general objective of our interest rate risk management is to determine the appropriate level of risk given our business model and then manage that risk in a manner consistent with our policy to reduce, to the extent possible, the exposure of our net interest income to changes in market interest rates. Our Asset Liability Committee, which consists of senior management and executives, evaluates the interest rate risk inherent in certain assets and liabilities, our operating environment and capital and liquidity requirements and modifies our lending, investing and deposit gathering strategies accordingly. On a quarterly basis, our Board of Directors reviews the Asset Liability Committee report, the aforementioned activities and strategies, the estimated effect of those strategies on our net interest margin and the estimated effect that changes in market interest rates may have on the economic value of our loan and securities portfolios, as well as the intrinsic value of our deposits and borrowings.

We actively evaluate interest rate risk in connection with our lending, investing and deposit activities. Historically, our lending activities have emphasized one- to four-family fixed- and variable-rate first mortgages. At December 31, 2015 approximately 36% of our residential portfolio was in variable rate products, while 64% was in fixed rate products. Our variable rate mortgage related assets have helped to reduce our exposure to interest rate fluctuations and is expected to benefit our long term profitability, as the rates earned on these mortgage loans will increase as prevailing market rates increase. However, the current low interest rate environment, and the preferences of our customers, has resulted in more of a demand for fixed-rate products. This may adversely impact our net interest income, particularly in a rising rate environment. To help manage our interest rate risk, the origination of commercial real estate loans, particularly multi-family loans and commercial and industrial loans have outpaced the growth in the residential portfolio, as these loan types help reduce our interest rate risk due to their shorter term compared to residential mortgage loans. In addition, we primarily invest in shorter-to-medium duration securities, which generally have shorter average lives and lower yields compared to longer term securities. Shortening the average lives of our securities, along with originating more adjustable-rate mortgages and commercial real estate mortgages, will help to reduce interest rate risk.

We retain an independent, nationally recognized consulting firm that specializes in asset and liability management to complete our quarterly interest rate risk reports. We also retain a second nationally recognized consulting firm to prepare independently comparable interest rate risk reports for the purpose of validation. Both firms use a combination of analyses to monitor our exposure to changes in interest rates. The economic value of equity analysis is a model that estimates the change in net portfolio value ("NPV") over a range of immediately changed interest rate scenarios. NPV is the discounted present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. In calculating changes in NPV, assumptions estimating loan prepayment rates, reinvestment rates and deposit decay rates that seem most likely based on historical experience during prior interest rate changes are used.

The net interest income analysis uses data derived from an asset and liability analysis, described below, and applies several additional elements, including actual interest rate indices and margins, contractual limitations and the U.S. Treasury yield curve as of the balance sheet date. In addition we apply consistent parallel yield curve shifts (in both directions) to determine possible changes in net interest income if the theoretical yield curve shifts occurred gradually over a one year period. Net interest income analysis also adjusts the asset and liability repricing analysis based on changes in prepayment rates resulting from the parallel yield curve shifts.

Our asset and liability analysis determines the relative balance between the repricing of assets and liabilities over multiple periods of time (ranging from overnight to five years). This asset and liability analysis includes expected cash flows from loans and mortgage-backed securities, applying prepayment rates based on the differential between the current interest rate and the market interest rate for each loan and security type. This analysis identifies mismatches in the timing of asset and liability cash flows but does not necessarily provide an accurate indicator of interest rate risk because the assumptions used in the analysis may not reflect the actual response to market changes.

Quantitative Analysis. The table below sets forth, as of December 31, 2015, the estimated changes in our NPV and our net interest income that would result from the designated changes in interest rates. Such changes to interest rates are calculated as an immediate and permanent change for the purposes of computing NPV and a gradual change over a one year period for the purposes of computing net interest income. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions including relative levels of market interest rates, loan prepayments and deposit decay, and should not be relied upon as indicative of actual results. The following table reflects management's expectations of the changes in NPV or net interest income for an interest rate decrease of 100 basis points or increase of 200 basis points.

	Net Portfolio Value(1)(2)			Net Interest Income(3)		
		Estimated Increase (Decrease)			Estimated Increase (Decrease)	
Change in Interest Rates (basis points)	Estimated NPV	Amount	Percent	Estimated Net Interest Income	Amount	Percent
	(Dollars in thousands)					
+ 200bp	$3,996,076	(381,238)	(8.7)%	$552,036	(42,294)	(7.1)%
0bp	$4,377,314	—	—	$594,330	—	—
-100bp	$4,226,036	(151,278)	(3.5)%	$596,590	2,260	0.4%

(1) Assumes an instantaneous and parallel shift in interest rates at all maturities.

(2) NPV is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.

(3) Assumes a gradual change in interest rates over a one year period at all maturities.

The table set forth above indicates at December 31, 2015, in the event of a 200 basis points increase in interest rates, we would be expected to experience a 8.7% decrease in NPV and a $42.3 million, or 7.1%, decrease in net interest income. In the event of a 100 basis points decrease in interest rates, we would be expected to experience a 3.5% decrease in NPV and a $2.3 million, or 0.4% increase in net interest income. These data do not reflect any future actions we may take in response to changes in interest rates, such as changing the mix of our assets and liabilities, which could change the results of the NPV and net interest income calculations. As mentioned above, we retain two nationally recognized firms to compute our quarterly interest rate risk reports. Certain shortcomings are inherent in any methodology used in the above interest rate risk measurements. Modeling changes in NPV and net interest income require certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The NPV and net interest income table presented above assumes no growth and that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and, accordingly, the data does not reflect any actions we may take in response to changes in interest rates. The table also assumes a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or the repricing characteristics of specific assets and liabilities. Accordingly, although the NPV and net interest income table provide an indication of our sensitivity to interest rate changes at a particular point in time, such measurement is not intended to and does not provide a precise forecast of the effects of changes in market interest rates on our NPV and net interest income.

Liquidity and Capital Resources

Liquidity is the ability to meet current and future financial obligations of a short-term nature. Our primary sources of liquidity consist of deposit inflows, loan and security repayments and maturities and borrowings from the FHLB and others. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. From time to time we may evaluate the sale of securities as a possible liquidity source. Our Asset Liability Committee is responsible for establishing and monitoring our liquidity targets and strategies to ensure that sufficient liquidity exists for meeting the borrowing needs of our customers as well as unanticipated contingencies.

We regularly adjust our investments in liquid assets based upon our assessment of (1) expected loan demand, (2) expected deposit flows, (3) yields available on interest-earning deposits and securities, and (4) the objectives of our asset/liability management program. Excess liquid assets are invested generally in interest-earning deposits and short- and intermediate-term securities.

Our primary source of funds is cash provided by principal and interest payments on loans and securities. Principal repayments on loans for the years ended December 31, 2015, 2014 and 2013 were $2.95 billion, $2.14 billion and $2.75 billion, respectively. Principal repayments on securities for the years ended December 31, 2015, 2014 and 2013 were $515.7 million, $354.6 million and $385.5 million, respectively. There were sales of securities during years ended December 31, 2015, 2014 and 2013 of $37.5 million, $73.3 million and $426.1 million, respectively. In connection with the second step conversion in 2014, the Company raised net proceeds of $2.15 billion and used approximately half of the proceeds to pay down maturing, short term borrowings.

In addition to cash provided by principal and interest payments on loans and securities, our other sources of funds include cash provided by operating activities, deposits and borrowings. Net cash provided by operating activities for the years ended December 31, 2015, 2014 and 2013 totaled $533.1 million, $277.4 million and $176.1 million, respectively. For the year ended December 31, 2015, deposits increased $1.89 billion. For the year ended December 31, 2014, excluding the deposits from the Gateway Financial acquisition, total deposits increased by $1.20 billion. For the year ended December 31, 2013, excluding the deposits from the Roma acquisition, total deposits increased by $608.8 million. Deposit flows are affected by the overall level of market interest rates, the interest rates and products offered by us and our local competitors, and other factors.

For the year ended December 31, 2015 borrowed funds increased $497.0 million. Excluding borrowed funds assumed in the Gateway Financial acquisition, net borrowed funds decreased by $606.4 million for the year ended December 31, 2014. The Company used approximately half of the proceeds from its second step capital offering in May 2014 to pay down maturing, short-term borrowings. Excluding borrowed funds assumed in the Roma acquisition, net borrowed funds increased by $569.6 million for the year ended December 31, 2013. The increases in borrowings was largely due to new loan originations outpacing the deposit growth.

Our primary use of funds are for the origination and purchase of loans and the purchase of securities. During the years ended December 31, 2015, 2014 and 2013, we originated loans of $4.92 billion, $3.76 billion and $3.50 billion, respectively. During the year ended December 31, 2015 we purchased loans of $198.6 million. During the year ended December 31, 2014, excluding loans acquired in the acquisition of Gateway Financial, we purchased loans of $233.9 million. During the year ended December 31, 2013, excluding loans acquired in the acquisition of Roma, we purchased loans of $1.05 billion. During the year ended December 31, 2015 we purchased securities of $957.9 million. During the year ended December 31, 2014, excluding the securities acquired in the Gateway Financial acquisition, we purchased securities of $1.52 billion. During the year ended December 31, 2013, excluding the securities acquired in the Roma acquisition, we purchased securities of $508.4 million. In addition, we utilized $382.9 million, $13.5 million, $1.5 million during the years ended December 31, 2015, 2014 and 2013, respectively, to repurchase shares of our common stock under our stock repurchase plans.

At December 31, 2015, we had commitments to originate total commercial loans of $566.9 million. Additionally, we had commitments to originate residential loans of approximately $57.4 million, commitments to purchase residential loans of $82.7 million and unused home equity and overdraft lines of credit, and undisbursed business and constructions loans, totaling approximately $960.5 million. Certificates of deposit due within one year of December 31, 2015 totaled $2.59 billion, or 18.4% of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including but not limited to other certificates of deposit and FHLB advances. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the certificates of deposit due on or before December 31, 2015. We have the ability to attract and retain deposits by adjusting the interest rates offered.

Liquidity management is both a daily and long-term function of business management. Our most liquid assets are cash and cash equivalents. The levels of these assets depend upon our operating, financing, lending and investing activities during any given period. At December 31, 2015, cash and cash equivalents totaled $148.9 million. Securities classified as available-for-sale, which provide additional sources of liquidity, totaled $1.30 billion at December 31, 2015. If we require funds beyond our ability to generate them internally, borrowing agreements exist with the FHLB and other financial institutions, which provide an additional source of funds. At December 31, 2015, the Company participated in the FHLB's Overnight Advance program. This program allows members to borrow overnight up to their maximum borrowing capacity at the FHLB. At December 31, 2015, our borrowing capacity at the FHLB was $8.78 billion, of which the Company had outstanding borrowings of $3.12 billion and outstanding letters of credit of $1.83 billion. The overnight advances are priced at the federal funds rate plus a spread (generally between 20 and 30 basis points) and re-price daily. In addition, the Bank had an effective commitment for unsecured discretionary overnight borrowings with other institutions totaling $125 million, of which no balance was outstanding at December 31, 2015.

Investors Bank is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. At December 31, 2015, Investors Bank exceeded all regulatory capital requirements. Investors Bank is considered "well capitalized" under regulatory guidelines. See Item 1 Business "Supervision and Regulation — Federal Banking Regulation — Capital Requirements."

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of our commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval processes that we use for loans that we originate.

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include operating leases for premises and equipment.

The following table summarizes our significant fixed and determinable contractual obligations and other funding needs by payment date at December 31, 2015. The payment amounts represent those amounts due to the recipient and do not include any unamortized premiums or discounts or other similar carrying amount adjustments.

Contractual Obligations	Payments Due by Period				
	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
			(In thousands)		
Other borrowed funds	$500,000	$ 956,000	$1,119,782	$531,001	$3,106,783
Repurchase agreements	—	156,307	—	—	156,307
Operating leases	20,310	57,833	47,756	90,134	216,033
Total	$520,310	$1,170,140	$1,167,538	$621,135	$3,479,123

Impact of Inflation and Changing Prices

The consolidated financial statements and related notes of Investors Bancorp, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP generally requires 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. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater impact on performance than the effects of inflation.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *“Leases (Topic 842),”* which requires all lessees to recognize a lease liability and a right-of-use asset, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. The guidance is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that reporting period, with early adoption permitted. A modified retrospective approach must be applied for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently assessing the impact that the guidance will have on the its financial condition and results of operations.

In January 2016, the FASB issued ASU 2016-01, “*Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.” This amendment supersedes the guidance to classify equity securities with readily determinable fair values into different categories, requires equity securities to be measured at fair value with changes in the fair value recognized through net income, and simplifies the impairment assessment of equity investments without readily determinable fair values. The amendment requires public business entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion. The amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. The amendment reduces diversity in current practice by clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity’s other deferred tax assets. This amendment is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Entities should apply the amendment by means of a cumulative-effect adjustment as of the beginning of the fiscal year of adoption, with the exception of the amendment related to equity securities without readily determinable fair values, which should be applied prospectively to equity investments that exist as of the

date of adoption. The Company intends to adopt the accounting standard during the first quarter of 2018, as required, and is currently evaluating the impact on its results of operations, financial position, and liquidity.

In September 2015, the FASB issued ASU 2015-16, *"Business Combinations- Simplifying the Accounting for Measurement-Period Adjustments."* Under the new rules, acquirers no longer have to retrospectively adjust provisional amounts included in acquisition-date financial statements, when final facts and circumstances are not known on the acquisition date, and later become known in the measurement period. Instead, adjustments that are made in a later period are to be reported in that period. However, acquirers must disclose the amount of adjustments to current period income relating to amounts that would have been recognized in previous periods if the adjustments were recognized as of the acquisition date. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In April 2015, the FASB issued ASU 2015-03, *"Simplifying the Presentation of Debt Issuance Costs."* The ASU changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. According to the ASU's Basis for Conclusions, debt issuance costs incurred before the associated funding is received should be reported on the balance sheet as deferred charges until that debt liability amount is recorded. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In April 2015, the FASB issued ASU 2015-04, *"Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets."* The ASU gives an employer whose fiscal year-end does not coincide with a calendar month-end the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. The ASU also provides guidance on accounting for contributions to the plan and significant events that require a remeasurement that occur during the period between a month-end measurement date and the employer's fiscal year-end. An entity should reflect the effects of those contributions or significant events in the measurement of the retirement benefit obligations and related plan assets. The ASU is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers.*" The objective of this amendment is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. This update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are in the scope of other standards. In April 2015, the FASB issued a proposed ASU to defer for one year the effective date of the new revenue standard. The requirements are effective for annual periods and interim periods within fiscal years beginning after December 15, 2017. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information regarding market risk see Item 7- "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements are included in Part IV, Item 15 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

With the participation of management, the Principal Executive Officer and Principal Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2015. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of that date, the Company's disclosure controls and procedures are effective

(b) Changes in internal controls.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) Management's report on internal control over financial reporting.

The management of Investors Bancorp, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Investors Bancorp's internal control system is a process designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Our 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 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 Investors Bancorp; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Investors Bancorp's assets that could have a material effect on our 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 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.

Investors Bancorp's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on our assessment we believe that, as of December 31, 2015, the Company's internal control over financial reporting is effective based on those criteria.

Investors Bancorp's independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. This report appears on page 76.

The Sarbanes-Oxley Act Section 302 Certifications have been filed with the SEC as exhibit 31.1 and exhibit 31.2 to this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

Not Applicable.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding directors, executive officers and corporate governance of the Company is incorporated herein by reference in the Company's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated herein by reference in the Company's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference in the Company's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016. Information regarding equity compensation plans is incorporated here in by reference in the Company's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions, and director independence is incorporated herein by reference in the Company's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding principal accounting fees and services is incorporated herein by reference in Investors Bancorp's definitive Proxy Statement to be filed with respect to the Annual Meeting of Stockholders to be held on May 24, 2016.

Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Investors Bancorp, Inc.:

We have audited the accompanying consolidated balance sheets of Investors Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Investors Bancorp, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey
February 29, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Investors Bancorp, Inc.:

We have audited Investors Bancorp, Inc.'s (the Company) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible 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 Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 are being made only in accordance with authorizations of management and directors of the 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.

In our opinion, Investors Bancorp, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Investors Bancorp, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 29, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Short Hills, New Jersey
February 29, 2016

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
	(In thousands except share data)	
ASSETS		
Cash and cash equivalents	$ 148,904	230,961
Securities available-for-sale, at estimated fair value	1,304,697	1,197,924
Securities held-to-maturity, net (estimated fair value of $1,888,686 and $1,609,365 at December 31, 2015 and 2014, respectively)	1,844,223	1,564,479
Loans receivable, net	16,661,133	14,887,570
Loans held-for-sale	7,431	6,868
Stock in the Federal Home Loan Bank	178,437	151,287
Accrued interest receivable	58,563	55,267
Other real estate owned	6,283	7,839
Office properties and equipment, net	172,519	160,899
Net deferred tax asset	237,367	231,898
Bank owned life insurance	159,152	161,609
Goodwill and Intangible assets	105,311	106,705
Other assets	4,664	10,333
Total assets	$20,888,684	18,773,639
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$14,063,656	12,172,326
Borrowed funds	3,263,090	2,766,104
Advance payments by borrowers for taxes and insurance	108,721	69,893
Other liabilities	141,570	187,461
Total liabilities	17,577,037	15,195,784
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 100,000,000 authorized shares; none issued	—	—
Common stock, $0.01 par value, 1,000,000,000 shares authorized; 359,070,852 issued at December 31, 2015 and 2014; 334,894,181 and 358,012,895 outstanding at December 31, 2015 and 2014, respectively	3,591	3,591
Additional paid-in capital	2,785,503	2,864,406
Retained earnings	936,040	836,639
Treasury stock, at cost; 24,176,671 and 1,057,957 shares at December 31, 2015 and 2014, respectively	(295,412)	(11,131)
Unallocated common stock held by the employee stock ownership plan	(90,250)	(93,246)
Accumulated other comprehensive loss	(27,825)	(22,404)
Total stockholders' equity	3,311,647	3,577,855
Total liabilities and stockholders' equity	$20,888,684	18,773,639

See accompanying notes to consolidated financial statements.

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INVESTORS BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Income

	For the Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per share data)		
Interest and dividend income:			
Loans receivable and loans held-for-sale	$ 663,424	603,438	504,622
Securities:			
Equity	123	115	61
Government-sponsored enterprise obligations	45	46	9
Mortgage-backed securities	55,096	44,183	28,057
Municipal bonds and other debt	5,929	5,667	5,873
Interest-bearing deposits	225	552	49
Federal Home Loan Bank stock	6,881	6,861	6,397
Total interest and dividend income	731,723	660,862	545,068
Interest expense:			
Deposits	71,414	59,206	49,969
Borrowed Funds	65,225	59,685	59,673
Total interest expense	136,639	118,891	109,642
Net interest income	595,084	541,971	435,426
Provision for loan losses	26,000	37,500	50,500
Net interest income after provision for loan losses	569,084	504,471	384,926
Non-interest income			
Fees and service charges	17,119	19,399	18,804
Income on bank owned life insurance	3,948	4,652	2,898
Gain on loans, net	7,786	5,257	8,748
Gain on securities transactions, net	1,036	1,546	772
Impairment losses on investment securities:			
Impairment losses on investment securities	—	—	(939)
Non-credit related gains recognized in comprehensive income	—	—	(38)
Net impairment losses on investment securities recognized in earnings	—	—	(977)
Gain on sale of other real estate owned, net	1,631	809	1,451
Other income	8,605	10,198	4,875
Total non-interest income	40,125	41,861	36,571
Non-interest expense			
Compensation and fringe benefits	186,320	172,068	128,765
Advertising and promotional expense	10,988	12,238	8,602
Office occupancy and equipment expense	50,865	49,668	39,226
Federal deposit insurance premiums	9,050	14,390	14,950
Stationery, printing, supplies and telephone	4,372	4,238	3,395
Professional fees	16,104	14,672	11,154
Data processing service fees	22,366	25,333	19,844
Contribution to charitable foundation	—	20,000	—
Other operating expenses	28,267	27,253	19,775
Total non-interest expenses	328,332	339,860	245,711
Income before income tax expense	280,877	206,472	175,786
Income tax expense	99,372	74,751	63,755
Net income	$ 181,505	131,721	112,031
Basic and Diluted earnings per share	$ 0.55	0.38	0.40
Weighted average shares outstanding			
Basic	329,763,527	344,389,259	279,632,558
Diluted	332,933,448	347,731,571	283,035,844

See accompanying notes to consolidated financial statements.

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

	For the Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net income	$181,505	131,721	112,031
Other comprehensive (loss) income, net of tax:			
Change in funded status of retirement obligations	(1,455)	(5,042)	10
Unrealized (loss) gain on securities available-for-sale	(4,933)	5,952	(12,827)
Net loss on securities reclassified from available for sale to held to maturity	—	—	(7,242)
Accretion of loss on securities reclassified to held to maturity	1,448	1,726	988
Unrealized gain on security reclassified from held-to-maturity to available for sale	—	—	138
Reclassification adjustment for security gains included in net income	(1,547)	(138)	(405)
Noncredit related component of other-than-temporary impairment on security	—	—	22
Other-than-temporary impairment accretion on debt securities	1,066	794	1,227
Total other comprehensive (loss) income	(5,421)	3,292	(18,089)
Total comprehensive income	$176,084	135,013	93,942

See accompanying notes to consolidated financial statements.

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INVESTORS BANCORP, INC. & SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
Year ended December 31, 2015, 2014 and 2013

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Unallocated Common Stock Held by ESOP	Accumulated other comprehensive loss	Total stockholders' equity
				(In thousands except share data)			
Balance at December 31, 2012	$1,356	533,034	644,923	(73,692)	(31,197)	(7,607)	1,066,817
Net income	—	—	112,031	—	—	—	112,031
Other comprehensive loss, net of tax	—	—	—	—	—	(18,089)	(18,089)
Common stock issues to finance acquisition	163	179,008	—	—	—	—	179,171
Purchase of treasury stock (212,221 shares)	—	—	—	(1,531)	—	—	(1,531)
Treasury stock allocated to restricted stock plan	—	(55)	13	42	—	—	—
Compensation cost for stock options and restricted stock	—	3,478	—	—	—	—	3,478
Net tax benefit from stock-based compensation	—	1,262	—	—	—	—	1,262
Option Exercise	—	2,502	—	8,135	—	—	10,637
Cash dividend paid ($0.08 per common share)	—	—	(22,404)	—	—	—	(22,404)
ESOP shares allocated or committed to be released	—	1,537	—	—	1,418	—	2,955
Balance at December 31, 2013	1,519	720,766	734,563	(67,046)	(29,779)	(25,696)	1,334,327
Net income	—	—	131,721	—	—	—	131,721
Other comprehensive income, net of tax	—	—	—	—	—	3,292	3,292
Corporate Reorganization							
Conversion of Investors Bancorp, MHC (213,963,274 shares)	2,140	2,091,579	—	—	—	—	2,093,719
Purchase by ESOP (6,617,421 shares)	66	66,108	—	—	(66,174)	—	—
Treasury stock retired (14,293,439 shares)	(143)	(64,126)	—	64,269	—	—	—
Contribution of MHC	—	—	12,652	—	—	—	12,652
Equity from Gateway acquisition	—	22,000	—	—	—	—	22,000
Purchase of treasury stock (1,295,193 shares)	—	—	—	(13,523)	—	—	(13,523)
Treasury stock allocated to restricted stock plan	—	(390)	258	132	—	—	—
Compensation cost for stock options and restricted stock	—	13,701	—	—	—	—	13,701
Net tax benefit from stock-based compensation	—	3,710	—	—	—	—	3,710
Option exercise	9	8,764	—	5,037	—	—	13,810
Cash dividend paid ($0.12 per common share)	—	—	(42,555)	—	—	—	(42,555)
ESOP shares allocated or committed to be released	—	2,294	—	—	2,707	—	5,001
Balance at December 31, 2014	3,591	2,864,406	836,639	(11,131)	(93,246)	(22,404)	3,577,855
Net income	—	—	181,505	—	—	—	181,505
Other comprehensive loss, net of tax	—	—	—	—	—	(5,421)	(5,421)
Purchase of treasury stock (31,576,421 shares)	—	—	—	(382,922)	—	—	(382,922)
Treasury stock allocated to restricted stock plan (6,849,832 shares)	—	(85,897)	5,472	80,425	—	—	—
Compensation cost for stock options and restricted stock	—	9,220	—	—	—	—	9,220
Net tax benefit from stock-based compensation	—	2,985	—	—	—	—	2,985
Option exercise	—	(9,045)	—	19,164	—	—	10,119
Common stock repurchased for restricted stock plan (90,000 shares)		1,129	(181)	(948)			
Cash dividend paid ($0.25 per common share)	—	—	(87,395)	—	—	—	(87,395)
ESOP shares allocated or committed to be released	—	2,705	—	—	2,996	—	5,701
Balance at December 31, 2015	$3,591	2,785,503	936,040	(295,412)	(90,250)	(27,825)	3,311,647

See accompanying notes to consolidated financial statements

INVESTORS BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Cash flows from operating activities:			
Net income	$ 181,505	131,721	112,031
Adjustments to reconcile net income to net cash provided by operating activities:			
Contribution of stock to charitable foundation	—	10,000	—
ESOP and stock-based compensation expense	14,921	18,702	6,433
Amortization of premiums and accretion of discounts on securities, net	13,943	10,173	9,735
Amortization of premiums and accretion of fees and costs on loans, net	(10,122)	(1,794)	10,517
Amortization of intangible assets	3,350	3,806	2,115
Provision for loan losses	26,000	37,500	50,500
Depreciation and amortization of office properties and equipment	13,930	13,151	8,540
Gain on securities, net	(1,036)	(1,546)	(772)
Other-than-temporary impairment losses on securities	—	—	977
Mortgage loans originated for sale	(238,608)	(150,099)	(379,806)
Proceeds from mortgage loan sales	590,636	186,747	405,973
Gain on sales of mortgage loans, net	(5,258)	(2,832)	(6,207)
Gain on sale of other real estate owned	(1,631)	(809)	(1,451)
Gain on bargain purchase of acquisitions	—	(1,482)	—
Income on bank owned life insurance	(3,948)	(4,652)	(2,898)
(Increase) decrease in accrued interest receivable	(3,296)	(7,100)	1,496
Deferred tax benefit	(3,180)	(9,786)	(20,818)
Decrease (increase) in other assets	4,245	4,425	(6,741)
(Decrease) increase in other liabilities	(48,317)	41,263	(13,530)
Total adjustments	351,629	145,667	64,063
Net cash provided by operating activities	533,134	277,388	176,094
Cash flows from investing activities:			
Purchases of loans receivable	(198,623)	(233,856)	(1,054,395)
Net originations of loans receivable	(1,990,008)	(1,650,629)	(778,049)
Proceeds from sale of loans held for investment	49,938	2,425	184,668
Gain on disposition of loans held for investment	(2,528)	(2,425)	(2,541)
Net proceeds from sale of foreclosed real estate	7,104	7,614	10,833
Purchases of mortgage-backed securities held to maturity	(526,095)	(909,421)	(202,821)
Purchases of debt securities held-to-maturity	(56,242)	(20,835)	(9,729)
Purchases of mortgage-backed securities available-for-sale	(375,605)	(587,952)	(295,897)
Proceeds from paydowns/maturities on mortgage-backed securities held-to-maturity	260,039	167,886	80,438
Proceeds from paydowns on equity securities available for sale	2,954	430	148
Proceeds from paydowns/maturities on debt securities held-to-maturity	28	12,596	20,159
Proceeds from calls/maturities on debt securities held-to-maturity	2,977	—	—
Proceeds from paydowns/maturities on mortgage-backed securities available-for-sale	249,729	173,661	284,726
Proceeds from sales of mortgage-backed securities held-to-maturity	—	19,177	—
Proceeds from sales of mortgage-backed securities available-for-sale	—	37,682	401,573
Proceeds from maturity of US Government and Agency Obligations available-for-sale	—	3,000	—
Proceeds from maturities of Municipal Bonds	37,505	—	—
Proceeds from sale of equity securities available for sale	—	13,411	24,540
Redemption of equity securities available-for-sale	—	164	108
Proceeds from redemptions of Federal Home Loan Bank stock	157,342	143,707	143,081
Purchases of Federal Home Loan Bank stock	(184,492)	(116,403)	(161,866)
Purchases of office properties and equipment	(25,550)	(31,655)	(24,544)
Death benefit proceeds from bank owned life insurance	6,405	5,455	—
Cash received from MHC for merger	—	11,307	—
Cash received, net of cash consideration paid for acquisitions	—	17,917	118,246
Net cash used in investing activities	(2,585,122)	(2,936,744)	(1,261,322)
Cash flows from financing activities:			
Net increase in deposits	1,891,330	1,198,843	608,801
Net proceeds from sale of common stock	—	2,149,893	—
Loan to ESOP for purchase of common stock	—	(66,174)	—
(Repayments) proceeds of funds borrowed under other repurchase agreements	(10,000)	(98,205)	143,205
Net increase (decrease) in other borrowings	506,986	(508,150)	426,347
Net increase in advance payments by borrowers for taxes and insurance	38,828	1,979	14,447
Dividends paid	(87,395)	(42,555)	(22,404)
Exercise of stock options	10,119	13,810	10,637
Purchase of treasury stock	(382,922)	(13,523)	(1,531)
Net tax benefit from stock-based compensation	2,985	3,710	1,262
Net cash provided by financing activities	1,969,931	2,639,628	1,180,764
Net (decrease) increase in cash and cash equivalents	(82,057)	(19,728)	95,536
Cash and cash equivalents at beginning of period	230,961	250,689	155,153
Cash and cash equivalents at end of period	$ 148,904	230,961	250,689
Supplemental cash flow information:			
Non-cash investing activities:			
Real estate acquired through foreclosure	4,448	6,404	4,512
Transfer of loans to loans held for sale	347,955	32,411	—
Cash paid during the year for:			
Interest	135,930	118,140	109,527
Income taxes	88,169	85,796	83,918
Acquisitions:			
Non-cash assets acquired:			
Investment securities available for sale	$ —	50,347	381,950
Loans	—	195,062	990,970
Goodwill and other intangible assets, net	—	1,853	9,782
Other assets	—	21,343	78,527
Total non-cash assets acquired	—	268,605	1,461,229
Liabilities assumed:			
Deposits	—	254,672	1,341,153
Borrowings	—	5,185	92,070
Other liabilities	—	3,184	20,509
Total liabilities assumed	—	263,041	1,453,732
Net non-cash assets acquired	—	5,564	7,497
Common stock issued for acquisitions	—	—	179,171

See accompanying notes to consolidated financial statements.

FORM 10-K

1. Summary of Significant Accounting Policies

The following significant accounting and reporting policies of Investors Bancorp, Inc. and subsidiaries (collectively, the Company) conform to U.S. generally accepted accounting principles (GAAP), and are used in preparing and presenting these consolidated financial statements.

(a) *Basis of Presentation*

The consolidated financial statements are composed of the accounts of Investors Bancorp, Inc. and its wholly owned subsidiaries, including Investors Bank (Bank). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made in the consolidated financial statements to conform with current year classifications. In the opinion of management, all the adjustments (consisting of normal and recurring adjustments) necessary for the fair presentation of the consolidated financial condition and the consolidated results of operations for the periods presented have been included. The results of operations and other data presented for the years ended December 31, 2015, 2014 and 2013 are not necessarily indicative of the results of operations that may be expected for subsequent years.

In January 1997, the Bank completed a Plan of Mutual Holding Company Reorganization, utilizing the multi-tier mutual holding company structure. In a series of steps, the Bank formed a Delaware-chartered stock corporation (Investors Bancorp, Inc.) which owned 100% of the common stock of the Bank and formed a New Jersey-chartered mutual holding company (Investors Bancorp, MHC) which initially owned all of the common stock of Investors Bancorp, Inc. On October 11, 2005, Investors Bancorp, Inc. completed an initial public stock offering. See Note 2.

On May 7, 2014, Investors Bancorp, MHC, Investors Bancorp, Inc. and the Bank completed the Plan of Conversion and Reorganization of the Mutual Holding Company (the "Plan") in which the Bank reorganized from a two-tier mutual holding company structure to a fully public stock holding company structure. The Company raised net proceeds of $2.15 billion by selling a total of 219,580,695 shares of common stock at $10.00 per share in the second step stock offering and issued 1,000,000 shares of common stock to the Investors Charitable Foundation. Concurrent with the completion of the stock offering, each share of Old Investors Bancorp common stock owned by public stockholders (stockholders other than Investors Bancorp, MHC) was exchanged for 2.55 shares of Company common stock. A total of 137,560,968 shares of Company common stock were issued in the exchange. The conversion was accounted for as a capital raising transaction by entities under common control. The historical financial results of Investors Bancorp, MHC are immaterial to the results of the Company and therefore upon completion of the conversion, the net assets of Investors Bancorp, MHC were merged into the Company and are reflected as an increase to stockholders' equity. In addition, the second step conversion resulted in the accelerated vesting of all outstanding stock awards as of the conversion date. The withholding of shares for payment of taxes with respect to these awards resulted in treasury stock of 1,101,694 shares. As a result of the conversion, all share information has been revised to reflect the 2.55- to- one exchange ratio. Financial information presented in this Form 10-K is derived in part from the consolidated financial statements of Old Investors Bancorp and subsidiaries. See Note 2.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The estimate of our allowance for loan losses, the valuation of mortgage servicing rights (MSR), the valuation of deferred tax assets, impairment judgments regarding goodwill, and fair value and impairment of securities are particularly critical because they involve a higher degree of complexity and subjectivity and require estimates and assumptions about highly uncertain matters. Actual results may differ from our estimates and assumptions. The current economic environment has increased the degree of uncertainty inherent in these material estimates.

Business

Investors Bancorp, Inc.'s primary business is holding the common stock of the Bank and a loan to the Investors Bank Employee Stock Ownership Plan. The Bank provides banking services to customers primarily through branch offices in New Jersey and New York. The Bank is subject to competition from other financial institutions and is subject to the regulations of certain federal and state regulatory authorities and undergoes periodic examinations by those regulatory authorities.

(b) ***Cash Equivalents***

Cash equivalents consist of cash on hand, amounts due from banks and interest-bearing deposits in other financial institutions. The Company is required by the Federal Reserve System to maintain cash reserves equal to a percentage of certain deposits. The reserve requirement totaled $43.4 million at December 31, 2015 and $39.1 million at December 31, 2014.

(c) ***Securities***

Securities include securities held-to-maturity and securities available-for-sale. Management determines the appropriate classification of securities at the time of purchase. If management has the positive intent not to sell and the Company would not be required to sell prior to maturity, they are classified as held-to-maturity securities. Such securities are stated at amortized cost, adjusted for unamortized purchase premiums and discounts. Securities in the available-for-sale category are debt and mortgage-backed securities which the Company may sell prior to maturity, and all marketable equity securities. Available-for-sale securities are reported at fair value with any unrealized appreciation or depreciation, net of tax effects, reported as accumulated other comprehensive income/loss in stockholders' equity. Discounts and premiums on securities are accreted or amortized using the level-yield method over the estimated lives of the securities, including the effect of prepayments. Realized gains and losses are recognized when securities are sold or called using the specific identification method.

The Company periodically evaluates the security portfolio for other-than-temporary impairment. Other-than-temporary impairment means the Company believes the security's impairment is due to factors that could include its inability to pay interest or dividends, its potential for default, and/or other factors. In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 320, *"Investments — Debt and Equity Securities"*, when a held to maturity or available for sale debt security is assessed for other-than-temporary impairment, the Company has to first consider (a) whether it intends to sell the security, and (b) whether it is more likely than not that the Company will be required to sell the security prior to recovery of its amortized cost basis. If one of these circumstances applies to a security, an other-than-temporary impairment loss is recognized in the statement of income equal to the full amount of the decline in fair value below amortized cost. If neither of these circumstances applies to a security, but the Company does not expect to recover the entire amortized cost basis, an other-than-temporary impairment loss has occurred that must be separated into two categories: (a) the amount related to credit loss, and (b) the amount related to other factors. In assessing the level of other-than-temporary impairment attributable to credit loss, the Company compares the present value of cash flows expected to be collected with the amortized cost basis of the security. The portion of the total other-than-temporary impairment related to credit loss is recognized in earnings, while the amount related to other factors is recognized in other comprehensive income. The total other-than-temporary impairment loss is presented in the statement of income, less the portion recognized in other comprehensive income. When a debt security becomes other-than-temporarily impaired, its amortized cost basis is reduced to reflect the portion of the total impairment related to credit loss.

To determine whether a security's impairment is other-than-temporary, the Company considers factors that include, the duration and severity of the impairment; the Company's ability and intent to hold security

investments until they recover in value (as well as the likelihood of such a recovery in the near term); the Company's intent to sell security investments; and whether it is more likely than not that the Company will be required to sell such securities before recovery of their individual amortized cost basis less any current-period credit loss. For debt securities, the primary consideration in determining whether impairment is other-than-temporary is whether or not it is probable that current or future contractual cash flows have been or may be impaired.

(d) ***Loans Receivable, Net***

Loans receivable, other than loans held-for-sale, are stated at unpaid principal balance, adjusted by unamortized premiums and unearned discounts, net deferred origination fees and costs, net purchase accounting adjustments and the allowance for loan losses. Interest income on loans is accrued and credited to income as earned. Premiums and discounts on purchased loans and net loan origination fees and costs are deferred and amortized to interest income over the estimated life of the loan as an adjustment to yield.

The allowance for loan losses is increased by the provision for loan losses charged to earnings and is decreased by charge-offs, net of recoveries. The provision for loan losses is based on management's evaluation of the adequacy of the allowance which considers, among other things, the Company's past loan loss experience (using the appropriate look-back and loss emergence periods), known and inherent risks in the portfolio, existing adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. While management uses available information to recognize estimated losses on loans, future additions may be necessary based on changes in economic or other conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based upon their judgments and information available to them at the time of their examinations.

A loan is considered delinquent when we have not received a payment within 30 days of its contractual due date. The accrual of income on loans is discontinued when interest or principal payments are 90 days in arrears or when the timely collection of such income is doubtful. Loans on which the accrual of income has been discontinued are designated as non-accrual loans and outstanding interest previously credited is reversed. Interest income on non-accrual loans and impaired loans is recognized in the period collected unless the ultimate collection of principal is considered doubtful. A loan is returned to accrual status when all amounts due have been received and the remaining principal is deemed collectible. Loans are generally charged off after an analysis is completed which indicates that collectability of the full principal balance is in doubt.

The Company defines an impaired loan as a loan for which it is probable, based on current information, that the lender will not collect all amounts due under the contractual terms of the loan agreement. The Company evaluates commercial loans with an outstanding balance greater than $1.0 million and on non-accrual status, loans modified in a troubled debt restructuring ("TDR"), and other loans over $1.0 million outstanding balance if management has specific information that it is probable they will not collect all amounts due under the contractual terms of the loan agreement for impairment. Impaired loans are individually evaluated to determine that the loan's carrying value is not in excess of the fair value of the collateral or the present value of the expected future cash flows. Smaller balance homogeneous loans are evaluated for impairment collectively unless they are modified in a trouble debt restructure. Such loans include residential mortgage loans, consumer loans, and loans not meeting the Company's definition of impaired, and are specifically excluded from impaired loans.

Purchased Credit-Impaired ("PCI") loans, are loans acquired at a discount that is due, in part, to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30 and are initially recorded at fair value (as determined by the present value of expected future cash flows) with no valuation allowance (i.e., the allowance for loan losses). The difference between the undiscounted cash flows expected at acquisition and the

initial carrying amount (fair value) of the PCI loans, or the "accretable yield," is recognized as interest income utilizing the level-yield method over the life of the loans. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "non-accretable difference," are not recognized as a yield adjustment, as a loss accrual or a valuation allowance. Reclassifications of the non-accretable difference to the accretable yield may occur subsequent to the loan acquisition dates due to increases in expected cash flows of the loans and result in an increase in yield on a prospective basis.

(e) ***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 charges 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 our satisfaction of the criteria for such accounting which provide that, as transferor, we have surrendered control over the loans.

(f) ***Stock in the Federal Home Loan Bank***

The Bank, as a member of the Federal Home Loan Bank of New York (FHLB), is required to hold shares of capital stock of the FHLB based on our activities, primarily our outstanding borrowings, with the FHLB. The stock is carried at cost, less any impairment.

(g) ***Office Properties and Equipment, Net***

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 an accelerated basis over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the terms of the respective leases or the lives of the assets, whichever is shorter.

(h) ***Bank Owned Life Insurance***

Bank owned life insurance is carried at the amount that could be realized under the Company's life insurance contracts as of the date of the consolidated balance sheets and is classified as a non-interest earning asset. Increases in the carrying value are recorded as non-interest income in the consolidated statements of income and insurance proceeds received are generally recorded as a reduction of the carrying value. The carrying value consists of cash surrender value of $152.5 million at December 31, 2015 and $155.8 million at December 31, 2014 and a claims stabilization reserve of $6.6 million at December 31, 2015 and $5.8 million at December 31, 2014. Repayment of the claims stabilization reserve (funds transferred from the cash surrender value to provide for future death benefit payments) and the deferred acquisition costs (costs incurred by the insurance carrier for the policy issuance) is guaranteed by the insurance carrier provided that certain conditions are met at the date of a contract is surrendered. The Company satisfied these conditions at December 31, 2015 and 2014.

(i) ***Intangible Assets***

Goodwill. Goodwill is presumed to have an indefinite useful life and is tested, at least annually, for impairment at the reporting unit level. Impairment exists when the carrying amount of goodwill exceeds its implied fair value. For purposes of our goodwill impairment testing, we have identified the Bank as a single reporting unit.

At December 31, 2015, the carrying amount of our goodwill totaled $77.6 million. In connection with our annual impairment assessment we applied the guidance in FASB Accounting Standards Update ("ASU") 2011-08, *Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment,* which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. For the year ended December 31, 2015, the Company's qualitative assessment concluded that it was not more likely than not that the fair value of the reporting unit is less than its carrying amount and, therefore, the two-step goodwill impairment test was not required.

Mortgage Servicing Rights. The Company recognizes as separate assets the rights to service mortgage loans. The right to service loans for others is generally obtained through the sale of loans with servicing retained. The initial asset recognized for originated mortgage servicing rights ("MSR") is measured at fair value. The fair value of MSR is estimated by reference to current market values of similar loans sold with servicing released. MSR are amortized in proportion to and over the period of estimated net servicing income. We apply the amortization method for measurements of our MSR. MSR are assessed for impairment based on fair value at each reporting date. MSR impairment, if any, is recognized in a valuation allowance through charges to earnings as a component of fees and service charges. Increases in the fair value of impaired MSR are recognized only up to the amount of the previously recognized valuation allowance. Fees earned for servicing loans are reported as income when the related mortgage loan payments are collected.

Core Deposit Premiums. Core deposit premiums represent the intangible value of depositor relationships assumed in purchase acquisitions and are amortized on an accelerated basis over 10 years. The Company periodically evaluates the value of core deposit premiums to ensure the carrying amount exceeds it implied fair value.

(j) ***Other Real Estate Owned***

Real estate owned (REO) consists of properties acquired through foreclosure or deed in lieu of foreclosure. Such assets are carried at the lower of cost or fair value, less estimated selling costs, based on independent appraisals. Write-downs required at the time of acquisition are charged to the allowance for loan losses. Thereafter, decreases in the properties' estimated fair value which are charged to income along with any additional property maintenance and protection expenses incurred in owning the property.

(k) ***Borrowed Funds***

Our FHLB borrowings, frequently referred to as advances, are over collateralized by our residential and non residential mortgage portfolios as well as qualified investment securities.

The Bank also enters into sales of securities under agreements to repurchase with selected brokers and the FHLB. The securities underlying the agreements are delivered to the counterparty who agrees to resell to the Bank the identical securities at the maturity or call of the agreement. These agreements are recorded as financing transactions, as the Bank maintains effective control over the transferred securities, and no gain or loss is recognized. The dollar amount of the securities underlying the agreements continues to be carried in the Bank's securities portfolio. The obligations to repurchase the securities are reported as a liability in the consolidated balance sheets.

(l) ***Income Taxes***

The Company records income taxes in accordance with Accounting Standard Codification (ASC) 740 "Income Taxes," as amended, using the asset and liability method. Accordingly, deferred tax assets and

liabilities: (i) are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns; (ii) are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases; and (iii) are measured using enacted tax rates expected to apply in the years when those temporary differences are expected to be recovered or settled. Where applicable, deferred tax assets are reduced by a valuation allowance for any portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period of enactment. The valuation allowance is adjusted, by a charge or credit to income tax expense, as changes in facts and circumstances warrant. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, where applicable, in income tax expense.

(m) ***Employee Benefits***

The Company has a defined benefit pension plan which covers all employees who satisfy the eligibility requirements. The Company participates in a multiemployer plan. Costs of the pension plan are based on the contributions required to be made to the plan.

The Company has two Supplemental Employee Retirement Plans (SERPs). The SERPs are a nonqualified, defined benefit plans which provide benefits to certain eligible employees of the Company whose benefits and/or contributions under the pension plan are limited by the Internal Revenue Code. The Company also has a nonqualified, defined benefit plan which provides benefits to its directors. The SERP and the directors' plan are unfunded and the costs of the plans are recognized over the period that services are provided.

The Company has a 401(k) plan covering substantially all employees. The Company matches 50% of the first 6% contributed by participants and recognizes expense as its contributions are made.

The employee stock ownership plan (ESOP) is accounted for in accordance with the provisions of Statement ASC 718-40, "Employers' Accounting for Employee Stock Ownership Plans." The funds borrowed by the ESOP from the Company to purchase the Company's common stock are being repaid from the Bank's contributions over a period of up to 30 years. The Company's common stock not yet allocated to participants is recorded as a reduction of stockholders' equity at cost. Compensation expense for the ESOP is based on the market price of the Company's stock and is recognized as shares are committed to be released to participants due to the repayment of the loan by the ESOP to the Company.

The Company recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards in accordance with ASC 718, "Compensation-Stock Compensation". The Company estimates the per share fair value of option grants on the date of grant using the Black-Scholes option pricing model using assumptions for the expected dividend yield, expected stock price volatility, risk-free interest rate and expected option term. These assumptions are subjective in nature, involve uncertainties and, therefore, cannot be determined with precision. The Black-Scholes option pricing model also contains certain inherent limitations when applied to options that are not traded on public markets.

The per share fair value of options is highly sensitive to changes in assumptions. In general, the per share fair value of options will move in the same direction as changes in the expected stock price volatility, risk-free interest rate and expected option term, and in the opposite direction as changes in the expected dividend yield. For example, the per share fair value of options will generally increase as expected stock price volatility increases, risk-free interest rate increases, expected option term increases and expected dividend yield decreases. The use of different assumptions or different option pricing models could result in materially different per share fair values of options.

(n) ***Earnings Per Share***

Basic earnings per common share, or EPS, are computed by dividing net income by the weighted-average common shares outstanding during the year. The weighted-average common shares outstanding includes the weighted-average number of shares of common stock outstanding less the weighted average number of unvested shares of restricted stock and unallocated shares held by the ESOP. For EPS calculations, ESOP shares that have been committed to be released are considered outstanding. ESOP shares that have not been committed to be released are excluded from outstanding shares on a weighted average basis for EPS calculations.

Diluted EPS is computed using the same method as basic EPS, but includes the effect of all potentially dilutive common shares that were outstanding during the period, such as unexercised stock options and unvested shares of restricted stock, calculated using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price to calculate shares repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted EPS.

2. Stock Transactions

Stock Offering

Investors Bancorp, Inc. (the "Company") is a Delaware corporation that was incorporated in December 2013 to be the successor to Investors Bancorp, Inc. ("Old Investors Bancorp") upon completion of the mutual-to-stock conversion of Investors Bancorp, MHC, the top tier holding company of Old Investors Bancorp. Old Investors Bancorp completed its initial public stock offering on October 11, 2005 selling 131,649,089 shares, or 43.74% of its outstanding common stock, to subscribers in the offering, including 10,847,883 shares purchased by the ESOP. Upon completion of the initial public offering, Investors Bancorp, MHC, a New Jersey chartered mutual holding company held 165,353,151 shares, or 54.94% of the Company's outstanding common stock (shares restated to include shares issued in a business combination subsequent to initial public offering). Additionally, the Company contributed $5.2 million in cash and issued 3,949,473 shares of common stock, or 1.32% of its outstanding shares, to Investors Bank Charitable Foundation resulting in a pre-tax expense charge of $20.7 million. Net proceeds from the initial offering were $509.7 million. The Company contributed $255.0 million of the net proceeds to the Bank.

In conjunction with the second step conversion, Investors Bancorp, MHC merged into Old Investors Bancorp (and ceased to exist), and Old Investors Bancorp merged into the Company and the Company became its successor under the name Investors Bancorp, Inc. The second step conversion was completed May 7, 2014. The Company raised net proceeds of $2.15 billion by selling a total of 219,580,695 shares of common stock at $10.00 per share in the second step stock offering and issued 1,000,000 shares of common stock to the Investors Charitable Foundation. Concurrent with the completion of the stock offering, each share of Old Investors Bancorp common stock owned by public stockholders (stockholders other than Investors Bancorp, MHC) was exchanged for 2.55 shares of Company common stock. A total of 137,560,968 shares of Company common stock were issued in the exchange. The conversion was accounted for as a capital raising transaction by entities under common control. The historical financial results of Investors Bancorp, MHC are immaterial to the results of the Company and therefore upon completion of the conversion, the net assets of Investors Bancorp, MHC were merged into the Company and are reflected as an increase to stockholders' equity. In addition, the second step conversion resulted in the accelerated vesting of all outstanding stock awards as of the conversion date. The withholding of shares for payment of taxes with respect to these awards resulted in treasury stock of 1,101,694 shares.

Stock Repurchase Programs

On March 1, 2011, the Company announced its fourth Share Repurchase Program, which authorized the purchase of an additional 10% of its publicly-held outstanding shares of common stock, or 9,885,133 shares. Under the stock repurchase programs, shares of the Company's common stock could be purchased in the open market and through privately negotiated transactions, from time to time, depending on market conditions. This stock repurchase program commenced upon the completion of the third program on July 25, 2011. In connection with the second step conversion completed on May 7, 2014, the existing stock repurchase plan was terminated. Under applicable federal regulations, the Company was not permitted to implement a stock repurchase program during the first year following completion of the second-step conversion without prior notice to, and the receipt of a non-objection from, the Federal Reserve Board.

On March 16, 2015, the Company announced it had received approval from the Board of Governors of the Federal Reserve System to commence a 5% buyback program prior to the one-year anniversary of the completion of its second step conversion. Accordingly, the Board of Directors authorized the repurchase of 17,911,561 shares.

On June 9, 2015, the Company announced its second share repurchase program, which authorized the purchase of an additional 10% of its publicly-held outstanding shares of common stock, or approximately 34,779,211 shares. The new repurchase program commenced immediately upon completion of the first repurchase plan on June 30, 2015.

During the year ended December 31, 2015, the Company purchased 31,576,421 shares at a cost of $382.9 million, or approximately $12.13 per share.

During the year ended December 31, 2014, prior to the second step conversion, the Company purchased 1,295,193 shares at a cost of $13.5 million, or approximately $10.44 per share. The second step conversion on May 7, 2014 resulted in the accelerated vesting of all outstanding stock awards. The withholding of shares for payments of taxes with respect to these awards resulted in the purchase of 1,101,694 shares. The remaining shares are held for general corporate use.

Cash Dividend

On September 28, 2012, the Company declared its first quarterly cash dividend of $0.02 per share. It was the first dividend since completing its initial public stock offering in October 2005. Since declaring this dividend, the Company has paid a dividend to stockholders in each subsequent quarter.

3. Business Combinations

On January 10, 2014, the Company completed its acquisition of Gateway Community Financial Corp., the federally-chartered holding company for GCF Bank ("Gateway"), which operated 4 branches in Gloucester County, New Jersey. After the purchase accounting adjustments, the Company added $254.7 million in customer deposits and acquired $195.1 million in loans. This transaction generated $1.9 million in core deposit premium. The acquisition was accounted for under the acquisition method of accounting as prescribed by FASB ASC 805 "Business Combinations", as amended. Under this method of accounting, the purchase price has been allocated to the respective assets acquired and liabilities assumed based on their estimated fair values, net of applicable income tax effects. The acquisition resulted in a bargain purchase gain of $1.5 million, net of tax. In conjunction with the acquisition, Investors Bancorp issued 1,945,079 shares to Investors Bancorp, MHC which was determined using the closing average twenty day stock price of Investors Bancorp's common stock. GCF Bank was merged into the Bank as of the acquisition date.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for Gateway Financial, net of cash consideration paid:

	At January 10, 2014
	(In millions)
Cash and cash equivalents, net	$ 17.9
Securities available-for-sale	50.3
Loans receivable	195.1
Accrued interest receivable	0.7
Other real estate owned	0.4
Office properties and equipment, net	4.3
Intangible assets	1.9
Other assets	15.9
Total assets acquired	286.5
Deposits	(254.7)
Borrowed funds	(5.2)
Other liabilities	(3.1)
Total liabilities assumed	$(263.0)
Net assets acquired	$ 23.5

The purchase accounting for the Gateway Financial transaction is complete and reflected in the table above and in our consolidated financial statements.

Fair Value Measurement of Assets Acquired and Liabilities Assumed

Described below are the methods used to determine the fair values of the significant assets acquired and liabilities assumed in the Gateway acquisition based on guidance from ASC 820-10 which defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Securities**.** The estimated fair values of the investment securities classified as available for sale were calculated utilizing Level 1 inputs. The prices for these instruments are based upon sales of the securities shortly after the acquisition date. The Company reviewed the data and assumptions used in pricing the securities by its third party provider to ensure the highest level of significant inputs are derived from market observable data.

Loans. Level 3 inputs were utilized to value the acquired loan portfolio and included the use of present value techniques employing cash flow estimates and the incorporated assumptions that marketplace participants would use in estimating fair values. In instances where reliable market information was not available, the Company used its own assumptions in an effort to determine reasonable fair value. Specifically, the Company utilized three separate fair value analyses we believe a market participant might employ in estimating the entire fair value adjustment required under ASC 820-10. The three separate fair valuation methodologies used are: 1) interest rate loan fair value analysis, 2) general credit fair value adjustment, and 3) specific credit fair value adjustment.

To prepare the interest rate fair value analysis, loans were assembled into groupings by characteristics such as loan type, term, collateral and rate. Market rates for similar loans were obtained from various external data sources and reviewed by Company management for reasonableness. The average of these rates was used as the fair value interest rate a market participant would utilize. A present value approach was utilized to calculate the interest rate fair value adjustment.

The general credit fair value adjustment was calculated using a two part general credit fair value analysis; 1) expected lifetime losses and 2) estimated fair value adjustment for qualitative factors. The expected lifetime losses were calculated using an average of historical losses of the Company, the acquired banks and peer banks. The adjustment related to qualitative factors was impacted by general economic conditions and the risk related to lack of familiarity with the originator's underwriting process.

To calculate the specific credit fair value adjustment the Company reviewed the acquired loan portfolio for loans meeting the definition of an impaired loan as defined by ASC 310-30. Loans meeting this criteria were reviewed by comparing the contractual cash flows to expected collectible cash flows. The aggregate expected cash flows less the acquisition date fair value will result in an accretable yield amount. The accretable yield amount will be recognized over the life of the loans on a level yield basis as an adjustment to yield.

Deposits / Core Deposit Premium. Core deposit premium represents the value assigned to demand, interest checking, money market and savings accounts acquired as part of an acquisition. The core deposit premium value represents the future economic benefit, including the present value of future tax benefits, of the potential cost savings from acquiring core deposits as part of an acquisition compared to the cost alternative funding sources and is valued utilizing Level 2 inputs.

Certificates of deposit (time deposits) are not considered to be core deposits as they are assumed to have a low expected average life upon acquisition. The fair value of certificates of deposits represents the present value of the certificates' expected contractual payments discounted by market rates for similar CDs and is valued utilizing Level 2 inputs.

Borrowed Funds. The present value approach was used to determine the fair value of the borrowed funds acquired during 2014. The fair value of the liability represents the present value of the expected payments using the current rate of a replacement borrowing of the same type and remaining term to maturity and is valued utilizing Level 2 inputs.

4. Securities

The following tables present the carrying value, gross unrealized gains and losses and estimated fair value for available-for-sale securities and the amortized cost, net unrealized losses, gross unrecognized gains and losses and estimated fair value for held-to-maturity securities as of the dates indicated:

	At December 31, 2015			
	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Available-for-sale:				
Equity securities	$ 5,778	733	16	6,495
Mortgage-backed securities:				
Federal Home Loan Mortgage Corporation	546,652	3,242	2,443	547,451
Federal National Mortgage Association	724,851	4,520	3,299	726,072
Government National Mortgage Association	24,841	1	163	24,679
Total mortgage-backed securities available-for-sale	1,296,344	7,763	5,905	1,298,202
Total available-for-sale securities	$1,302,122	8,496	5,921	1,304,697

	At December 31, 2015					
	Amortized cost	Net unrealized losses(1)	Carrying value	Gross unrecognized gains(2)	Gross unrecognized losses(2)	Estimated fair value
	(In thousands)					
Held-to-maturity:						
Debt securities:						
Government-sponsored enterprises	$ 4,232	—	4,232	11	—	4,243
Municipal bonds	43,058	—	43,058	1,307	—	44,365
Corporate and other debt securities	58,358	(23,245)	35,113	42,704		77,817
Total debt securities held-to-maturity	105,648	(23,245)	82,403	44,022	—	126,425
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	516,841	(2,502)	514,339	2,213	3,082	513,470
Federal National Mortgage Association	1,228,845	(2,705)	1,226,140	7,305	6,120	1,227,325
Government National Mortgage Association	21,330	—	21,330	125	—	21,455
Federal Housing Authorities	11	—	11	—	—	11
Total mortgage-backed securities held-to-maturity	1,767,027	(5,207)	1,761,820	9,643	9,202	1,762,261
Total held-to-maturity securities	$1,872,675	(28,452)	1,844,223	53,665	9,202	1,888,686

	At December 31, 2014			
	Carrying value	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(In thousands)			
Available-for-sale:				
Equity securities	$ 6,887	1,636	—	8,523
Mortgage-backed securities:				
Federal Home Loan Mortgage Corporation	503,268	5,023	1,008	507,283
Federal National Mortgage Association	675,535	7,641	1,184	681,992
Government National Mortgage Association	125	1	—	126
Total mortgage-backed securities available-for-sale	1,178,928	12,665	2,192	1,189,401
Total available-for-sale securities	$1,185,815	14,301	2,192	1,197,924

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	At December 31, 2014					
	Amortized cost	Net unrealized losses(1)	Carrying Value	Gross unrecognized gains(2)	Gross unrecognized losses(2)	Estimated fair value
	(In thousands)					
Held-to-maturity:						
Debt securities:						
Government-sponsored enterprises	$ 4,388	—	4,388	15	—	4,403
Municipal bonds	24,320	—	24,320	1,001	—	25,321
Corporate and other debt securities	58,487	(25,047)	33,440	32,163	367	65,236
Total debt securities held-to-maturity	87,195	(25,047)	62,148	33,179	367	94,960
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	504,407	(3,770)	500,637	3,561	1,878	502,320
Federal National Mortgage Association	978,261	(3,885)	974,376	11,629	1,218	984,787
Government National Mortgage Association	27,136	—	27,136	—	20	27,116
Federal housing authorities	182	—	182	—	—	182
Total mortgage-backed securities held-to-maturity	1,509,986	(7,655)	1,502,331	15,190	3,116	1,514,405
Total held-to-maturity securities	$1,597,181	(32,702)	1,564,479	48,369	3,483	1,609,365

(1) Net unrealized losses of held-to-maturity corporate and other debt securities represent the other than temporary charge related to other non-credit factors and is being amortized through accumulated other comprehensive income over the remaining life of the securities. For mortgage-backed securities, it represents the net loss on previously designated available-for sale securities transferred to held-to-maturity at fair value and is being amortized through accumulated other comprehensive income over the remaining life of the securities.

(2) Unrecognized gains and losses of held-to-maturity securities are not reflected in the financial statements, as they represent fair value fluctuations from the later of: (i) the date a security is designated as held-to-maturity; or (ii) the date that an OTTI charge is recognized on a held-to-maturity security, through the date of the balance sheet.

A portion of the Company's securities are pledged to secure borrowings. The contractual maturities of mortgage-backed securities are generally less than 20 years; with effective lives expected to be shorter due to anticipated prepayments. Expected maturities may differ from contractual maturities due to prepayment or early call privileges of the issuer, therefore, mortgage-backed securities are not included in the following table. The

amortized cost and estimated fair value of debt securities at December 31, 2015, by contractual maturity, are shown below.

	December 31, 2015	
	Carrying Value	Estimated fair value
	(In thousands)	
Due in one year or less	$40,136	40,136
Due after one year through five years	2,363	2,375
Due after five years through ten years	—	—
Due after ten years	39,904	83,914
Total	$82,403	126,425

Gross unrealized losses on securities and the estimated fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2015 and December 31, 2014, was as follows:

	December 31, 2015					
	Less than 12 months		12 months or more		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
	(In thousands)					
Available-for-sale:						
Equity Securities	$ 4,692	16	—	—	4,692	16
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	$ 263,255	2,443	—	—	263,255	2,443
Federal National Mortgage Association	375,792	2,850	14,821	449	390,613	3,299
Government National Mortgage Association	24,874	163			24,874	163
Total mortgage-backed securities available-for-sale	663,921	5,456	14,821	449	678,742	5,905
Total available-for-sale securities	$ 668,613	5,472	14,821	449	683,434	5,921
Held-to-maturity:						
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	342,702	2,804	4,887	278	347,589	3,082
Federal National Mortgage Association	547,326	5,477	29,013	643	576,339	6,120
Total mortgage-backed securities held-to-maturity	890,028	8,281	33,900	921	923,928	9,202
Total held-to-maturity securities	$ 890,028	8,281	33,900	921	923,928	9,202
Total	$1,558,641	13,753	48,721	1,370	1,607,362	15,123

	December 31, 2014					
	Less than 12 months		12 months or more		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
	(In thousands)					
Available-for-sale:						
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	76,525	426	60,394	582	136,919	1,008
Federal National Mortgage Association	67,017	50	52,519	1,134	119,536	1,184
Total mortgage-backed securities available-for-sale	143,542	476	112,913	1,716	256,455	2,192
Total available-for-sale securities	143,542	476	112,913	1,716	256,455	2,192
Held-to-maturity:						
Debt securities:						
Corporate and other debt securities	674	40	233	327	907	367
Mortgage-backed securities:						
Federal Home Loan Mortgage Corporation	199,962	1,043	47,892	835	247,854	1,878
Federal National Mortgage Association	145,520	371	37,517	847	183,037	1,218
Government National Mortgage Association	27,116	20	—	—	27,116	20
Total mortgage-backed securities held-to-maturity	372,598	1,434	85,409	1,682	458,007	3,116
Total held-to-maturity securities	$373,272	1,474	85,642	2,009	458,914	3,483
Total	$516,814	1,950	198,555	3,725	715,369	5,675

At December 31, 2015 gross unrealized losses primarily relate to our mortgage-backed-security portfolio which is comprised of securities issued by U.S. Government Sponsored Enterprises. The fair values of these securities have been negatively impacted by the recent increase in intermediate-term market interest rates. The gross unrealized losses at December 31, 2015 also relate to our corporate and other debt securities (trust preferred securities) whose estimated fair value has been adversely impacted by the economic environment, an increase in current market rates, wider credit spreads and credit deterioration subsequent to the purchase of these securities.

At December 31, 2015, corporate and other debt securities include a portfolio of collateralized debt obligations backed by pooled trust preferred securities ("TruPS"), principally issued by banks and to a lesser extent insurance companies, real estate investment trusts, and collateralized debt obligations. While all were investment grade at purchase, securities classified as non-investment grade at December 31, 2015 had an amortized cost and estimated fair value of $33.2 million and $71.1 million, respectively. Fair value is derived from considering specific assumptions, including terms of the TruPS structure, events of deferrals, defaults and liquidations, the projected cashflow for principal and interest payments, and discounted cash flow modeling.

Other-Than-Temporary Impairment ("OTTI")

We conduct a quarterly review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. If a determination is made that a debt security is other-than-temporarily impaired, the Company will estimate the amount of the unrealized loss that is attributable to credit and all other non-credit related factors. The credit related component will be recognized as an other-than-temporary impairment charge in non-interest income. The non-credit related component will be recorded as an adjustment to accumulated other comprehensive income, net of tax.

With the assistance of a valuation specialist, we evaluate the credit and performance of each underlying issuer of our trust preferred securities by deriving probabilities and assumptions for default, recovery and prepayment/amortization for the expected cash flows for each security. At December 31, 2015 and 2014, management deemed that the present value of projected cash flows for each security was greater than the book value and did not recognize any additional OTTI charges for the periods ended December 31, 2015 and 2014. At December 31, 2013, the discounted cash flow projected for one of the Company's pooled trust preferred securities fell below its adjusted book value. Based on the review of underlying collateral, the credit of this security continued to deteriorate and therefore the Company recorded net other-than-temporary impairment ("OTTI") charge of $977,000 for the year ended December 31, 2013. At December 31, 2015, the security had a fair value of $94,000. At December 31, 2015, non-credit related OTTI recorded on the previously impaired pooled trust preferred securities was $23.2 million ($13.8 million after-tax) and is being accreted into income over the estimated remaining life of the securities.

The following table presents the changes in the credit loss component of the impairment loss of debt securities that the Company has written down for such loss as an other-than-temporary impairment recognized in earnings.

	For the Years Ended December 31,		
	2015	2014	2013
		(In thousands)	
Balance of credit related OTTI, beginning of period	$108,817	112,235	114,514
Additions:			
Initial credit impairments	—	—	—
Subsequent credit impairments	—	—	977
Reductions:			
Accretion of credit loss impairment due to an increase in expected cash flows	(3,804)	(3,418)	(3,256)
Reduction for securities sold or paid off during the period	(4,813)	—	—
Balance of credit related OTTI, end of period	$100,200	108,817	112,235

The credit loss component of the impairment loss represents the difference between the present value of expected future cash flows and the amortized cost basis of the securities prior to considering credit losses. The beginning balance represents the credit loss component for debt securities for which other-than-temporary impairment occurred prior to the period presented. If other-than-temporary impairment is recognized in earnings for credit impaired debt securities, they would be presented as additions in two components based upon whether the current period is the first time a debt security was credit impaired (initial credit impairment) or is not the first time a debt security was credit impaired (subsequent credit impairments). The credit loss component is reduced if the Company sells, intends to sell or believes it will be required to sell previously credit impaired debt securities. Additionally, the credit loss component is reduced if (i) the Company receives cash flows in excess of what it

expected to receive over the remaining life of the credit impaired debt security, (ii) the security matures or (iii) the security is fully written down.

Realized Gains and Losses

Gains and losses on the sale of all securities are determined using the specific identification method. For the year ended December 31, 2015, the Company received proceeds of $2.6 million on an equity security from the available-for-sale portfolio resulting in a gross realized gain of $1.5 million. For the year ended December 31, 2015, the Company recognized gains on available-for-sale securities of $145,000 related to capital distributions of equity securities from the available-for-sale portfolio.

For the year ended December 31, 2015, there were no sales of securities from held-to-maturity portfolio, however for the year ended December 31, 2015, the Company recognized a loss of $646,000 on a TruP security which was entirely liquidated by its Trustee.

For the year ended December 31, 2014, the Company recognized net gains on available-for-sale securities of $619,000, of which $145,000 were related to capital distributions of equity securities from the available-for-sale portfolio. In December 2013, regulatory agencies adopted a rule on the treatment of certain collateralized debt obligations backed by trust preferred securities to implement sections of the Dodd-Frank Wall Street Reform and Consumer Protection Act, known as the Volcker Rule. As a result of the evaluation of the impact of the Volcker Rule, the Company reclassified one trust preferred security to available-for-sale. The Company sold the security for the year ended December 31, 2014, resulting in gross realized gains of $474,000.

For the year ended December 31, 2014 total proceeds of securities from the held-to-maturity portfolio were $19.5 million, which resulted in gross realized gains of $927,000. For the year ended December 31, 2014, sales of mortgage back securities from the held-to-maturity portfolio, which had a book value of $18.3 million resulted in gross realized gains of $877,000. These securities met the criteria of principal pay downs under 85% of the original investment amount and therefore did not result in a tainting of the held-to-maturity portfolio. The Company sells securities when market pricing presents, in management's assessment, an economic benefit that outweighs holding such securities, and when smaller balance securities become cost prohibitive to carry. In addition, for the year ended December 31, 2014, the Company recognized a gain of $50,000 on a TruP security which was entirely liquidated by its Trustee. For the year ended December 31, 2014 there were no losses recognized.

For the year ended December 31, 2013, proceeds from sales of securities from available-for-sale portfolio were $56.0 million, which resulted in gross realized gains of $846,100 and $162,300 of gross realized losses as well as $88,600 of net gains on capital distributions of equity securities. In addition, at December 31, 2013 the Company recognized a net other-than-temporary charge of $977,000 for one of the pooled trust preferred security falling below its adjusted book value. There were no sales from the held-to-maturity portfolio for the year ended December 31, 2013.

5. Loans Receivable, Net

The detail of the loan portfolio as of December 31, 2015 and December 31, 2014 was as follows:

	December 31, 2015	December 31, 2014
	(In thousands)	
Multi-family loans	$ 6,255,904	5,048,477
Commercial real estate loans	3,821,950	3,139,824
Commercial and industrial loans	1,044,329	544,402
Construction loans	224,057	143,664
Total commercial loans	11,346,240	8,876,367
Residential mortgage loans	5,037,898	5,764,896
Consumer and other loans	496,103	440,500
Total loans excluding PCI loans	16,880,241	15,081,763
PCI loans	11,089	17,789
Net unamortized premiums/discounts and deferred loan fees/costs (1)	(11,692)	(11,698)
Allowance for loan losses	(218,505)	(200,284)
Net loans	$16,661,133	14,887,570

(1) Included in unamortized premiums/discounts and deferred loan fees/costs are accretable purchase accounting adjustments in connection with loans acquired.

Purchased Credit-Impaired Loans

Purchased Credit-Impaired ("PCI") loans, are loans acquired at a discount that is due, in part, to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30 and are initially recorded at fair value as determined by the present value of expected future cash flows with no valuation allowance reflected in the allowance for loan losses.

The following table presents information regarding the estimates of the contractually required payments, the cash flows expected to be collected and the estimated fair value of the PCI loans acquired in the Gateway Financial acquisition as of January 10, 2014:

	January 10, 2014
	(In thousands)
Contractually required principal and interest	$ 4,172
Contractual cash flows not expected to be collected (non-accretable difference)	(1,024)
Expected cash flows to be collected	3,148
Interest component of expected cash flows (accretable yield)	(216)
Fair value of acquired loans	$ 2,932

The following table presents changes in the accretable yield for PCI loans during the years ended December 31, 2015 and 2014:

	Years Ended December 31,	
	2015	2014
	(In thousands)	
Balance, beginning of period	$ 971	4,154
Acquisitions	—	216
Accretion(1)	(522)	(3,399)
Net reclassification from non-accretable difference	—	—
Balance, end of period	$ 449	971

(1) Includes the removal of $1.9 million accretable mark on PCI loans sold during the year ended December 31, 2014. This transfer had no impact on income for the year ended December 31, 2014.

An analysis of the allowance for loan losses is summarized as follows:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Balance at beginning of the period	$200,284	173,928	142,172
Loans charged off	(12,216)	(18,244)	(22,610)
Recoveries	4,437	7,100	3,866
Net charge-offs	(7,779)	(11,144)	(18,744)
Provision for loan losses	26,000	37,500	50,500
Balance at end of the period	$218,505	200,284	173,928

The allowance for loan losses is the estimated amount considered necessary to cover credit losses inherent in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses that is charged against income. In determining the allowance for loan losses, we make significant estimates and therefore, have identified the allowance as a critical accounting policy. The methodology for determining the allowance for loan 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 economic environment that could result in changes to the amount of the recorded allowance for loan losses.

The allowance for loan losses has been determined in accordance with U.S. GAAP, under which we are required to maintain an allowance for probable losses at the balance sheet date. We are responsible for the timely and periodic determination of the amount of the allowance required. We believe that our allowance for loan losses is adequate to cover specifically identifiable losses, as well as estimated losses inherent in our portfolio for which certain losses are probable but not specifically identifiable. Loans acquired are marked to fair value on the date of acquisition with no valuation allowance reflected in the allowance for loan losses. In conjunction with the quarterly evaluation of the adequacy of the allowance for loan loss, the Company performs an analysis on acquired loans to determine whether or not there has been subsequent deterioration in relation to those loans. If deterioration has occurred, the Company will include these loans in their calculation of the allowance for loan loss. For the year ended December 31, 2015, the Company recorded charge offs related to PCI loans acquired of $388,000.

Management performs a quarterly evaluation of the adequacy of the allowance for loan losses. The analysis of the allowance for loan losses has two components: specific and general allocations. Specific allocations are made for loans determined to be impaired. A loan is deemed to be impaired if it is a commercial loan with an outstanding balance greater than $1.0 million and on non-accrual status, loans modified in a troubled debt restructuring ("TDR"), and other commercial loans greater than $1.0 million if management has specific information that it is probable they will not collect all amounts due under the contractual terms of the loan agreement. Impairment is measured by determining the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral adjusted for market conditions and selling expenses. The general allocation is determined by segregating the remaining loans, including those loans not meeting the Company's definition of an impaired loan, by type of loan, risk rating (if applicable) and payment history. In addition, the Company's residential portfolio is subdivided between fixed and adjustable rate loans as adjustable rate loans are deemed to be subject to more credit risk if interest rates rise. The loss factors used are based on the Company's historical loss experience over a look-back period determined to provide the appropriate amount of data to accurately estimate expected losses as of period end. Additionally, management assesses the loss emergence period for the expected losses of each loan segment and adjusts each historical loss factor accordingly. The loss emergence period is the estimated time from the date of a loss event (such as a personal bankruptcy) to the actual recognition of the loss (typically via the first full or partial loan charge-off), and is determined based upon a study of the Company's past loss experience by loan segment. The loss factors may also be adjusted to account for qualitative or environmental factors that are likely to cause estimated credit losses inherent in the portfolio to differ from historical loss experience. This evaluation is based on among other things, loan and delinquency trends, general economic conditions, geographic concentrations, lending policies and procedures and industry and peer comparisons, but is inherently subjective as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be different than the allowance for loan losses we have established which could have a material negative effect on our financial results.

On a quarterly basis, management reviews the current status of various loan assets in order to evaluate the adequacy of the allowance for loan losses. In this evaluation process, specific loans are analyzed to determine their potential risk of loss. Loans determined to be impaired are evaluated for potential loss exposure. Any shortfall results in a recommendation of a a charge-off or specific allowance or charge-off if the likelihood of loss is evaluated as probable. To determine the adequacy of collateral on a particular loan, an estimate of the fair value of the collateral is based on the most current appraised value available for real property or a discounted cash flow analysis on a business. This appraised value for real property is then reduced to reflect estimated liquidation expenses.

The allowance contains reserves identified as unallocated. These reserves reflect management's attempt to ensure that the overall allowance reflects a margin for imprecision and the uncertainty that is inherent in estimates of probable credit losses.

Our primary lending emphasis has been the origination of commercial real estate loans, multi-family loans, commercial and industrial loans and the origination and purchase of residential mortgage loans. We also originate home equity loans and home equity lines of credit. These activities resulted in a concentration of loans secured by real estate property and businesses located in New Jersey and New York. Based on the composition of our loan portfolio, we believe the primary risks are increases in interest rates, a decline in the general economy, and declines in real estate market values in New Jersey, New York and surrounding states. Any one or combination of these events may adversely affect our loan portfolio resulting in increased delinquencies, loan losses and future levels of loan loss provisions. As a substantial amount of our loan portfolio is collateralized by real estate, appraisals of the underlying value of property securing loans are critical in determining the amount of the allowance required for specific loans. Assumptions for appraisal valuations are instrumental in determining

the value of properties. Negative changes to appraisal assumptions could significantly impact the valuation of a property securing a loan and the related allowance determined. The assumptions supporting such appraisals are carefully reviewed to determine that the resulting values reasonably reflect amounts realizable on the related loans.

For commercial real estate, multi-family and construction loans, the Company obtains an appraisal for all collateral dependent loans upon origination. An updated appraisal is obtained annually for loans rated substandard or worse with a balance of $500,000 or greater. An updated appraisal is obtained bi-annually for loans rated special mention with a balance of $2.0 million or greater. This is done in order to determine the specific reserve or charge off needed. As part of the allowance for loan loss process, the Company reviews each collateral dependent commercial real estate loan previously classified as non-accrual and/or impaired and assesses whether there has been an adverse change in the collateral value supporting the loan. The Company utilizes information from its commercial lending officers and its credit department and loan workout department's knowledge of changes in real estate conditions in our lending area to identify if possible deterioration of collateral value has occurred. Based on the severity of the changes in market conditions, management determines if an updated appraisal is warranted or if downward adjustments to the previous appraisal are warranted. If it is determined that the deterioration of the collateral value is significant enough to warrant ordering a new appraisal, an estimate of the downward adjustments to the existing appraised value is used in assessing if additional specific reserves are necessary until the updated appraisal is received.

For homogeneous residential mortgage loans, the Company's policy is to obtain an appraisal upon the origination of the loan and an updated appraisal in the event a loan becomes 90 days delinquent. Thereafter, the appraisal is updated every two years if the loan remains in non-performing status and the foreclosure process has not been completed. Management adjusts the appraised value of residential loans to reflect estimated selling costs and declines in the real estate market.

Management believes the potential risk for outdated appraisals for impaired and other non-performing loans has been mitigated due to the fact that the loans are individually assessed to determine that the loan's carrying value is not in excess of the fair value of the collateral. Loans are generally charged off after an analysis is completed which indicates that collectability of the full principal balance is in doubt.

Our allowance for loan losses reflects probable losses considering, among other things, the economic conditions, the actual growth and change in composition of our loan portfolio, the level of our non-performing loans and our charge-off experience. We believe the allowance for loan losses reflects the inherent credit risk in our portfolio.

Although we believe we have established and maintained the allowance for loan losses at adequate levels, additions may be necessary if the current economic environment deteriorates. Management uses the best information available; however, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. In addition, the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance, as an integral part of their examination process, will periodically review our allowance for loan losses. Such agencies may require us to recognize adjustments to the allowance based on their judgments about information available to them at the time of their examination.

The following tables present the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of the years ended December 31, 2015 and 2014:

	December 31, 2015							
	Multi-Family Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction Loans	Residential Mortgage Loans	Consumer and Other Loans	Unallocated	Total
	(Dollars in thousands)							
Allowance for loan losses:								
Beginning balance-December 31, 2014	$ 71,147	44,030	20,759	6,488	47,936	3,347	6,577	200,284
Charge-offs	(284)	(1,021)	(516)	(466)	(9,526)	(403)	—	(12,216)
Recoveries	445	807	295	317	2,295	278	—	4,437
Provision	16,915	3,183	20,047	455	(9,262)	(67)	(5,271)	26,000
Ending balance-December 31, 2015	$ 88,223	46,999	40,585	6,794	31,443	3,155	1,306	218,505
Individually evaluated for impairment	$ —	—	2,409	—	1,773	9	—	4,191
Collectively evaluated for impairment	88,223	46,999	38,176	6,794	29,670	3,146	1,306	214,314
Loans acquired with deteriorated credit quality	—	—	—	—		—	—	—
Balance at December 31, 2015	$ 88,223	46,999	40,585	6,794	31,443	3,155	1,306	218,505
Loans:								
Individually evaluated for impairment	$ 3,219	18,941	9,395	2,504	22,539	389	—	56,987
Collectively evaluated for impairment	6,252,685	3,803,009	1,034,934	221,553	5,015,359	495,714	—	16,823,254
Loans acquired with deteriorated credit quality	—	7,149	56	1,786	1,645	453	—	11,089
Balance at December 31, 2015	$6,255,904	3,829,099	1,044,385	225,843	5,039,543	496,556	—	16,891,330

	December 31, 2014							
	Multi-Family Loans	Commercial Real Estate Loans	Commercial and Industrial Loans	Construction Loans	Residential Mortgage Loans	Consumer and Other Loans	Unallocated	Total
	(Dollars in thousands)							
Allowance for loan losses:								
Beginning balance-December 31, 2013	$ 42,103	46,657	9,273	8,947	51,760	2,161	13,027	173,928
Charge-offs	(323)	(6,147)	(2,447)	(640)	(7,715)	(972)	—	(18,244)
Recoveries	3,784	201	516	799	1,783	17	—	7,100
Provision	25,583	3,319	13,417	(2,618)	2,108	2,141	(6,450)	37,500
Ending balance-December 31, 2014	$ 71,147	44,030	20,759	6,488	47,936	3,347	6,577	200,284
Individually evaluated for impairment	$ —	274	—	—	1,865	—	—	2,139
Collectively evaluated for impairment	71,147	43,756	20,759	6,488	46,071	3,347	6,577	198,145
Loans acquired with deteriorated credit quality	—	—	—	—	—	—	—	—
Balance at December 31, 2014	$ 71,147	44,030	20,759	6,488	47,936	3,347	6,577	200,284
Loans:								
Individually evaluated for impairment	$ 4,111	22,995	3,310	6,798	23,285	—	—	60,499
Collectively evaluated for impairment	5,044,366	3,116,829	541,092	136,866	5,741,611	440,500	—	15,021,264
Loans acquired with deteriorated credit quality	637	7,329	56	4,732	4,581	454	—	17,789
Balance at December 31, 2014	$5,049,114	3,147,153	544,458	148,396	5,769,477	440,954	—	15,099,552

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. For non-homogeneous loans, such as commercial and commercial real estate loans the Company analyzes the loans individually by classifying the loans as to credit risk and assesses the probability of collection for each type of class. This analysis is performed on a quarterly basis. The Company uses the following definitions for risk ratings:

Pass — "Pass" assets 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.

Watch — A "Watch" asset has all the characteristics of a Pass asset but warrant more than the normal level of supervision. These loans may require more detailed reporting to management because some aspects of underwriting may not conform to policy or adverse events may have affected or could affect the cash flow or ability to continue operating profitably, provided, however, the events do not constitute an undue credit risk. Residential loans delinquent 30-59 days are considered Watch.

Special Mention — A "Special Mention" asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Residential loans delinquent 60-89 days are considered special mention.

Substandard — A "Substandard" asset is inadequately protected by the current worth and paying capacity of the obligor or by the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. Residential loans delinquent 90 days or greater are considered substandard.

Doubtful — An asset classified "Doubtful" has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable on the basis of currently known facts, conditions, and values.

Loss — An asset or portion thereof, classified "Loss" is considered uncollectible and of such little value that its continuance on the institution's books as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted. This classification does not necessarily mean that an asset has no recovery or salvage value; but rather, there is much doubt about whether, how much, or when the recovery will occur. As such, it is not practical or desirable to defer the write-off.

The following tables present the risk category of loans as of December 31, 2015 and December 31, 2014 by class of loans excluding PCI loans:

	December 31, 2015						
	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
	(In thousands)						
Commercial loans:							
Multi-family	$ 5,876,425	325,414	17,033	37,032	—	—	6,255,904
Commercial real estate	3,411,876	331,429	38,265	40,380	—	—	3,821,950
Commercial and industrial	793,527	223,474	13,782	13,546	—	—	1,044,329
Construction	207,499	12,833	—	3,725	—	—	224,057
Total commercial loans	10,289,327	893,150	69,080	94,683	—	—	11,346,240
Residential mortgage	4,930,961	24,584	13,796	68,557	—	—	5,037,898
Consumer and other	482,715	3,987	427	8,974	—	—	496,103
Total	$15,703,003	921,721	83,303	172,214	—	—	16,880,241

	December 31, 2014						
	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
	(In thousands)						
Commercial loans:							
Multi-family	$ 4,710,124	247,921	62,886	27,546	—	—	5,048,477
Commercial real estate	2,757,949	276,660	29,248	75,967	—	—	3,139,824
Commercial and industrial	405,021	110,374	20,321	8,686	—	—	544,402
Construction	134,356	2,228	2,075	5,005	—	—	143,664
Total commercial loans	8,007,450	637,183	114,530	117,204	—	—	8,876,367
Residential mortgage	5,641,184	22,059	7,657	93,996	—	—	5,764,896
Consumer and other	431,314	3,987	1,006	4,193	—	—	440,500
Total	$14,079,948	663,229	123,193	215,393	—	—	15,081,763

The following tables present the payment status of the recorded investment in past due loans as of December 31, 2015 and December 31, 2014 by class of loans excluding PCI loans:

	December 31, 2015					
	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable
	(In thousands)					
Commercial loans:						
Multi-family	$14,236	—	1,886	16,122	6,239,782	6,255,904
Commercial real estate	4,171	352	6,429	10,952	3,810,998	3,821,950
Commercial and industrial	957	—	4,386	5,343	1,038,986	1,044,329
Construction	—	—	792	792	223,265	224,057
Total commercial loans	19,364	352	13,493	33,209	11,313,031	11,346,240
Residential mortgage	27,092	14,956	68,560	110,608	4,927,290	5,037,898
Consumer and other	3,987	427	8,976	13,390	482,713	496,103
Total	$50,443	15,735	91,029	157,207	16,723,034	16,880,241

	December 31, 2014					
	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due	Current	Total Loans Receivable
	(In thousands)					
Commercial loans:						
Multi-family	$ 698	239	2,989	3,926	5,044,551	5,048,477
Commercial real estate	6,566	778	13,940	21,284	3,118,540	3,139,824
Commercial and industrial	792	395	2,903	4,090	540,312	544,402
Construction	—	—	4,345	4,345	139,319	143,664
Total commercial loans	8,056	1,412	24,177	33,645	8,842,722	8,876,367
Residential mortgage	23,712	8,900	75,610	108,222	5,656,674	5,764,896
Consumer and other	1,334	1,006	4,211	6,551	433,949	440,500
Total	$33,102	11,318	103,998	148,418	14,933,345	15,081,763

The following table presents non-accrual loans excluding PCI loans at the dates indicated:

	December 31, 2015		December 31, 2014	
	# of loans	amount	# of loans	amount
	(Dollars in thousands)			
Non-accrual:				
Multi-family	4	$ 3,467	2	$ 2,989
Commercial real estate	37	10,820	36	13,940
Commercial and industrial	17	9,225	11	2,903
Construction	4	792	7	4,345
Total commercial loans	62	24,304	56	24,177
Residential and consumer	500	91,122	406	84,182
Total non-accrual loans	562	$115,426	462	$108,359

Included in the non-accrual table above are TDR loans whose payment status is current but the Company has classified as non-accrual as the loans have not maintained their current payment status for six consecutive months under the restructured terms and therefore do not meet the criteria for accrual status. As of December 31, 2015, these loans are comprised of 15 residential and consumer TDR loans totaling $3.4 million, 2 commercial and industrial TDR loans totaling $2.2 million, 2 commercial real estate TDR loans totaling $240,000 and 1 multifamily totaling $1.0 million. There were 11 residential TDR loans totaling $3.3 million which were also 30-89 days delinquent and classified as non-accrual, 1 commercial and industrial TDR for $360,000 which was 30-89 days delinquent and classified as non-accrual and 5 commercial real estate TDR loans for $2.3 million which were 30-89 days delinquent and classified as non-accrual. As of December 31, 2014, these loans are comprised of 5 residential TDR loans totaling $1.5 million. There were 10 residential TDR loans totaling $2.9 million which were also 30-89 days delinquent and classified as non-accrual. The Company has no loans past due 90 days or more delinquent that are still accruing interest. PCI loans are excluded from non-accrual loans, as they are recorded at fair value based on the present value of expected future cash flows. As of December 31, 2015, PCI loans with a carrying value of $11.1 million included $9.0 million of which were current and $2.1 of which were 90 days or more delinquent. As of December 31, 2014, PCI loans with a carrying value of $17.8 million included $9.2 million of which were current and $8.6 million of which were 90 days or more delinquent.

At December 31, 2015 and 2014, loans meeting the Company’s definition of an impaired loan were primarily collateral dependent loans which totaled $57.0 million and $60.5 million, respectively, with allocations of the allowance for loan losses of $4.2 million and $2.1 million for the periods ending December 31, 2015 and 2014. During the years ended December 31, 2015 and 2014, interest income received and recognized on these loans totaled $3.8 million and $2.5 million, respectively.

The following tables present loans individually evaluated for impairment by portfolio segment as of December 31, 2015 and December 31, 2014:

	December 31, 2015				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
With no related allowance:					
Multi-family	$ 3,219	6,806	—	2,871	119
Commercial real estate	18,941	27,961	—	19,025	1,136
Commercial and industrial	5,155	5,160	—	3,575	200
Construction	2,504	6,412	—	4,288	226
Total commercial loans	29,819	46,339	—	29,759	1,681
Residential mortgage and consumer	8,020	12,433	—	7,611	463
With an allowance recorded:					
Multi-family	—	—	—	—	—
Commercial real estate	—	—	—	—	—
Commercial and industrial	4,240	4,271	2,409	4,389	194
Construction	—	—	—	—	—
Total commercial loans	4,240	4,271	2,409	4,389	194
Residential mortgage and consumer	14,908	13,695	1,782	16,424	476
Total:					
Multi-family	3,219	6,806	—	2,872	119
Commercial real estate	18,941	27,961	—	19,025	1,136
Commercial and industrial	9,395	9,431	2,409	7,964	394
Construction	2,504	6,412	—	4,288	226
Total commercial loans	34,059	50,610	2,409	34,149	1,875
Residential mortgage and consumer	22,928	26,128	1,782	24,035	939
Total impaired loans	$56,987	76,738	4,191	58,184	2,814

	December 31, 2014				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
With no related allowance:					
Multi-family	$ 4,111	7,846	—	4,746	135
Commercial real estate	19,901	23,601	—	17,056	879
Commercial and industrial	3,310	3,310	—	1,985	152
Construction	6,798	9,292	—	13,609	410
Total commercial loans	34,120	44,049	—	37,396	1,576
Residential mortgage	6,755	8,830	—	6,606	370
With an allowance recorded:					
Multi-family	—	—	—	—	—
Commercial real estate	3,094	4,760	274	3,106	72
Commercial and industrial	—	—	—	—	—
Construction	—	—	—	—	—
Total commercial loans	3,094	4,760	274	3,106	72
Residential mortgage	16,530	16,882	1,865	16,547	507
Total:					
Multi-family	4,111	7,846	—	4,746	135
Commercial real estate	22,995	28,361	274	20,162	951
Commercial and industrial	3,310	3,310	—	1,985	152
Construction	6,798	9,292	—	13,609	410
Total commercial loans	37,214	48,809	274	40,502	1,648
Residential mortgage and consumer	23,285	25,712	1,865	23,153	877
Total impaired loans	$60,499	74,521	2,139	63,655	2,525

The average recorded investment is the annual average calculated based upon the ending quarterly balances. The interest income recognized is the year to date interest income recognized on a cash basis.

Troubled Debt Restructurings

On a case-by-case basis, the Company may agree to modify the contractual terms of a borrower's loan to remain competitive and assist customers who may be experiencing financial difficulty, as well as preserve 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 troubled debt restructured loan ("TDR").

Substantially all of our troubled debt restructured loan modifications involve lowering the monthly payments on such loans through either a reduction in interest rate below a market rate, an extension of the term of the loan, or a combination of these two methods. These modifications rarely result in the forgiveness of principal or accrued interest. In addition, we frequently obtain additional collateral or guarantor support when modifying commercial loans. Restructured loans remain on non accrual status until there has been a sustained period of repayment performance (generally six consecutive months of payments) and both principal and interest are deemed collectible.

The following tables present the total troubled debt restructured loans at December 31, 2015 and December 31, 2014. There were three residential PCI loans that were classified as TDRs and are included in the table below at December 31, 2015. There were no PCI loans classified as a TDR for the period ended December 31, 2014.

	December 31, 2015					
	Accrual		Non-accrual		Total	
	# of loans	Amount	# of loans	Amount	# of loans	Amount
			(Dollars in thousands)			
Commercial loans:						
Multi-family	—	$ —	2	$ 1,580	2	$ 1,580
Commercial real estate	5	13,161	9	5,826	14	18,987
Commercial and industrial	1	640	3	2,586	4	3,226
Construction	1	313	2	405	3	718
Total commercial loans	7	14,114	16	10,397	23	24,511
Residential mortgage and consumer	32	8,375	49	14,553	81	22,928
Total	39	$22,489	65	$24,950	104	$47,439

	December 31, 2014					
	Accrual		Non-accrual		Total	
	# of loans	Amount	# of loans	Amount	# of loans	Amount
			(Dollars in thousands)			
Commercial loans:						
Multi-family	2	$ 1,122	—	$ —	2	$ 1,122
Commercial real estate	8	15,250	1	3,197	9	18,447
Commercial and industrial	2	1,381	—	—	2	1,381
Construction	2	3,066	—	—	2	3,066
Total commercial loans	14	20,819	1	3,197	15	24,016
Residential mortgage and consumer	41	14,805	29	8,456	70	23,261
Total	55	$35,624	30	$11,653	85	$47,277

The following table presents information about troubled debt restructurings that occurred during the years ended December 31, 2015 and 2014:

	Years Ended December 31,					
	2015			2014		
	Number of Loans	Pre-modification Recorded Investment	Post-modification Recorded Investment	Number of Loans	Pre-modification Recorded Investment	Post-modification Recorded Investment
			(Dollars in thousands)			
Troubled Debt Restructings:						
Multi-family	1	$1,115	$1,115	—	$ —	$ —
Commercial real estate	4	824	824	3	10,657	7,657
Construction	2	1,508	1,508	—	—	—
Commercial and industrial	2	2,246	2,246	—	—	—
Residential mortgage	19	3,413	3,413	11	3,217	3,217

Post-modification recorded investment represents the net book balance immediately following modification.

All TDRs are impaired loans, which are individually evaluated for impairment, as discussed above. Collateral dependent impaired loans classified as TDRs were written down to the estimated fair value of the collateral. There were no charge-offs for collateral dependent TDR during the year ended December 31, 2015. For the year ended December 31, 2014 there was $3.0 million in charges-offs for collateral dependent TDRs. The allowance for loan losses associated with the TDRs presented in the above tables totaled $1.8 million and $1.9 million for the periods at December 31, 2015 and 2014, respectively.

Residential mortgage loan modifications primarily involved the reduction in loan interest rate and extension of loan maturity dates. All residential loans deemed to be TDRs were modified to reflect a reduction in interest rates to current market rates. Several residential TDRs include step up interest rates in their modified terms which will impact their weighted average yield in the future. Commercial loan modifications which qualified as a TDR comprised of terms of maturity being extended and reduction in interest rates to current market terms. For the year ended December 31, 2015, commercial loans which qualified as a TDR involved the maturity and payment terms being modified. As of December 31, 2015 and December 31, 2014, the Company has no additional fundings to any borrowers classified as a troubled debt restructuring.

The following table presents information about pre and post modification interest yield for troubled debt restructurings which occurred during the years ended December 31, 2015 and 2014:

	Years Ended December 31,					
	2015			2014		
	Number of Loans	Pre-modification Interest Yield	Post-modification Interest Yield	Number of Loans	Pre-modification Interest Yield	Post-modification Interest Yield
Troubled Debt Restructurings:						
Multi-family	1	3.88%	3.88%	—	—%	—%
Commercial real estate	4	4.53%	5.35%	3	6.59%	5.75%
Construction	2	4.97%	4.97%	—	—	—
Commercial and industrial	2	6.24%	6.24%	—	—	—
Residential mortgage	19	4.84%	3.40%	11	5.35%	3.90%

Payment defaults for loans modified as TDR during the period ended December 31, 2015 consisted of one construction loan with a recorded investment of $225,000 at December 31, 2015. There were no payment defaults for loans modified as TDRs during the period ended December 31, 2014.

Loan Sales

For the year ended December 31, 2015, the Company sold $20.9 million of non-performing and PCI residential loans which resulted in a $4.5 million charge off recorded through the allowance. In addition, the Company sold $347.3 million of performing residential loans resulting in a gain on sale of $611,000.

For the year ended December 31, 2014, the Company sold $32.4 million of non-performing and PCI loans previously transferred to held for sale. The sale resulted in a net gain of approximately $552,000.

6. Office Properties and Equipment, Net

Office properties and equipment are summarized as follows:

	December 31, 2015	December 31, 2014
	(In thousands)	
Land	$ 20,569	21,862
Office buildings	87,832	78,808
Leasehold improvements	79,898	66,857
Furniture, fixtures and equipment	77,096	68,420
Construction in process	12,075	17,121
	277,470	253,068
Less accumulated depreciation and amortization	104,951	92,169
	$172,519	160,899

Depreciation and amortization expense for the years ended December 31, 2015, 2014 and 2013 was $13.9 million, $13.2 million and $8.5 million, respectively.

7. Goodwill and Other Intangible Assets

The following table summarizes net intangible assets and goodwill at December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
	(In thousands)	
Mortgage servicing rights	$ 16,248	14,261
Core deposit premiums	11,332	14,683
Other	160	190
Total other intangible assets	27,740	29,134
Goodwill	77,571	77,571
Goodwill and intangible assets	$105,311	106,705

The following table summarizes other intangible assets as of December 31, 2015 and December 31, 2014:

	Gross Intangible Asset	Accumulated Amortization	Valuation Allowance	Net Intangible Assets
		(In thousands)		
December 31, 2015				
Mortgage Servicing Rights	$23,411	(7,042)	(121)	16,248
Core Deposit Premiums	25,058	(13,726)	—	11,332
Other	300	(140)	—	160
Total other intangible assets	$48,769	(20,908)	(121)	27,740
December 31, 2014				
Mortgage Servicing Rights	$23,925	(9,543)	(121)	14,261
Core Deposit Premiums	25,058	(10,375)	—	14,683
Other	300	(110)	—	190
Total other intangible assets	$49,283	(20,028)	(121)	29,134

Mortgage servicing rights are accounted for using the amortization method. Under this method, the Company amortizes the loan servicing asset in proportion to, and over the period of, estimated net servicing revenues. The Company sells loans on a servicing-retained basis. Loans that were sold on this basis, amounted to $2.12 billion and $1.59 billion at December 31, 2015 and December 31, 2014 respectively, all of which relate to residential mortgage loans. At December 31, 2015 and 2014, the servicing asset, included in intangible assets, had an estimated fair value of $16.2 million and $14.3 million, respectively. For the period ending December 31, 2015 fair value was based on expected future cash flows considering a weighted average discount rate of 10.20%, a weighted average constant prepayment rate on mortgages of 10.80% and a weighted average life of 6.1 years.

Core deposit premiums are amortized using an accelerated method and having a weighted average amortization period of 10 years. For the year ended December 31, 2014, the Company recorded $1.9 million in core deposit premiums resulting from the acquisition of Gateway Financial in January 2014.

The following presents the estimated future amortization expense of other intangible assets for the next five years:

	Mortgage Servicing Rights	Core Deposit Premiums	Other
		(In thousands)	
2016	$473	$2,900	$30
2017	506	2,441	30
2018	522	1,983	30
2019	538	1,524	30
2020	552	1,109	30

8. Deposits

Deposits are summarized as follows:

	December 31,					
	2015			2014		
	Weighted Average Rate	Amount	% of Total	Weighted Average Rate	Amount	% of Total
			(In thousands)			
Checking accounts	0.17%	$ 4,636,025	32.96%	0.20%	$ 3,892,839	31.98%
Money market deposits	0.67%	3,861,317	27.46%	0.71%	3,390,238	27.85%
Savings	0.29%	2,150,004	15.29%	0.27%	2,318,911	19.05%
Total transaction accounts	0.38%	10,647,346	75.71%	0.40%	9,601,988	78.88%
Certificates of deposit	1.14%	3,416,310	24.29%	1.00%	2,570,338	21.12%
Total Deposits	0.56%	$14,063,656	100.00%	0.53%	$12,172,326	100.00%

Scheduled maturities of certificates of deposit are as follows:

	December 31, 2015	December 31, 2014
	(In thousands)	
Within one year	$2,586,076	1,450,655
One to two years	496,288	660,523
Two to three years	167,028	278,190
Three to four years	57,443	74,526
After four years	109,475	106,444
	$3,416,310	2,570,338

The aggregate amount of certificates of deposit in denominations of $100,000 or more totaled approximately $1.32 billion and $1.19 billion at December 31, 2015 and December 31, 2014, respectively.

Interest expense on deposits consists of the following:

	For the Years Ended December 31, 2015	2014	2013
	(In thousands)		
Checking accounts	$ 9,642	8,755	6,245
Money market deposits	23,562	13,664	7,537
Savings	6,976	6,639	6,320
Certificates of deposit	31,234	30,148	29,867
Total	$71,414	59,206	49,969

9. Borrowed Funds

Borrowed funds are summarized as follows:

	December 31, 2015		2014	
	Principal	Weighted Average Rate	Principal	Weighted Average Rate
	(Dollars in thousands)			
Funds borrowed under repurchase agreements:				
FHLB	$ 24,383	3.90%	$ 25,071	3.90%
Other brokers	131,924	1.89%	142,847	2.00%
Total funds borrowed under repurchase agreements	156,307	2.21%	167,918	2.28%
Other borrowed funds:				
FHLB advances	3,106,783	2.12%	2,598,186	2.24%
Total borrowed funds	$3,263,090	2.13%	$2,766,104	2.24%

Borrowed funds had scheduled maturities as follows:

	December 31,			
	2015		2014	
	Principal	Weighted Average Rate	Principal	Weighted Average Rate
	(Dollars in thousands)			
Within one year	$ 500,000	1.99%	$ 576,250	2.03%
One to two years	249,383	3.00%	325,000	2.79%
Two to three years	862,924	2.13%	250,071	3.00%
Three to four years	469,782	1.78%	763,597	2.22%
Four to five years	650,000	1.99%	444,994	1.78%
After five years	531,001	2.30%	406,192	2.18%
Total borrowed funds	$3,263,090	2.13%	$2,766,104	2.24%

Mortgage-backed securities have been sold, subject to repurchase agreements, to the FHLB and various brokers. Mortgage-backed securities sold, subject to repurchase agreements, are held by the FHLB for the benefit of the Company. Repurchase agreements require repurchase of the identical securities. Whole mortgage loans have been pledged to the FHLB as collateral for advances, but are held by the Company.

The amortized cost and fair value of the underlying securities used as collateral for securities sold under agreements to repurchase are as follows:

	December 31,	
	2015	2014
	(Dollars in thousands)	
Amortized cost of collateral:		
Mortgage-backed securities	$475,984	195,890
Total amortized cost of collateral	$475,984	195,890
Fair value of collateral:		
Mortgage-backed securities	$481,401	198,502
Total fair value of collateral	$481,401	198,502

During the years ended December 31, 2015, 2014 and 2013, the maximum month-end balance of the repurchase agreements was $163.0 million, $261.2 million and $267.7 million, respectively. The average amount of repurchase agreements outstanding during the years ended December 31, 2015, 2014 and 2013 was $159.4 million, $192.9 million and $165.4 million, respectively, and the average interest rate was 2.25%, 2.02% and 1.50%, respectively.

At December 31, 2015, the Company participated in the FHLB's Overnight Advance program. This program allows members to borrow overnight up to their maximum borrowing capacity at the FHLB. At December 31, 2015, our borrowing capacity at the FHLB was $8.78 billion, of which the Company had outstanding borrowings of $3.12 billion and outstanding letters of credit of $1.83 billion. The overnight advances are priced at the federal funds rate plus a spread (generally between 20 and 30 basis points) and re-price daily. In addition, the Bank had an effective commitment for unsecured discretionary overnight borrowings with other institutions totaling $125 million, of which no balance was outstanding at December 31, 2015.

10. Income Taxes

The components of income tax expense are as follows:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Current tax expense:			
Federal	$ 87,748	77,029	76,692
State	14,804	7,508	7,881
	102,552	84,537	84,573
Deferred tax (benefit) expense:			
Federal	4,310	(3,846)	(16,887)
State	(7,490)	(5,940)	(3,931)
	(3,180)	(9,786)	(20,818)
Total income tax expense	$ 99,372	74,751	63,755

The following table presents the reconciliation between the actual income tax expense and the "expected" amount computed using the applicable statutory federal income tax rate of 35%:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
"Expected" federal income tax expense	$98,307	72,265	61,525
State tax, net	4,753	1,019	2,567
Bank owned life insurance	(1,382)	(1,628)	(1,014)
Expiration of loss carryforward	—	—	645
Change in valuation allowance for federal deferred tax assets	—	—	(645)
Acquisition related net operating loss	(4,076)	—	—
ESOP fair market value adjustment	947	349	538
Non-deductible compensation	276	3,334	411
Non-deductible acquisition related expenses	—	—	297
Expiration of stock options	19	2	—
Other	528	(590)	(569)
Total income tax expense	$99,372	74,751	63,755

The temporary differences and loss carryforwards which comprise the deferred tax asset and liability are as follows:

	December 31,	
	2015	2014
	(In thousands)	
Deferred tax asset:		
Employee benefits	$ 36,372	30,832
Deferred compensation	1,417	1,332
Premises and equipment	2,262	1,532
Allowance for loan losses	88,894	79,255
Net unrealized loss on securities	10,420	9,101
Net other than temporary impairment loss on securities	42,085	44,225
ESOP	3,695	2,921
Allowance for delinquent interest	13,071	12,379
Fair value adjustments related to acquisitions	31,986	38,309
Charitable contribution carryforward	5,823	5,685
Loan origination costs	7,127	10,821
Intangible assets	45	—
Other	1,409	1,969
Gross deferred tax asset	244,606	238,361
Valuation allowance	(346)	(346)
	244,260	238,015
Deferred tax liability:		
Intangible assets	—	251
Mortgage servicing rights	6,893	5,866
Gross deferred tax liability	6,893	6,117
Net deferred tax asset	$237,367	231,898

A deferred tax asset is recognized for the estimated future tax effects attributable to temporary differences and carryforwards. The measurement of deferred tax assets is reduced by the amount of any tax benefits that, based on available evidence, are more likely than not to be realized. The ultimate realization of the deferred tax asset is dependent upon the generation of future taxable income during the periods in which those temporary differences and carryforwards become deductible. A valuation allowance is recorded for tax benefits which management has determined are not more likely than not to be realized.

In connection with the Company's second step conversion, a $20.0 million charitable contribution was made to Investors Charitable Foundation. $10.0 million was made in cash at the Bank level, and is expected to be fully realized based on the Bank's future taxable income. The remaining $10.0 million contribution was made by Investors Bancorp, Inc., and based on the standalone future state taxable income at the Bancorp level, a valuation allowance of $346,000 was established as of December 31, 2014 for the portion of the state tax benefit related to the contribution that is not more likely than not to be realized. At December 31, 2015 the Company's valuation allowance pertaining to the charitable contributions remained at $346,000.

Based upon projections of future taxable income and the ability to carry back losses for two years, management believes it is more likely than not the Company will realize the remaining deferred tax asset.

Retained earnings at December 31, 2015 included approximately $45.2 million for which deferred income taxes of approximately $19.2 million have not been provided. The retained earnings amount represents the base

year allocation of income to bad debt deductions for tax purposes only. Base year reserves are subject to recapture if the Bank makes certain non-dividend distributions, repurchases any of its stock, pays dividends in excess of tax earnings and profits, or ceases to maintain a bank charter. Under ASC 740, this amount is treated as a permanent difference and deferred taxes are not recognized unless it appears that it will be reduced and result in taxable income in the foreseeable future. Events that would result in taxation of these reserves include failure to qualify as a bank for tax purposes or distributions in complete or partial liquidation.

The Company had no unrecognized tax benefits or related interest or penalties at December 31, 2015 and 2014.

The Company files income tax returns in the United States federal jurisdiction and in the states of New Jersey and New York. As of December 31, 2015, the Company was under audit by the IRS in connection with its 2013 federal consolidated tax return, however the Company is no longer subject to federal income tax examination for years prior to 2012. Investors Bank and its affiliates are currently under audit by the New York State Department of Taxation and Finance for tax years 2013 and 2014. The Company is no longer subject to income tax examination by New Jersey and New York for years prior to 2011 and 2012, respectively.

11. Benefit Plans

Defined Benefit Pension Plan

The Company participates in the Pentegra Defined Benefit Plan for Financial Institutions ("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 333. 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 Internal Revenue Code. 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 funded status (fair value of plan assets divided by funding target) as of July 1, 2015 and 2014 was 99.17% and 107.60%, respectively. The fair value of plan assets reflects any contributions received through June 30, 2015.

The Company's required contribution and pension cost was $9.2 million, $5.3 million and $5.9 million in the years ended December 31, 2015, 2014 and 2013, respectively. The accrued pension liability was $727,000 and $672,000 million at December 31, 2015 and 2014, respectively. The Company's contributions to the Pentegra DB Plan are not more than 5% of the total contributions to the plan. The Company's expected contribution for the 2016 year is approximately $6.5 million.

SERPs, Directors' Plan and Other Postretirement Benefits Plan

The Company has an Executive Supplemental Retirement Wage Replacement Plan ("Wage Replacement Plan") and the Supplemental ESOP and Retirement Plan ("Supplemental ESOP") (collectively, the "SERPs"). The Wage Replacement Plan is a nonqualified, defined benefit plan which provides benefits to certain executives as designated by the Compensation Committee of the Board of Directors. More specifically, the Wage Replacement Plan is designed to provide participants with a normal retirement benefit equal to an annual benefit

of 60% of the participant's highest annual base salary and cash inventive (over a consecutive 36-month period within the last 120 consecutive calendar months of employment) reduced by the sum of the benefits provided under the Pentagra DB Plan and the annualized value of their benefits payable under the defined benefit portion of the Supplemental ESOP.

The Supplemental ESOP compensates certain executives (as designated by the Compensation Committee of the Board of Directors) participating in the Pentegra DB Plan and the ESOP whose contributions are limited by the Internal Revenue Code. The Company also maintains the Amended and Restated Director Retirement Plan for certain directors, which is a nonqualified, defined benefit plan. This plan was frozen on November 21, 2006 such that no new benefits accrued under, and no new directors were eligible to participate in the plan. The Wage Replacement Plan, Supplemental ESOP and the directors' plan are unfunded and the costs of the plans are recognized over the period that services are provided.

The following table sets forth information regarding the Wage Replacement Plan and the directors' defined benefit plan:

	December 31,	
	2015	2014
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 40,522	29,152
Service cost	3,096	2,319
Interest cost	1,497	1,322
(Gain) loss due to change in mortality assumption	(778)	3,289
(Gain) loss due to change in discount rate	(1,587)	4,816
Loss due to demographic changes	6,008	495
Benefits paid	(871)	(871)
Benefit obligation at end of year	47,887	40,522
Funded status	$(47,887)	(40,522)

The unfunded pension benefits of $47.9 million and $40.5 million at December 31, 2015 and 2014, respectively, are included in other liabilities in the consolidated balance sheets. The components of accumulated other comprehensive loss related to pension plans, on a pre-tax basis, at December 31, 2015 and 2014, are summarized in the following table.

	December 31,	
	2015	2014
	(In thousands)	
Prior service cost	$ —	49
Net actuarial gain	19,284	16,923
Total amounts recognized in accumulated other comprehensive income	$19,284	16,972

The accumulated benefit obligation for the Wage Replacement Plan and directors' defined benefit plan was $28.6 million and $23.6 million at December 31, 2015 and 2014, respectively. The measurement date for our SERP and directors' plan is December 31 for the years ended December 31, 2015 and 2014.

The weighted-average actuarial assumptions used in the plan determinations at December 31, 2015 and 2014 were as follows:

	December 31,	
	2015	2014
Discount rate	3.99%	3.71%
Rate of compensation increase	4.36%	4.19%

The components of net periodic benefit cost are as follows:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Service cost	$3,096	2,319	1,799
Interest cost	1,497	1,322	908
Amortization of:			
Prior service cost	49	98	98
Net gain	1,282	633	660
Total net periodic benefit cost	$5,924	4,372	3,465

The following are the weighted average assumptions used to determine net periodic benefit cost:

	Years Ended December 31,		
	2015	2014	2013
Discount rate	3.71%	4.53%	3.56%
Rate of compensation increase	4.19%	4.00%	3.87%

Estimated future benefit payments, which reflect expected future service, as appropriate for the next ten calendar years are as follows:

	Amount
	(In thousands)
2016	$ 1,175
2017	925
2018	906
2019	885
2020	2,882
2021 through 2025	22,174

401(k) Plan

The Company has a 401(k) plan covering substantially all employees providing they meet the eligibility age requirement of age 21. The Company matches 50% of the first 6% contributed by the participants to the 401(k) plan. The Company's aggregate contributions to the 401(k) plan for the years ended December 31, 2015, 2014 and 2013 were $2.2 million, $2.0 million and $1.5 million, respectively.

Employee Stock Ownership Plan

The ESOP is a tax-qualified plan designed to invest primarily in the Company's common stock that provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company's common stock. During the Company's initial public stock offering in October 2005 the ESOP was authorized to purchase, and did purchase, 10,847,883 shares of the Company's common stock at a price of $3.92 per share with the proceeds of a loan from the Company to the ESOP. In connection with the completion of the Company's mutual to stock conversion on May 7, 2014, the ESOP purchased an additional 6,617,421 common shares of stock at a price of $10.00 per share with the proceeds of a loan from the Company to the ESOP. The Company refinanced the outstanding principal and interest balance of $33.9 million and borrowed an additional $66.2 million to purchase the additional shares. The outstanding loan principal balance at December 31, 2015 was $94.9 million. Shares of the Company's common stock pledged as collateral for the loan are released from the pledge pro-rata for allocation to participants as loan payments are made.

At December 31, 2015, shares allocated to participants were 4,201,759 since the plan inception. ESOP shares that were unallocated or not yet committed to be released totaled 13,263,545 at December 31, 2015, and had a fair value of $165.0 million. ESOP compensation expense for the years ended December 31, 2015, 2014 and 2013 was $5.5 million, $5.1 million and $3.0 million, respectively, representing the fair value of shares allocated or committed to be released during the year.

The Supplemental ESOP also provides supplemental benefits to certain executives as designated by the Compensation Committee of the Board of Directors who are prevented from receiving the full benefits contemplated by ESOP's benefit formula due to the Internal Revenue Code. During the years ended December 31, 2015, 2014 and 2013, compensation expense related to this plan amounted to $656,000, $568,000 and $782,000, respectively.

Equity Incentive Plan

At the annual meeting held on June 9, 2015, stockholders of the Company approved the Investors Bancorp, Inc. 2015 Equity Incentive Plan ("2015 Plan"). On June 23, 2015, the Company granted to directors and certain employees a total of 6,849,832 restricted stock awards and 11,576,612 stock options to purchase Company stock. The restricted stock awards and stock options were issued out of the 2015 Plan, which allows the Company to grant common stock or options to purchase common stock at specific prices to directors and employees of the Company. The 2015 Plan provides for the issuance or delivery of up to 30,881,296 shares (13,234,841 restricted stock awards and 17,646,455 stock options) of Investors Bancorp, Inc. common stock.

Restricted shares granted under the 2015 Plan vest in equal installments, over the service period generally ranging from 5 to 7 years beginning one year from the date of grant. Additionally, certain restricted shares awarded are performance vesting awards, which may or may not vest depending upon the attainment of certain corporate financial targets. The vesting of restricted stock may accelerate in accordance with the terms of the 2015 Plan. The product of the number of shares granted and the grant date closing market price of the Company's common stock determine the fair value of restricted shares under the 2015 Plan. Management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period.

Stock options granted under the 2015 Plan vest in equal installments, over the service period generally ranging from 5 to 7 years beginning one year from the date of grant. The vesting of stock options may accelerate in accordance with the terms of the 2015 Plan. 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.

The fair value of stock options granted on June 23, 2015 was estimated utilizing the Black-Scholes option pricing model using the following assumptions:

	Stock Options Granted
Weighted average expected life (in years)	7.43
Weighted average risk-free rate of return	1.96%
Weighted average volatility	25.33%
Dividend yield	1.59%
Weighted average fair value of options granted	$ 3.12

The weighted average expected life of the stock option represents the period of time that stock options are expected to be outstanding and is estimated using historical data of stock option exercises and forfeitures. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on the historical volatility of the Company's stock. The Company recognizes compensation expense for the fair values of these awards, which have graded vesting, on a straight-line basis over the requisite service period of the awards.

The Company applied ASC, 718 "*Compensation- Stock Compensation,*" ("ASC 718") and began to expense the fair value of all share-based compensation granted over the requisite service periods. ASC 718 requires the Company to report as a financing cash flow the benefits of realized tax deductions in excess of previously recognized tax benefits on compensation expense. In accordance with SEC Staff Accounting Bulletin No. 107 ("SAB 107"), the Company classified share-based compensation for employees and outside directors within "compensation and fringe benefits" in the consolidated statements of income to correspond with the same line item as the cash compensation paid.

During the year ended December 31, 2014, the Compensation and Benefits Committee approved the issuance of an additional 38,250 restricted stock awards and 144,177 stock options to certain officers under the Investors Bancorp, Inc. 2006 Equity Incentive Plan (the "2006 Plan").

During the year ended December 31, 2013, the Compensation and Benefits Committee approved the issuance of an additional 7,650 restricted stock awards and 504,696 stock options to certain officers under the 2006 Plan. In addition, as part of the Roma Financial acquisition 1,584,235 stock awards were granted for the conversion of outstanding Roma Financial stock awards. These shares had a weighted average exercise price of $6.11 per share and were fully vested upon acquisition. The company will not recognize compensation expense in the future on these awards as they have been accounted for as part of the acquisition.

The following table presents the share based compensation expense for the year ended December 31, 2015 2014 and 2013. Upon completion of the mutual-to-stock conversion of Investors Bancorp, MHC on May 7, 2014, vesting accelerated for both stock options and restricted stock outstanding awards and all applicable expenses were recognized during the period.

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands)		
Stock option expense	$2,905	1,800	365
Restricted stock expense	6,314	11,900	3,100
Total share based compensation expense	$9,219	13,700	3,465

The following is a summary of the status of the Company's restricted shares as of December 31, 2015 and changes therein during the year then ended:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2014	—	$ —
Granted	6,849,832	12.54
Vested	—	—
Forfeited	(90,000)	12.54
Non-vested at December 31, 2015	6,759,832	$12.64

Expected future expenses relating to the non-vested restricted shares outstanding as of December 31, 2015 is $77.6 million over a weighted average period of 5.66 years.

The following is a summary of the Company's stock option activity and related information for its option plan for the year ended December 31, 2015:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2014	9,092,584	$ 6.06	2.8	$46,984
Granted	11,576,611	12.54	9.9	
Exercised	(1,698,283)	5.96	1.6	
Forfeited	(161,419)	12.41		
Expired	(4,677)	9.90		
Outstanding at December 31, 2015	18,804,816	$10.00	6.8	$46,996
Exercisable at December 31, 2015	7,366,289	$ 6.06	1.8	$46,975

The fair value of the option grants was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31,		
	2015	2014	2013
Expected dividend yield	1.59%	0.35%	0.16%
Expected volatility	25.33%	32.97%	33.20%
Risk-free interest rate	1.96%	1.69%	1.38%
Expected option life	7.4 years	6.5 years	6.5 years

The weighted average grant date fair value of options granted during the years ended December 31, 2015 and 2014 was $3.12 and $3.63 per share, respectively. Expected future expense relating to the non-vested options outstanding as of December 31, 2015 is $32.7 million over a weighted average period of 5.74 years.

12. Commitments and Contingencies

The Company is a defendant in certain claims and legal actions arising in the ordinary course of business. Management and the Company's legal counsel are of the opinion that the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

At December 31, 2015, the Company was obligated under various non-cancelable operating leases on buildings and land used for office space and banking purposes. These operating leases contain escalation clauses which provide for increased rental expense, based primarily on increases in real estate taxes and cost-of-living indices. Rental expense under these leases aggregated approximately $19.2 million, $17.3 million and $15.2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The projected annual minimum rental commitments are as follows:

	Amount
	(In thousands)
2016	$ 20,310
2017	20,055
2018	19,190
2019	18,588
2020	17,013
Thereafter	120,877
	$216,033

Financial Transactions with Off-Balance-Sheet Risk and Concentrations of Credit Risk

The Company is a party to transactions with off-balance-sheet risk in the normal course of business in order to meet the financing needs of its customers. These transactions consist of commitments to extend credit. These transactions involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the accompanying consolidated balance sheet.

At December 31, 2015, the Company had commitments to originate total commercial loans of $566.9 million. Additionally, the Company had commitments to originate residential loans of approximately $57.4 million, commitments to purchase residential loans of $82.7 million and unused home equity and overdraft lines of credit, and undisbursed business and construction loans, totaling approximately $960.5 million. No commitments are included in the accompanying consolidated financial statements. The Company has no exposure to credit loss if the customer does not exercise its rights to borrow under the commitment.

The Company uses the same credit policies and collateral requirements in making commitments and conditional obligations as it does for on-balance-sheet loans. Commitments to extend credit are agreements to lend to customers 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 the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but primarily includes residential properties.

The Company principally grants commercial real estate loans, multi-family loans, commercial and industrial loans, construction loans, residential mortgage loans and consumer and other loans to borrowers throughout New Jersey, New York and states in close proximity. Its borrowers' abilities to repay their obligations are dependent upon various factors, including the borrowers' income and net worth, cash flows generated by the underlying collateral, value of the underlying collateral and priority of the Company's lien on the property. Such factors are dependent upon various economic conditions and individual circumstances beyond the Company's

control; the Company is, therefore, subject to risk of loss. The Company believes its lending policies and procedures adequately minimize the potential exposure to such risks and adequate provisions for loan losses are provided for all probable and estimable losses. Collateral and/or government or private guarantees are required for virtually all loans.

The Company also holds in its loan portfolio interest-only one-to four-family mortgage loans in which the borrower makes only interest payments for the first five, seven or ten years of the mortgage loan term. This feature will result in future increases in the borrower's contractually required payments due to the required amortization of the principal amount after the interest-only period. These payment increases could affect the borrower's ability to repay the loan. The amount of interest-only one-to four-family mortgage loans at December 31, 2015 and December 31, 2014 was $172.3 million, and $288.0 million, respectively. The Company maintained stricter underwriting criteria for these interest-only loans than it did for its amortizing loans. The Company believes these criteria adequately control the potential exposure to such risks and that adequate provisions for loan losses are provided for all known and inherent risks.

In the normal course of business the Company sells residential mortgage loans to third parties. These loan sales are subject to customary representations and warranties. In the event that the Company is found to be in breach of these representations and warranties, it may be obligated to repurchase certain of these loans.

In connection with its mortgage banking activities, the Company has certain freestanding derivative instruments. At December 31, 2015, the Company had commitments of approximately $26.5 million to fund loans which will be classified as held-for-sale with a like amount of commitments to sell such loans which are considered derivative instruments under ASC 815, "Derivatives and Hedging." The Company also had commitments of $19.0 million to sell loans at December 31, 2015. The fair values of these derivative instruments are immaterial to the Company's financial condition and results of operations.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The guarantees generally extend for a term of up to one year and are fully collateralized. For each guarantee issued, if the customer defaults on a payment or performance to the third party, the Company would have to perform under the guarantee. Outstanding standby letters of credit totaled $23.7 million at December 31, 2015. The fair values of these obligations were immaterial at December 31, 2015. In addition, at December 31, 2015, the Company had $617,000 in commercial letters of credit outstanding.

13. Fair Value Measurements

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Our securities available-for-sale are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record at fair value other assets or liabilities on a non-recurring basis, such as held-to-maturity securities, mortgage servicing rights ("MSR"), loans receivable and real estate owned ("REO"). These non-recurring fair value adjustments involve the application of lower-of-cost-or-market accounting or write-downs of individual assets. Additionally, in connection with our mortgage banking activities we have commitments to fund loans held-for-sale and commitments to sell loans, which are considered free-standing derivative instruments, the fair values of which are not material to our financial condition or results of operations.

In accordance with Financial Accounting Standards Board ("FASB") ASC 820, "*Fair Value Measurements and Disclosures*", we group our assets and liabilities at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 — Valuation is based upon quoted prices for identical instruments traded in active markets.

- Level 2 — Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 — Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques. The results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability.

We base our fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Assets Measured at Fair Value on a Recurring Basis

Securities available-for-sale

Our available-for-sale portfolio is carried at estimated fair value on a recurring basis, with any unrealized gains and losses, net of taxes, reported as accumulated other comprehensive income/loss in stockholders' equity. The fair values of available-for-sale securities are based on quoted market prices (Level 1), where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded (Level 2), the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services has not historically resulted in adjustment in the prices obtained from the pricing service.

The following tables provide the level of valuation assumptions used to determine the carrying value of our assets measured at fair value on a recurring basis at December 31, 2015 and December 31, 2014.

	Carrying Value at December 31, 2015			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Securities available for sale:				
Equity securities	$ 6,495	6,495	—	—
Mortgage-backed securities:				
Federal Home Loan Mortgage Corporation	547,451	—	547,451	—
Federal National Mortgage Association	726,072	—	726,072	—
Government National Mortgage Association	24,679	—	24,679	—
Total mortgage-backed securities available-for-sale	1,298,202	—	1,298,202	—
Total securities available-for-sale	$1,304,697	6,495	1,298,202	—

	Carrying Value at December 31, 2014			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Securities available for sale:				
Equity securities	$ 8,523	6,082	2,441	—
Mortgage-backed securities:				
Federal Home Loan Mortgage Corporation	507,283	—	507,283	—
Federal National Mortgage Association	681,992	—	681,992	—
Government National Mortgage Association	126	—	126	—
Total mortgage-backed securities available-for-sale	1,189,401	—	1,189,401	—
Total securities available-for-sale	$1,197,924	6,082	1,191,842	—

There have been no changes in the methodologies used at December 31, 2015 from December 31, 2014, and there were no transfers between Level 1 and Level 2 during the year ended December 31, 2015.

The changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2015 and 2014 are summarized below:

	Years Ended December 31,	
	2015	2014
	(Dollars in thousands)	
Balance beginning of period(1)	$—	670
Total net (losses) gains for the period included in:		
Net income	—	470
Other comprehensive income (loss)	—	(229)
Sales	—	(911)
Settlements	—	—
Balance end of period	$—	—

(1) Represents a trust preferred security transferred to available for sale at its fair value on December 31, 2013 due to the impact of the Volcker Rule adopted in December 2013. The Volcker Rule requires specific treatment of certain collateralized debt obligation backed by trust preferred securities. The security was subsequently sold during the twelve months ended December 31, 2014.

Assets Measured at Fair Value on a Non-Recurring Basis

Mortgage Servicing Rights, net

Mortgage servicing rights are carried at the lower of cost or estimated fair value. The estimated fair value of MSR is obtained through independent third party valuations through an analysis of future cash flows, incorporating estimates of assumptions market participants would use in determining fair value including market discount rates, prepayment speeds, servicing income, servicing costs, default rates and other market driven data, including the market's perception of future interest rate movements. The prepayment speed and the discount rate are considered two of the most significant inputs in the model. At December 31, 2015, the fair value model used prepayment speeds ranging from 6.30% to 26.28% and a discount rate of 10.20% for the valuation of the mortgage servicing rights. A significant degree of judgment is involved in valuing the mortgage servicing rights using Level 3 inputs. The use of different assumptions could have a significant positive or negative effect on the fair value estimate.

Loans Receivable

Loans which meet certain criteria are evaluated individually for impairment. A loan is deemed to be impaired if it is a commercial loan with an outstanding balance greater than $1.0 million and on non-accrual status, loans modified in a troubled debt restructuring, and other commercial loans with $1.0 million in outstanding principal if management has specific information that it is probable they will not collect all amounts due under the contractual terms of the loan agreement. Our impaired loans are generally collateral dependent and, as such, are carried at the estimated fair value of the collateral less estimated selling costs. In order to estimate fair value, once interest or principal payments are 90 days delinquent or when the timely collection of such income is considered doubtful an updated appraisal is obtained. Thereafter, in the event the most recent appraisal does not reflect the current market conditions due to the passage of time and other factors, management will obtain an updated appraisal or make downward adjustments to the existing appraised value based on their knowledge of the property, local real estate market conditions, recent real estate transactions, and for estimated selling costs, if applicable. At December 31, 2015, appraisals were discounted in a range of 0%-25%.

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, and are discounted an additional 0%-25% for estimated costs to sell. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for loan losses. If the estimated fair value of the asset declines, a writedown 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. Operating costs after acquisition are generally expensed.

The following tables provides the level of valuation assumptions used to determine the carrying value of our assets measured at fair value on a non-recurring basis at December 31, 2015 and December 31, 2014. For the year ended December 31, 2015, there was no change to carrying value of MSR and impaired loans measured at fair value on a non-recurring basis.

Security Type	Valuation Technique	Unobservable Input	Range	Weighted Average	Carrying Value at December 31, 2015			
					Total	Level 1	Level 2	Level 3
					(In thousands)			
Other real estate owned	Market comparable	Lack of marketability	0.0% - 25.0%	8.90%	$ 510	—	—	510
					$ 510	—	—	510

Security Type	Valuation Technique	Unobservable Input	Range	Weighted Average	Carrying Value at December 31, 2014			
					Total	Level 1	Level 2	Level 3
					(In thousands)			
MSR, net	Estimated cash flow	Prepayment speeds	5.70% - 29.40%	11.22%	$13,081	—	—	13,081
Other real estate owned	Market comparable	Lack of marketability	0.0% - 25.0%	15.87%	566	—	—	566
					$13,647	—	—	13,647

Other Fair Value Disclosures

Fair value estimates, methods and assumptions for the Company's financial instruments not recorded at fair value on a recurring or non-recurring basis are set forth below.

Cash and Cash Equivalents

For cash and due from banks, the carrying amount approximates fair value.

Securities held-to-maturity

Our held-to-maturity portfolio, consisting primarily of mortgage backed securities and other debt securities for which we have a positive intent and ability to hold to maturity, is carried at amortized cost. Management utilizes various inputs to determine the fair value of the portfolio. The Company obtains one price for each security primarily from a third-party pricing service, which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes. In the absence of quoted prices and in an illiquid market, valuation techniques, which require inputs that are both significant to the fair value measurement and unobservable, are used to determine fair value of the investment. Valuation techniques are based on various assumptions, including, but not limited to cash flows, discount rates, rate of return, adjustments for nonperformance and liquidity, and liquidation values. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the

Company compares the prices received from the pricing service to a secondary pricing source. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services has not historically resulted in adjustment in the prices obtained from the pricing service.

FHLB Stock

The fair value of FHLB stock is its carrying value, since this is the amount for which it could be redeemed. There is no active market for this stock and the Bank is required to hold a minimum investment based upon the unpaid principal of home mortgage loans and/or FHLB advances outstanding.

Loans held for sale

The fair value of loans held for sale is its carrying value, since this is the amount for which the Company intends to sell it for. The fair value is determined based on quoted prices for similar instruments in active markets.

Loans

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as residential mortgage and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing categories.

The fair value of performing loans, except residential mortgage loans, is calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the loan. For performing residential mortgage loans, fair value is estimated by discounting contractual cash flows adjusted for prepayment estimates using discount rates based on secondary market sources adjusted to reflect differences in servicing and credit costs, if applicable. Fair value for significant non-performing loans is based on recent external appraisals of collateral securing such loans, adjusted for the timing of anticipated cash flows. Fair values estimated in this manner do not fully incorporate an exit price approach to fair value, but instead are based on a comparison to current market rates for comparable loans.

Deposit Liabilities

The fair value of deposits with no stated maturity, such as savings, checking accounts and money market accounts, is equal to the amount payable on demand. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates which approximate currently offered for deposits of similar remaining maturities.

Borrowings

The fair value of borrowings are based on securities dealers' estimated fair values, when available, or estimated using discounted contractual cash flows using rates which approximate the rates offered for borrowings of similar remaining maturities.

Commitments to Extend Credit

The fair value of commitments to extend credit is estimated using the 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 commitments to originate fixed rate loans, fair value also considers the difference between current levels of interest rates and the committed rates. Due to the short-term nature of our outstanding commitments, the fair values of these commitments are immaterial to our financial condition.

The carrying values and estimated fair values of the Company's financial instruments are presented in the following table.

	December 31, 2015				
	Carrying value	Estimated Fair Value			
		Total	Level 1	Level 2	Level 3
	(In thousands)				
Financial assets:					
Cash and cash equivalents	$ 148,904	148,904	148,904	—	—
Securities available-for-sale	1,304,697	1,304,697	6,495	1,298,202	—
Securities held-to-maturity	1,844,223	1,888,686	—	1,810,869	77,817
Stock in FHLB	178,437	178,437	178,437	—	—
Loans held for sale	7,431	7,431	—	7,431	—
Net loans	16,661,133	16,650,529	—	—	16,650,529
Financial liabilities:					
Deposits, other than time deposits	$10,647,346	10,647,346	10,647,346	—	—
Time deposits	3,416,310	3,414,528	—	3,414,528	—
Borrowed funds	3,263,090	3,277,983	—	3,277,983	—

	December 31, 2014				
	Carrying value	Estimated Fair Value			
		Total	Level 1	Level 2	Level 3
	(In thousands)				
Financial assets:					
Cash and cash equivalents	$ 230,961	230,961	230,961	—	—
Securities available-for-sale	1,197,924	1,197,924	6,082	1,191,842	—
Securities held-to-maturity	1,564,479	1,609,365	—	1,544,129	65,236
Stock in FHLB	151,287	151,287	151,287	—	—
Loans held for sale	6,868	6,868	—	6,868	—
Net loans	14,887,570	14,747,319	—	—	14,747,319
Financial liabilities:					
Deposits, other than time deposits	$ 9,601,988	9,601,988	9,601,988	—	—
Time deposits	2,570,338	2,580,572	—	2,580,572	—
Borrowed funds	2,766,104	2,796,969	—	2,796,969	—

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's 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 and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets that are not considered financial assets include deferred tax assets, premises and equipment and bank owned life insurance. Liabilities for pension and other postretirement benefits are not considered financial liabilities. In addition, the tax 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 the estimates.

14. Regulatory Capital

The Bank and the Company are subject to various regulatory capital requirements administered by the 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 the Company must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank and the Company to maintain minimum amounts and ratios of Tier 1 leverage ratio, Common equity tier 1 risk-based, Tier 1 risk-based capital and Total risk-based capital (as defined in the regulations). In July 2013, the Federal Deposit insurance Corporation and the other federal bank regulatory agencies issued a final rule that revised their leverage and risk-based capital requirements and the method for calculating riskweighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. The Final Capital Rules also revised the quantity and quality of required minimum risk-based and leverage capital requirements, consistent with the Reform Act and the Third Basel Accord adopted by the Basel Committee on Banking Supervision, or Basel III capital standards. The Common equity tier 1 risk-based ratio and changes to the calculation of risk-weighted assets became effective for the Bank and Company on January 1, 2015.

As of December 31, 2015, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank and the Company must maintain minimum Tier 1 leverage ratio, Common equity tier 1 risk-based, Tier 1 risk-based capital and Total risk-based capital as set forth in the tables. There are no conditions or events since that notification that management believes have changed the Bank and the Company's category.

The following is a summary of the Bank and the Company's actual capital amounts and ratios as of December 31, 2015 compared to the FDIC minimum capital adequacy requirements and the FDIC requirements for classification as a well-capitalized institution. The information presented as of December 31, 2014 reflect the requirements in effect at that time, as the Basel III requirements became effective on January 1, 2015.

	Actual		Minimum Capital Requirement		To be Well Capitalized Under Prompt Corrective Action Provisions(1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of December 31, 2015:						
Bank:						
Tier 1 Leverage Ratio	$2,558,334	12.41%	$ 824,607	4.00%	$1,030,759	5.00%
Common equity tier 1 risk-based	2,558,334	15.87%	725,523	4.50%	1,047,978	6.50%
Tier 1 Risk-Based Capital	2,558,334	15.87%	967,364	6.00%	1,289,819	8.00%
Total Risk-Based Capital	2,760,081	17.12%	1,289,819	8.00%	1,612,274	10.00%
Investors Bancorp, Inc:						
Tier 1 Leverage Ratio	$3,259,928	15.80%	$ 825,139	4.00%	n/a	n/a
Common equity tier 1 risk-based	3,259,928	20.20%	726,146	4.50%	n/a	n/a
Tier 1 Risk-Based Capital	3,259,928	20.20%	968,194	6.00%	n/a	n/a
Total Risk-Based Capital	3,461,649	21.45%	1,290,926	8.00%	n/a	n/a

	Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions(1)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of December 31, 2014:						
Bank:						
Tier 1 Leverage Ratio	$2,339,572	12.79%	$ 731,884	4.00%	$ 914,855	5.00%
Tier 1 Risk-Based Capital	2,339,572	17.01%	550,321	4.00%	825,481	6.00%
Total Risk-Based Capital	2,511,897	18.26%	1,100,641	8.00%	1,375,802	10.00%
Investors Bancorp, Inc:						
Tier 1 Leverage Ratio	$3,511,433	19.17%	$ 732,710	4.00%	n/a	n/a
Tier 1 Risk-Based Capital	3,511,433	25.48%	551,181	4.00%	n/a	n/a
Total Risk-Based Capital	3,684,024	26.74%	1,102,362	8.00%	n/a	n/a

(1) Prompt corrective action provisions do not apply to the Bank holding company.

15. Parent Company Only Financial Statements

The following condensed financial statements for Investors Bancorp, Inc. (parent company only) reflect the investment in its wholly-owned subsidiary, Investors Bank, using the equity method of accounting.

Balance Sheets

	December 31, 2015	December 31, 2014
	(In thousands)	
Assets:		
Cash and due from bank	$ 569,513	1,022,231
Securities available-for-sale, at estimated fair value	1,733	3,791
Investment in subsidiary	2,611,080	2,409,557
ESOP loan receivable	94,889	96,951
Other assets	45,898	52,499
Total Assets	$3,323,113	3,585,029
Liabilities and Stockholders' Equity:		
Total liabilities	$ 11,466	7,174
Total stockholders' equity	3,311,647	3,577,855
Total Liabilities and Stockholders' Equity	$3,323,113	3,585,029

Statements of Operations

	Year Ended December 31, 2015	2014	2013
	(In thousands)		
Income:			
Interest on ESOP loan receivable	$ 3,151	2,499	1,125
Dividend from subsidiary	—	—	10,000
Interest on deposit with subsidiary	2	2	2
Interest and dividends on investments	65	64	49
Gain on securities transactions	1,682	145	89
	4,900	2,710	11,265
Expenses:			
Interest expense	54	43	53
Other expenses	3,170	12,197	1,420
Income (loss) before income tax expense	1,676	(9,530)	9,792
Income tax (benefit) expense	540	(3,675)	233
Income (loss) before undistributed earnings of subsidiary	1,136	(5,855)	9,559
Equity in undistributed earnings of subsidiary	180,370	137,576	102,472
Net income	$181,506	131,721	112,031

Other Comprehensive Income

	Year Ended December 31, 2015	2014	2013
	(In thousands)		
Net income	$181,506	131,721	112,031
Other comprehensive income, net of tax:			
Unrealized gain on securities available-for-sale	433	1,482	1,316
Total other comprehensive income	433	1,482	1,316
Total comprehensive income	$181,939	133,203	113,347

INVESTORS BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Statements of Cash Flows

	Year Ended December 31,		
	2015	2014	2013
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 181,506	131,721	112,031
Adjustments to reconcile net income to net cash provided by operating activities:			
(Equity in undistributed earnings of subsidiary)	(180,370)	(137,576)	(102,472)
Contribution in stock to charitable foundation	—	10,000	—
Gain on securities transactions	1,682	145	89
Decrease in other assets	2,107	2,227	2,235
Increase in other liabilities	4,927	525	1,834
Net cash provided by operating activities	9,852	7,042	13,717
Cash flows from investing activities:			
Capital contributed to the Bank	—	(1,074,947)	—
Cash received net of cash paid for acquisition	—	48	738
Purchase of investments available-for-sale	—	(493)	(668)
Redemption of equity securities available-for-sale	2,700	467	280
Principal collected on ESOP loan	2,062	3,093	1,101
Cash received from MHC merger	—	11,307	—
Net cash provided by (used in) investing activities	4,762	(1,060,525)	1,451
Cash flows from financing activities:			
Loan to ESOP	—	(66,553)	—
Proceeds from issuance of common stock	—	2,149,893	—
Proceeds from sale of treasury stock	—	38,227	6,916
Purchase of treasury stock	(382,922)	(13,523)	(1,531)
Net tax benefit on stock awards	2,985	3,710	1,262
Dividends paid	(87,395)	(42,555)	(22,404)
Net cash (used in) provided by financing activities	(467,332)	2,069,199	(15,757)
Net (decrease) increase in cash and due from bank	(452,718)	1,015,716	(589)
Cash and due from bank at beginning of year	1,022,231	6,515	7,104
Cash and due from bank at end of year	$ 569,513	1,022,231	6,515

16. Selected Quarterly Financial Data (Unaudited)

The following tables are a summary of certain quarterly financial data for the years ended December 31, 2015 and 2014.

	2015 Quarter Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share data)			
Interest and dividend income	$175,159	181,529	186,897	188,138
Interest expense	30,717	32,977	35,623	37,322
Net interest income	144,442	148,552	151,274	150,816
Provision for loan losses	9,000	7,000	5,000	5,000
Net interest income after provision for loan losses	135,442	141,552	146,274	145,816
Non-interest income	8,534	11,585	11,306	8,700
Non-interest expenses	76,909	79,836	85,921	85,666
Income before income tax expense	67,067	73,301	71,659	68,850
Income tax expense	25,120	26,939	22,865	24,448
Net income	$ 41,947	46,362	48,794	44,402
Basic and diluted earnings per common share	$ 0.12	0.14	0.15	0.14

	2014 Quarter Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share data)			
Interest and dividend income	$158,625	164,089	167,058	171,090
Interest expense	29,434	29,326	29,212	30,919
Net interest income	129,191	134,763	137,846	140,171
Provision for loan losses	9,000	8,000	9,000	11,500
Net interest income after provision for loan losses	120,191	126,763	128,846	128,671
Non-interest income	11,942	10,173	9,872	9,874
Non-interest expenses	77,198	112,155	76,584	73,923
Income before income tax expense	54,935	24,781	62,134	64,622
Income tax expense	20,516	9,596	23,092	21,547
Net income	$ 34,419	15,185	39,042	43,075
Basic earnings per common share	$ 0.10	0.04	0.11	0.13
Diluted earnings per common share	0.10	0.04	0.11	0.12

17. Earnings Per Share

The following is a summary of our earnings per share calculations and reconciliation of basic to diluted earnings per share.

	For the Year Ended December 31,								
	2015			2014			2013		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
	(Dollars in thousands, except per share data)								
Net Income	$181,505			$131,721			$112,031		
Basic earnings per share:									
Income available to common stockholders	$181,505	329,763,527	$0.55	$131,721	344,389,259	$0.38	$112,031	279,632,558	$0.40
Effect of dilutive common stock equivalents(1)	—	3,169,921		—	3,342,312		—	3,403,286	
Diluted earnings per share:									
Income available to common stockholders	$181,505	332,933,448	$0.55	$131,721	347,731,571	$0.38	$112,031	283,035,844	$0.40

(1) For the years ended December 31, 2015, 2014 and 2013, there were 18,200,877, 142,953, and 1,937,015 equity awards, respectively, that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented.

18. Comprehensive Income (Loss)

The components of comprehensive income (loss), both gross and net of tax, are as follows:

	Year ended December 31, 2015			Year ended December 31, 2014			Year ended December 31, 2013		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
	(Dollars in thousands)								
Net income	$280,877	(99,372)	181,505	206,472	(74,751)	131,721	175,786	(63,755)	112,031
Other comprehensive income (loss):									
Change in funded status of retirement obligations	(2,425)	970	(1,455)	(8,402)	3,360	(5,042)	16	(6)	10
Unrealized (loss) gain on securities available-for-sale	(7,982)	3,049	(4,933)	9,836	(3,884)	5,952	(21,930)	9,103	(12,827)
Net Loss on Securities reclassified from available for sale to held to maturity	—	—	—	—	—	—	(12,243)	5,001	(7,242)
Accretion of loss on securities reclassified to held to maturity available for sale	2,448	(1,000)	1,448	2,918	(1,192)	1,726	1,670	(682)	988
Unrealized gain on security reclassified from held to maturity to available for sale	—	—	—	—	—	—	233	(95)	138
Reclassification adjustment for security (gains) losses included in net income	(1,553)	6	(1,547)	(233)	95	(138)	(684)	279	(405)
Noncredit related component other-than-temporary impairment on security	—	—	—	—	—	—	38	(16)	22
Other-than-temporary impairment accretion on debt securities	1,802	(736)	1,066	1,343	(549)	794	2,075	(848)	1,227
Total other comprehensive (loss) income	(7,710)	2,289	(5,421)	5,462	(2,170)	3,292	(30,825)	12,736	(18,089)
Total comprehensive income	$273,167	(97,083)	176,084	211,934	(76,921)	135,013	144,961	(51,019)	93,942

The following table presents the after-tax changes in the balances of each component of accumulated other comprehensive loss for the years ended December 31, 2015 and 2014:

	Change in funded status of retirement obligations	Accretion of loss on securities reclassified to held to maturity	Unrealized gain on securities available-for-sale	Reclassification adjustment for losses included in net income	Other-than-temporary impairment accretion on debt securities	Total accumulated other comprehensive loss
	(Dollars in thousands)					
Balance — December 31, 2014	$(10,911)	(4,528)	7,851	—	(14,816)	(22,404)
Net change	(1,455)	1,448	(4,933)	(1,547)	1,066	(5,421)
Balance — December 31, 2015	$(12,366)	(3,080)	2,918	(1,547)	(13,750)	(27,825)
Balance — December 31, 2013	$ (5,869)	(6,254)	1,899	138	(15,610)	(25,696)
Net change	(5,042)	1,726	5,952	(138)	794	3,292
Balance — December 31, 2014	$(10,911)	(4,528)	7,851	—	(14,816)	(22,404)

The following table sets for information about amounts reclassified from accumulated other comprehensive loss to the consolidated statement of income and the affected line item in the statement where net income is presented.

	Year Ended December 31,	
	2015	2014
	(In thousands)	
Reclassification adjustment for gains included in net income		
Gain on security transactions	$(1,553)	(233)
Change in funded status of retirement obligations(1)		
Compensation and fringe benefits:		
Adjustment of net obligation	2,512	(175)
Amortization of net obligation or asset	—	25
Amortization of prior service cost	49	125
Amortization of net gain	1,354	580
Compensation and fringe benefits	3,915	555
Total before tax	2,362	322
Income tax benefit (expense)	976	(205)
Net of tax	$ 1,386	527

(1) These accumulated other comprehensive loss components are included in the computations of net periodic cost for our defined benefit plans and other post-retirement benefit plan. See Note 11 for additional details.

19. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842),"* which requires all lessees to recognize a lease liability and a right-of-use asset, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. The guidance is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that reporting period, with early adoption permitted. A modified retrospective approach must be applied for leases existing at, or entered into after, the beginning of the earliest comparative period

presented in the financial statements. The Company is currently assessing the impact that the guidance will have on the its financial condition and results of operations.

In January 2016, the FASB issued ASU 2016-01, "*Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*." This amendment supersedes the guidance to classify equity securities with readily determinable fair values into different categories, requires equity securities to be measured at fair value with changes in the fair value recognized through net income, and simplifies the impairment assessment of equity investments without readily determinable fair values. The amendment requires public business entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion. The amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. The amendment reduces diversity in current practice by clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity's other deferred tax assets. This amendment is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Entities should apply the amendment by means of a cumulative-effect adjustment as of the beginning of the fiscal year of adoption, with the exception of the amendment related to equity securities without readily determinable fair values, which should be applied prospectively to equity investments that exist as of the date of adoption. The Company intends to adopt the accounting standard during the first quarter of 2018, as required, and is currently evaluating the impact on its results of operations, financial position, and liquidity.

In September 2015, the FASB issued ASU 2015-16, *"Business Combinations—Simplifying the Accounting for Measurement-Period Adjustments."* Under the new rules, acquirers no longer have to retrospectively adjust provisional amounts included in acquisition-date financial statements, when final facts and circumstances are not known on the acquisition date, and later become known in the measurement period. Instead, adjustments that are made in a later period are to be reported in that period. However, acquirers must disclose the amount of adjustments to current period income relating to amounts that would have been recognized in previous periods if the adjustments were recognized as of the acquisition date. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In April 2015, the FASB issued ASU 2015-03, *"Simplifying the Presentation of Debt Issuance Costs."* The ASU changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. According to the ASU's Basis for Conclusions, debt issuance costs incurred before the associated funding is received should be reported on the balance sheet as deferred charges until that debt liability amount is recorded. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In April 2015, the FASB issued ASU 2015-04, *"Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets."* The ASU gives an employer whose fiscal year-end does not coincide with a calendar month-end the ability, as a practical expedient, to measure defined benefit retirement obligations and related plan assets as of the month-end that is closest to its fiscal year-end. The ASU

also provides guidance on accounting for contributions to the plan and significant events that require a remeasurement that occur during the period between a month-end measurement date and the employer's fiscal year-end. An entity should reflect the effects of those contributions or significant events in the measurement of the retirement benefit obligations and related plan assets. The ASU is effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers.*" The objective of this amendment is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. This update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are in the scope of other standards. In April 2015, the FASB issued a proposed ASU to defer for one year the effective date of the new revenue standard. The requirements are effective for annual periods and interim periods within fiscal years beginning after December 15, 2017. The Company does not anticipate a material impact to the consolidated financial statements related to this guidance.

20. Subsequent Events

As defined in FASB ASC 855, "*Subsequent Events*", subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or available to be issued. Financial statements are considered issued when they are widely distributed to stockholders and other financial statement users for general use and reliance in a form and format that complies with GAAP.

On January 28, 2016, the Company declared a cash dividend of $0.06 per share. The $0.06 dividend per share was paid to stockholders on February 25, 2016, with a record date of February 10, 2016.

(a)(3) Exhibits

The following exhibits are either filed as part of this report or are incorporated herein by reference:

3.1	Certificate of Incorporation of Investors Bancorp, Inc. (1)
3.2	Bylaws of Investors Bancorp, Inc. (1)
4	Form of Common Stock Certificate of Investors Bancorp, Inc. (1)
10.1	Amended and Restated Employment Agreement between Investors Bancorp, Inc. and Kevin Cummings (1)
10.2	Amended and Restated Employment Agreement between Investors Bancorp, Inc. and Domenick A. Cama (1)
10.3	Amended and Restated Employment Agreement Investors Bancorp, Inc. and Richard S. Spengler (2)
10.4	Amended and Restated Employment Agreement Investors Bancorp, Inc. and Paul Kalamaras (3)
10.5	Employment Agreement Investors Bancorp, Inc. and Sean Burke (4)
10.6	Investors Bancorp, Inc. 2006 Equity Incentive Plan (5)
10.7	Roma Financial Corporation 2008 Equity Incentive Plan (6)
10.8	Investors Bank Executive Officer Annual Incentive Plan (7)
10.9	Investors Bank Amended and restated Supplemental ESOP and Retirement Plan (1)
10.10	Amended and Restated Investors Bank Executive Supplemental Retirement Wage Replacement Plan (1)
10.11	Investors Bank Amended and Restated Director Retirement Plan (1)
10.12	Investors Bancorp, Inc. Deferred Directors Fee Plan (1)
10.13	Investors Bank Deferred Directors Fee Plan (1)
10.14	Split Dollar Life Insurance Agreement between Roma Bank and Robert C. Albanese, as assumed by Investors Bank (8)
10.15	Split Dollar Life Insurance Agreement between Roma Bank and Dennis M. Bone, assumed by Investors Bank (8)
10.16	Split Dollar Life Insurance Agreement between Roma Bank and Michele N. Siekerka, as assumed by Investors Bank (8)
21	Subsidiaries of Registrant
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes to these financial statements

(1) Incorporated by reference to the Registration Statement on Form S-1 of Investors Bancorp, Inc. (Commission File no. 333-192966), originally filed with the Securities and Exchange Commission on December 20, 2013.

(2) Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Investors Bancorp, Inc. (Commission File No. 000-51557) filed with the Securities and Exchange Commission on April 1, 2010.

(3) Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Investors Bancorp, Inc. (Commission File No. 000-51557) filed with the Securities and Exchange Commission on April 1, 2010.

(4) Incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K of Investors Bancorp, Inc. (Commission File No. 001-36441) filed with the Securities and Exchange Commission on March 3, 2015.

(5) Incorporated by reference to Appendix B to the Definitive Proxy Statement for Investors Bancorp, Inc.'s 2006 Annual Meeting of Stockholders (Commission File No. 000-51557) filed with the Securities and Exchange Commission on September 15, 2006.

(6) Incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 of Investors Bancorp, Inc. (Commission File No. 333-192717) filed with the Securities and Exchange Commission on December 9, 2013.

(7) Incorporated by reference to Annex D to the Definitive Proxy Statement for Investors Bancorp, Inc.'s 2013 Annual Meeting of Stockholders (Commission File No. 000-51557) filed with the Securities and Exchange Commission on April 29, 2013.

(8) Incorporated by reference to the Amended Registration Statement on Form S-1 of Investors Bancorp, Inc. (Commission File no. 333-192966) filed with the Securities and Exchange Commission on February 11, 2014.

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.

INVESTORS BANCORP, INC.

Date: February 29, 2016

By: /s/ Kevin Cummings

Kevin Cummings
Chief Executive Officer and President
(Principal Executive Officer)
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Kevin Cummings Kevin Cummings	Director, Chief Executive Officer and President (Principal Executive Officer)	February 29, 2016
/s/ Domenick Cama Domenick Cama	Director, Chief Operating Officer and Senior Executive Vice President	February 29, 2016
/s/ Sean Burke Sean Burke	Chief Financial Officer and Senior Vice President (Principal Financial and Accounting Officer)	February 29, 2016
/s/ Robert M. Cashill Robert M. Cashill	Director, Chairman	February 29, 2016
/s/ Robert C. Albanese Robert C. Albanese	Director	February 29, 2016
/s/ Dennis M. Bone Dennis M. Bone	Director	February 29, 2016
/s/ Doreen R. Byrnes Doreen R. Byrnes	Director	February 29, 2016
/s/ William Cosgrove William Cosgrove	Director	February 29, 2016
/s/ Brian D. Dittenhafer Brian D. Dittenhafer	Director	February 29, 2016
/s/ Brendan J. Dugan Brendan J. Dugan	Director	February 29, 2016

Signatures	Title	Date
/s/ James Garibaldi James Garibaldi	Director	February 29, 2016
/s/ Michele N. Siekerka Michele N. Siekerka	Director	February 29, 2016
/s/ James H. Ward III James H. Ward III	Director	February 29, 2016

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Investors Bancorp, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-205149) on Form S-8 of Investors Bancorp, Inc. of our reports dated February 29, 2016, with respect to the consolidated balance sheets of Investors Bancorp, Inc. and Subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 annual report on Form 10-K of the Company.

KPMG LLP

Short Hills, New Jersey
February 29, 2016

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin Cummings, certify that:

1. I have reviewed this Annual Report on Form 10-K of Investors Bancorp, Inc.;
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 (or persons performing the equivalent functions):
    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.

Dated: February 29, 2016

/s/ Kevin Cummings
Kevin Cummings
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial and Accounting Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sean Burke, certify that:

1. I have reviewed this Annual Report on Form 10-K of Investors Bancorp, Inc.;

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 (or persons performing the equivalent functions):

   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.

Dated: February 29, 2016

/s/ Sean Burke

Sean Burke
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of Principal Executive Officer and Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Kevin Cummings, President and Principal Executive Officer of Investors Bancorp, Inc. (the "Company") and Sean Burke, Senior Vice President and Principal Financial and Accounting Officer of the Company, each certify in his capacity as an officer of the Company that he has reviewed the annual report on Form 10-K for the year ended December 31, 2015 (the "Report") and that to the best of his knowledge:

1. the Report fully complies with the requirements of Sections 13(a) or 15(d) 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.

Dated: February 29, 2016

/s/ Kevin Cummings

Kevin Cummings
President and Chief Executive Officer
(Principal Executive Officer)

Dated: February 29, 2016

/s/ Sean Burke

Sean Burke
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

101 JFK Parkway
Short Hills, New Jersey 07078

April 14, 2016

Dear Fellow Stockholder:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders of Investors Bancorp, Inc., which will be held at The Grand Summit Hotel, 570 Springfield Avenue, Summit, New Jersey 07901, on May 24, 2016, at 9:00 a.m., local time.

The business to be conducted at the Annual Meeting consists of the election of four directors, an advisory (non-binding) vote to approve the compensation paid to our Named Executive Officers and the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the calendar year ending December 31, 2016. Your Board of Directors has determined that an affirmative vote on each of these matters is in the best interests of Investors Bancorp and its stockholders and unanimously recommends a vote **"FOR"** the election of each of the nominees for director, **"FOR"** approval on an advisory basis of executive compensation and **"FOR"** ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, please promptly submit your vote by Internet, telephone or mail, as applicable, to ensure that your shares are represented at the Annual Meeting.

On behalf of the Board of Directors, officers and employees of Investors Bancorp, Inc., we thank you for your continued support.

Sincerely,

Kevin Cummings
President and Chief Executive Officer

Investors Bancorp, Inc.

101 JFK Parkway
Short Hills, New Jersey 07078
(973) 924-5100

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 24, 2016

NOTICE IS HEREBY GIVEN THAT the 2016 Annual Meeting of Stockholders of Investors Bancorp, Inc. will be held at The Grand Summit Hotel, 570 Springfield Avenue, Summit, New Jersey 07901, on May 24, 2016, at 9:00 a.m., local time, to consider and vote upon the following matters:

1. The election of four persons to serve as directors of Investors Bancorp, Inc., each for a three-year term, and until their successors are elected and qualified.
2. An advisory (non-binding) vote to approve the compensation paid to our Named Executive Officers.
3. The ratification of the appointment of KPMG LLP as the independent registered public accounting firm for Investors Bancorp, Inc. for the year ending December 31, 2016.
4. The transaction of such other business as may properly come before the Annual Meeting, and any adjournment or postponement of the Annual Meeting.

The Board of Directors of Investors Bancorp, Inc. has fixed April 5, 2016 as the record date for determining the stockholders entitled to vote at the Annual Meeting and any adjournment or postponement of the Annual Meeting. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement of the Annual Meeting.

The Board of Directors unanimously recommends that you vote "FOR" each of the nominees for director listed in the Proxy Statement, "FOR" an annual vote with respect to executive compensation and "FOR" the ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the year ending December 31, 2016.

Whether or not you plan to attend the Annual Meeting, please promptly submit your vote by Internet, telephone or mail, as applicable, to ensure that your shares are represented at the Annual Meeting.

By Order of the Board of Directors
Investors Bancorp, Inc.

Patricia E. Brown
Corporate Secretary

Short Hills, New Jersey
April 14, 2016

Internet Availability of Proxy Materials

We are relying upon a U.S. Securities and Exchange Commission rule that allows us to furnish proxy materials to stockholders over the Internet. As a result, beginning on or about April 14, 2016, we sent by mail a Notice Regarding the Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and Annual Report to Stockholders, over the Internet and how to vote. Internet availability of our proxy materials is designed to expedite receipt by stockholders and lower the cost and environmental impact of our Annual Meeting. However, if you received such a notice and would prefer to receive paper copies of our proxy materials, please follow the instructions included in the Notice Regarding the Availability of Proxy Materials.

If you hold our common stock through more than one account, you may receive multiple copies of these proxy materials and will have to follow the instructions for each in order to vote all of your shares of our common stock.

Important Notice Regarding the Availability of Proxy Materials
For the 2016 Annual Meeting of Stockholders to be Held on May 24, 2016:
Our Proxy Statement and 2015 Annual Report to Stockholders are available at
www.proxydocs.com/ISBC.

INVESTORS BANCORP, INC.

PROXY STATEMENT FOR THE
2016 ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 24, 2016

GENERAL INFORMATION

The board of directors of Investors Bancorp, Inc. (“Investors Bancorp” or the “Company”) is soliciting proxies for our 2016 Annual Meeting of Stockholders, and any adjournment or postponement of the meeting (“Annual Meeting”). The Annual Meeting will be held on May 24, 2016 at 9:00 a.m., local time, at The Grand Summit Hotel, 570 Springfield Avenue, Summit, New Jersey.

A Notice Regarding the Availability of Proxy Materials is first being sent to stockholders of Investors Bancorp on or about April 14, 2016.

The Annual Meeting of Stockholders

Date, Time and Place	The Annual Meeting of Stockholders will be held at The Grand Summit Hotel, 570 Springfield Avenue, Summit, New Jersey 07901, on May 24, 2016, at 9:00 a.m., local time.
Record Date	April 5, 2016
Shares Entitled to Vote	323,405,503 shares of Investors Bancorp common stock were outstanding on the Record Date and are entitled to vote at the Annual Meeting.
Purpose of the Annual Meeting	To consider and vote on the election of four directors, the approval of the compensation paid to our Named Executive Officers and the ratification of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.
Vote Required	Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is **“WITHHELD”**. The advisory vote to approve executive compensation and the ratification of KPMG LLP as the independent registered public accounting firm is determined by a majority of the votes cast, without regard to broker non-votes or proxies marked **“ABSTAIN.”**
Your Board of Directors Recommends You Vote in Favor of the Proposals	Your Board of Directors unanimously recommends that stockholders vote “**FOR**” each of the nominees for director listed in this Proxy Statement, **“FOR”** approval (on an advisory non-binding basis) of the compensation paid to our named executive officers and **“FOR”** the ratification of KPMG LLP as Investors Bancorp’s independent registered public accounting firm for the year ending December 31, 2016.
Investors Bancorp	Investors Bancorp, a Delaware corporation, is the bank holding company for Investors Bank, an FDIC-insured, New Jersey-chartered capital stock savings bank. Investors Bancorp had $20.89 billion in total assets and 140 full-service banking offices in New Jersey and New York at December 31, 2015. Investors Bancorp’s principal executive offices are located at 101 JFK Parkway, Short Hills, New Jersey 07078, and our telephone number is (973) 924-5100.

Who Can Vote

The Board of Directors has fixed April 5, 2016 as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting. Accordingly, only holders of record of shares of Investors Bancorp common stock, par value $0.01 per share, at the close of business on such date will be entitled to vote at the Annual Meeting. On April 5, 2016, 323,405,503 shares of Investors Bancorp common stock were outstanding and held by approximately 19,000 holders of record. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Investors Bancorp common stock is necessary to constitute a quorum at the Annual Meeting.

How Many Votes You Have

Each holder of shares of Investors Bancorp common stock outstanding on April 5, 2016 will be entitled to one vote for each share held of record. However, Investors Bancorp's certificate of incorporation provides that stockholders of record who beneficially own in excess of 10% of the then outstanding shares of common stock of Investors Bancorp are not entitled to vote any of the shares held in excess of that 10% limit. A person or entity is deemed to beneficially own shares that are owned by an affiliate of, as well as by any person acting in concert with, such person or entity.

Matters to Be Considered

The purpose of the Annual Meeting is to elect four directors, to approve the compensation paid to our Named Executive Officers on an advisory (non-binding) basis and to ratify the appointment of KPMG LLP as Investors Bancorp's independent registered public accounting firm for the year ending December 31, 2016.

You may be asked to vote upon other matters that may properly be submitted to a vote at the Annual Meeting. We may adjourn or postpone the Annual Meeting for the purpose, among others, of allowing additional time to solicit proxies.

How to Vote

You may vote your shares:

In person at the Annual Meeting. All stockholders of record may vote in person at the Annual Meeting. Beneficial owners may vote in person if they have a legal proxy from their bank or broker.

By telephone or Internet (see the instructions at www.proxydocs.com/ISBC). Beneficial owners may also vote by telephone or Internet if their bank or broker makes those methods available, in which case the bank or broker will include the instructions with the proxy materials.

By written proxy. All stockholders of record can vote by written proxy card. If you received a printed copy of this Proxy Statement, you may vote by signing, dating and mailing the enclosed Proxy Card, or if you are a beneficial owner, you may request a voting instruction form from your bank or broker.

If you return an executed Proxy Card without marking your instructions, your executed Proxy Card will be voted "FOR" the election of the four nominees for director, "FOR" approval of the executive compensation paid to our named executive officers, and "FOR" the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2016.

Participants in Investors Bancorp Benefit Plans

If you are a participant in our Employee Stock Ownership Plan or 401(k) Plan, or any other benefit plans sponsored by us through which you own shares of our common stock, you will have received a Notice Regarding the Availability of Proxy Materials. Under the terms of these plans, the trustee or administrator votes all shares

held by the plan, but each participant may direct the trustee or administrator how to vote the shares of our common stock allocated to his or her plan account. If you own shares through any of these plans and you do not vote by May 19, 2016, the respective plan trustees or administrators will vote your shares in accordance with the terms of the respective plans.

Quorum and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Investors Bancorp common stock is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present. A proxy submitted by a broker that is not voted on certain matters is sometimes referred to as a broker non-vote.

Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is **"WITHHELD"**. However, any nominee for director in an uncontested election who receives a greater number of votes **"WITHHELD"** from his or her election than votes **"FOR"** such election shall tender his or her resignation for consideration by the Nominating and Corporate Governance Committee of the Board. The Committee shall recommend to the Board the action to be taken with respect to the resignation. Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Committee's or the Board's deliberations as to whether to accept the resignation. Should this situation occur, the Board would publicly disclose its decision within 90 days of the certification of the election results. The advisory vote to approve the executive compensation paid to our Named Executive Officers and the ratification of the appointment of KPMG LLP as the independent registered public accounting firm is determined by a majority of the votes cast, without regard to broker non-votes or proxies marked **"ABSTAIN"**.

Revocability of Proxies

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. You may revoke your proxy by:

- submitting written notice of revocation to the Corporate Secretary of Investors Bancorp prior to the voting of such proxy;
- submitting a properly executed proxy bearing a later date;
- voting again by telephone or Internet (provided such vote is received on a timely basis); or
- voting in person at the Annual Meeting; however, simply attending the Annual Meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Investors Bancorp, Inc.
101 JFK Parkway
Short Hills, New Jersey 07078
Attention: Patricia E. Brown, Corporate Secretary

If your shares are held in street name, you should follow your broker's instructions regarding the revocation of proxies.

Solicitation of Proxies

Investors Bancorp will bear the entire cost of soliciting proxies. In addition to solicitation of proxies by mail, Investors Bancorp will request that banks, brokers and other holders of record send proxies and proxy

material to the beneficial owners of Investors Bancorp common stock and secure their voting instructions, if necessary. Investors Bancorp will reimburse such holders of record for their reasonable expenses in taking those actions. Laurel Hill Advisory Group, LLC will assist us in soliciting proxieis and we have agreed to pay them a fee of $7,000 plus reasonable expenses for their services. If necessary, Investors Bancorp may also use several of its regular employees, who will not be specially compensated, to solicit proxies from stockholders, personally or by telephone, facsimile or letter. In the event there are not sufficient votes for a quorum, or to approve or ratify any matter being presented at the time of this Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

Recommendation of the Board of Directors

Your Board of Directors unanimously recommends that you vote "**FOR**" each of the nominees for director listed in this Proxy Statement, **"FOR"** approval on a non-binding advisory basis of the executive compensation paid to our Named Executive Officers and "**FOR**" the ratification of KPMG LLP as Investors Bancorp's independent registered public accounting firm for the year ending December 31, 2016.

Security Ownership of Certain Beneficial Owners and Management

Persons and groups who beneficially own in excess of 5% of Investors Bancorp's common stock are required to file certain reports with the Securities and Exchange Commission ("SEC") regarding such beneficial ownership. The following table sets forth, as of April 5, 2016, certain information as to the shares of Investors Bancorp common stock owned by persons who beneficially own more than five percent of Investors Bancorp's issued and outstanding shares of common stock. We know of no persons, except as listed below, who beneficially owned more than 5% of the outstanding shares of Investors Bancorp common stock as of April 5, 2016. For purposes of the following table and the table included under the heading "Directors and Executive Officers," and in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, a person is deemed to be the beneficial owner of any shares of common stock (i) over which he or she has, or shares, directly or indirectly, voting or investment power, or (ii) as to which he or she has the right to acquire beneficial ownership at any time within 60 days after April 5, 2016.

Principal Stockholders

Name and Address of Beneficial Owner	Number of Shares Owned and Nature of Beneficial Ownership	Percent of Shares of Common Stock Outstanding [(1)]
Blue Harbour Group, LP 646 Steamboat Road Greenwich CT 06830	28,378,728[(2)]	8.77%
FMR LLC 245 Summer Street, Boston MA 02210	22,915,526[(3)]	7.09%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	22,442,715[(4)]	6.94%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	19,558,598[(5)]	6.05%

(1) Based on 323,405,503 shares of Investors Bancorp common stock outstanding as of April 5, 2016.
(2) Based on a Schedule 13D/A filed with the SEC on August 13, 2015.
(3) Based on a Schedule 13G filed with the SEC on February 12, 2016.
(4) Based on a Schedule 13G filed with the SEC on February 10, 2016.
(5) Based on a Schedule 13G/A filed with the SEC on January 22, 2016.

Directors and Executive Officers

The following table sets forth information about shares of Investors Bancorp common stock owned by each nominee for election as director, each incumbent director, each Named Executive Officer identified in the summary compensation table included elsewhere in this Proxy Statement, and all nominees, incumbent directors and executive officers as a group, as of April 5, 2016.

Name	Position(s) held with Investors Bancorp Inc. and/or Investors Bank	Shares Owned Directly and Indirectly [1]	Options Exercisable within 60 days	Beneficial Ownership	Percent of Class	Unvested Stock Awards Included in Beneficial Ownership
NOMINEES						
Robert C. Albanese	Director	171,988	35,302	207,290	*	100,000
Domenick A. Cama	Director, Senior Executive Vice President and Chief Operating Officer	1,374,694	1,020,000	2,394,694	*	600,000
James J. Garibaldi	Director	112,550	—	112,550	*	100,000
James H. Ward III	Director	442,185	—	442,185	*	100,000
INCUMBENT DIRECTORS						
Dennis M. Bone	Director	172,744	—	172,744	*	100,000
Doreen R. Byrnes	Director	262,638	—	262,638	*	100,000
William V. Cosgrove	Director	157,450	255,000	412,450	*	100,000
Brendan J. Dugan	Director	120,710	—	120,710	*	100,000
Robert M. Cashill	Chairman	781,902	292,500	1,074,402	*	150,000
Kevin Cummings	Director, President and Chief Executive Officer	1,770,344	1,147,500	2,917,844	*	750,000
Brian D. Dittenhafer	Director	391,557	124,529	516,086	*	150,000
Michele N. Siekerka	Director	182,268	70,606	252,874	*	100,000
EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS						
Richard S. Spengler	Executive Vice President and Chief Lending Officer	824,466	110,000	934,466	*	400,000
Paul Kalamaras	Executive Vice President and Chief Retail Banking Officer	756,945	182,000	938,945	*	400,000
Sean Burke [3]	Senior Vice President and Chief Financial Officer	350,000	—	350,000	*	350,000
All directors and executive officers as a group[2]		7,872,441	3,237,437	11,109,878	3.44%	3,600,000

* Less than 1%

(1) Unless otherwise indicated, each person effectively exercises sole, or shared with spouse, voting and dispositive power as to the shares reported.

(2) Includes 111,087 shares of common stock allocated to the accounts of executive officers under the Investors Bank Employee Stock Ownership Plan ("ESOP") and excludes the remaining 17,465,304 shares of common stock of which 13,263,545 are unallocated and held for the future benefit of all employee participants. Under the terms of the ESOP, shares of common stock allocated to the account of employees are voted in accordance with the instructions of the respective employees. Unallocated shares are voted by the ESOP Trustee in the same proportion as the vote obtained from participants on allocated shares. Includes 52,924 shares of common stock held through the Company's 401(k) Plan.

(3) Effective January 26, 2015, Sean Burke was appointed Senior Vice President and Chief Financial Officer of Investors Bancorp.

PROPOSAL I—ELECTION OF INVESTORS BANCORP DIRECTORS

General

Investors Bancorp's Board of Directors currently consists of 12 members and is divided into three classes, with one class of directors elected each year. Each of the 12 members of the Board of Directors also serves as a director of Investors Bank. The current Bylaws of Investors Bancorp provide that a director shall retire from the Board at the annual meeting of the Board immediately following the year in which the director attains age 75.

Four directors will be elected at the Annual Meeting. On the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors has nominated Robert Albanese, Domenick Cama, James Garibaldi and James Ward III for election as directors, each of whom has agreed to serve if so elected. All will serve until their respective successors have been elected and qualified.

Except as indicated herein, there are no arrangements or understandings between any nominee and any other person pursuant to which any such nominee was selected. **Unless authority to vote for the nominees is withheld, it is intended that the shares represented by your Proxy Card, if executed and returned, will be voted "FOR" the election of all nominees.**

In the event that any nominee is unable or declines to serve, the persons named in the Proxy Card as proxies will vote with respect to a substitute nominee designated by Investors Bancorp's current Board of Directors. At this time, the Board of Directors knows of no reason why any of the nominees would be unable or would decline to serve, if elected.

INVESTORS BANCORP'S BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED IN THIS PROXY STATEMENT.

Directors and Executive Officers of Investors Bancorp

The following table states our directors' names, their ages as of April 5, 2016, and the years when they began serving as directors of Investors Bancorp and when their current term expires.

Name	Position(s) Held With Investors Bancorp	Age	Director Since	Current Term Expires
NOMINEES				
Robert C. Albanese	Director	68	2013	2016
Domenick A. Cama	Director, Senior Executive Vice President and Chief Operating Officer	59	2011	2016
James J. Garibaldi	Director	64	2012	2016
James H. Ward III	Director	67	2009	2016
INCUMBENT DIRECTORS				
Dennis M. Bone	Director	64	2013	2017
Doreen R. Byrnes	Director	66	2002	2017
William V. Cosgrove	Director	68	2011	2017
Brendan J. Dugan	Director	68	2013	2017
Robert M. Cashill	Chairman	73	1998	2018
Kevin Cummings	Director, President and Chief Executive Officer	61	2008	2018
Brian D. Dittenhafer	Lead Director	73	1997	2018
Michele N. Siekerka	Director	51	2013	2018

The following information describes the business experience for each of Investors Bancorp's directors and executive officers.

Nominees for Director

Term to Expire 2019

Robert C. Albanese was appointed to the Board of Directors of Investors Bancorp and Investors Bank on December 6, 2013 upon the consummation of Investors Bancorp's acquisition of Roma Financial Corporation, where he served as a director. He was the President and Chief Executive Officer of Pentegra Retirement Services, located in White Plains, New York, from 2007 to 2013 following an eleven year tenure on Pentegra's Board of Directors. Prior to his employment with Pentegra, he served as Regional Director of the Northeast Region of the Office of Thrift Supervision from 1996 through 2007 where he was directly responsible for the oversight of all federally chartered institutions and their holding companies located in the twelve states comprising the Northeast Region. Prior to 1996, he served in various other capacities with the Office of Thrift Supervision and its predecessor, the Federal Home Loan Bank Board.

Mr. Albanese has also been involved in many civic activities, most prominently as past President and Treasurer of the Waldwick, New Jersey Jaycees. He presently sits on the Board of Trustees of the Bridge Academy, a school for children with learning disabilities located in Lawrenceville, New Jersey. The Nominating and Corporate Governance Committee considers Mr. Albanese's extensive regulatory experience with particular expertise in financial analysis, enterprise risk analysis and audit to be assets to the Board of Directors.

Domenick A. Cama was appointed to the Board of Directors of Investors Bancorp and Investors Bank in January 2011. He became Chief Operating Officer of Investors Bank effective January 1, 2008 and was appointed Senior Executive Vice President in January of 2010. Prior to this appointment, Mr. Cama had served as Chief Financial Officer since April 2003. Prior to joining Investors Bank, Mr. Cama was employed for 13 years by the FHLB where he served as Vice President and Director of Sales. Mr. Cama is also a member of the Board of Directors for the Raritan Bay Medical Center Foundation and the Madison YMCA. Mr. Cama holds a Bachelor's degree in Economics and a Master's degree in Finance from Pace University.

Mr. Cama has extensive knowledge of the banking industry and local markets served by Investors Bank. The Nominating and Corporate Governance Committee considers Mr. Cama's experience, leadership, financial expertise and strong economics background to be unique assets for the Board of Directors.

James J. Garibaldi was appointed to the Board of Directors of Investors Bancorp and Investors Bank in 2012. He is currently the Chief Executive Officer of The Garibaldi Group, a corporate real estate services firm headquartered in Chatham, New Jersey. Mr. Garibaldi joined The Garibaldi Group in 1974. In 1986, Mr. Garibaldi assumed the role of managing partner of the firm and in 1997 he became its Chief Executive Officer. Mr. Garibaldi currently serves on CORFAC International's International Committee. He is also a member of the Board of Trustees for the Cancer Hope Network, a member of the Board of Trustees of Big Brothers and Big Sisters of Morris, Bergen, Passaic and Sussex, Inc., on the Finance Council for the Diocese of Paterson, and a member of the Advisory Board for the Community Soup Kitchen in Morristown. Mr. Garibaldi has a Bachelor of Science degree from the University of Scranton.

Mr. Garibaldi's extensive real estate experience and knowledge of the local real estate market bring valuable expertise to the Board of Directors. The Nominating and Corporate Governance Committee considers Mr. Garibaldi's leadership skills and real estate knowledge to be assets to the Board of Directors.

James H. Ward III was appointed to the Board of Directors of Investors Bancorp and Investors Bank in June 2009 upon consummation of Investors Bancorp's acquisition of American Bancorp of New Jersey, Inc. From 1998 to 2000, he was the majority stockholder and Chief Operating Officer of Rylyn Group, which operated a restaurant in Indianapolis, Indiana. Prior to that, he was the majority stockholder and Chief Operating Officer of Ward and Company, an insurance agency in Springfield, New Jersey, where he was employed from 1968 to 1998. He is now a retired investor. In 2009 he was awarded the Certificate of Director Education by the National Association of Corporate Directors, where he is a member and continues his education.

Mr. Ward brings a wide range of management experience and business knowledge that provides a valuable resource to the Board of Directors. These skills and experience combined with the unique perspective Mr. Ward brings from his background as an entrepreneur provide skills and experience which the Nominating and Corporate Governance Committee considers to be valuable assets for the Board of Directors.

Continuing Directors

Term to Expire 2017

Dennis M. Bone was appointed to the Board of Directors of Investors Bancorp and Investors Bank on December 6, 2013 upon the consummation of Investors Bancorp's acquisition of Roma Financial Corporation, where he served as a director. Mr. Bone is the Director of the Feliciano Center for Entrepreneurship at Montclair State University. Previously, Mr. Bone served as President of Verizon New Jersey. Mr. Bone has over 33 years' experience with Verizon and was responsible for Verizon's corporate interests in New Jersey. Active in his community, Mr. Bone is on the Board of Trustees of the New Jersey Institute of Technology, the New Jersey Center for Teaching and Learning, the Citizens Campaign and the Newark Alliance. In addition, Mr. Bone is Chairman of the New Jersey State Employment and training Commission, and was the founding Chairman of Choose New Jersey. Mr. Bone previously served on the board of trustees of the Liberty Science Center (12 years), the Board of Directors of the New Jersey Performing Arts Center (12 years), the Aviation Research Technology Park (2 years), and the New Jersey Utilities Association (12 years). The Nominating and Corporate Governance Committee believes that Mr. Bone's experience, which brings a broader corporate perspective, and his extensive community involvement to be assets to the Board of Directors.

Doreen R. Byrnes was elected to the Board of Directors of Investors Bancorp and Investors Bank in January 2002. Ms. Byrnes retired in 2007 after an employment career in the area of human resources, including having served as Executive Vice President of Human Resources. Ms. Byrnes has a Bachelor's degree from the

University of Florida and a Master's degree from Fairleigh Dickinson University. She is a member of National Association of Corporate Directors and was awarded the Certificate of Director Education in 2010.

Ms. Byrnes has extensive experience with executive recruitment, retention and compensation as well as a strong understanding of the employees and markets served by Investors Bank. This experience provides a unique perspective to the Board of Directors. The Nominating and Corporate Governance Committee considers Ms. Byrnes' skills and experience to be assets to the Board of Directors.

William V. Cosgrove was first appointed to the Board of Directors of Investors Bancorp and Investors Bank in October 2011. Mr. Cosgrove had been employed as a non Section 16 officer of Investors Bank since Investors Bancorp's acquisition of Summit Federal Bankshares, Inc. and Summit Federal Savings Bank in June 2008 through his retirement from Investors Bank on October 1, 2011. Mr. Cosgrove was President and Chief Executive Officer of Summit Federal Savings Bank from 2003 until the acquisition of Summit Federal Savings Bank by Investors Bank. Mr. Cosgrove has over 40 years of experience in banking and has served as president of the N.J. Council of Federal Savings Institutions, and the Union County Savings League. In addition he served on the Board of Governors of the New Jersey Savings League. Mr. Cosgrove is a member of the National Association of Corporate Directors, where he continues his education.

Mr. Cosgrove's extensive experience in the banking industry and local markets bring valuable expertise to the Board of Directors. The Nominating and Corporate Governance Committee considers Mr. Cosgrove's financial and leadership skills and his experience and knowledge of the financial services industry in general to be assets to the Board of Directors.

Brendan J. Dugan was appointed to the Board of Directors of Investors Bancorp and Investors Bank on August 27, 2013. Mr. Dugan has 40 years of commercial banking and lending experience, having previously served as Chairman and CEO of Sovereign Bank's Metro NY/NJ division. He has also served as President of National Westminster Bank and European American Bank. Mr. Dugan is currently the President of St. Francis College in Brooklyn, NY and had served as Chairman of the College's Board of Trustees. Mr. Dugan is committed to community involvement and serves on various boards within the community. The Nominating and Corporate Governance Committee considers Mr. Dugan's banking experience and expertise to be assets to the Board of Directors.

Term to Expire 2018

Robert M. Cashill was first elected to the Board of Directors of Investors Bancorp and Investors Bank in February 1998 and has served as Chairman since January 2010. Mr. Cashill served as President and Chief Executive Officer of Investors Bank from December 2002 until his retirement on December 31, 2007. During this time Mr. Cashill was an integral part of the conversion of the former savings bank into the mutual holding company structure raising $500 million in the process. Prior to joining Investors Bank, Mr. Cashill was employed as Vice President Institutional Sales by Salomon Smith Barney from 1977 to 1998, and at Hornblower, Weeks, Hemphill, Noyes from 1966 to 1977. For much of that time he specialized in providing investment analysis and asset/liability management advice to thrift institutions and was, therefore, familiar with thrift recapitalizations and debt issuance. Mr. Cashill has a Bachelor of Science degree in Economics from Saint Peter's College. He is a member of the National Association of Corporate Directors, where he continues his education and served on the boards of both the New Jersey League of Savings Institutions and the Paper Mill Playhouse.

Mr. Cashill's leadership skills, extensive background in the financial services industry and his experience working for Investors Bank brings knowledge of industry management and local markets to the Board of Directors. The Nominating and Corporate Governance Committee considers Mr. Cashill's financial and leadership skills and his experience and knowledge of the financial services industry in general and of Investors Bancorp in particular to be significant assets for the Board of Directors.

Kevin Cummings was appointed President and Chief Executive Officer of Investors Bancorp and Investors Bank effective January 1, 2008 and was also appointed to serve on the Board of Directors of Investors Bank at that time. He previously served as Executive Vice President and Chief Operating Officer of Investors Bank since July 2003. Prior to joining Investors Bank, Mr. Cummings had a 26-year career with the independent accounting firm of KPMG LLP, where he had been partner for 14 years. Immediately prior to joining Investors Bank, he was an audit partner in KPMG's Financial Services practice in their New York City office and lead partner on a major commercial banking client. Mr. Cummings also worked in the New Jersey community bank practice for over 20 years. Mr. Cummings has a Bachelor's degree in Economics from Middlebury College and a Master's degree in Business Administration from Rutgers University. He is the former Chairman of the Board and current member of the New Jersey Bankers Association and sits on the Board of Trustees of the Scholarship Fund for Inner-City Children, Liberty Science Center and the Visiting Nurse Assn. Health Group and is also a member of the Development Leadership Council of Morris Habitat for Humanity. In addition, Mr. Cummings is a member of the Board of the Federal Home Loan Bank of New York, the Independent College Fund of New Jersey, the All Stars Project of New Jersey and the Community Foundation of New Jersey.

Mr. Cummings is a certified public accountant and his background in public accounting enhances the board of directors' oversight of financial reporting and disclosure issues. The Nominating and Corporate Governance Committee considers Mr. Cummings' leadership skills and knowledge of accounting, auditing and corporate governance in the financial services industry to be assets to the Board of Directors.

Brian D. Dittenhafer was first elected to the Board of Directors of Investors Bancorp and Investors Bank in 1997. He served as President and Chief Executive Officer of the Federal Home Loan Bank of New York from 1985 until his retirement in 1992. Mr. Dittenhafer joined the FHLB in 1976 where he also served as Vice President and Chief Economist, Chief Financial Officer and Executive Vice President. Previously, he was employed as a Business Economist at the Federal Reserve Bank of Atlanta from 1971 to 1976. From 1992 to 1995, Mr. Dittenhafer served as President and Chief Financial Officer of Collective Federal Savings Bank and as Chairman of the Resolution Funding Corporation from 1989 to 1992. From 1995 to 2007 Mr. Dittenhafer was Chairman of MBD Management Company. Mr. Dittenhafer has a Bachelor of Arts from Ursinus College and a Master of Arts in Economics from Temple University where he subsequently taught economics. He was named to Omicron Delta Epsilon, the national honor society in Economics. Mr. Dittenhafer is a member of the National Association for Business Economics and the National Association of Corporate Directors. In 2007 he was awarded the Certificate of Director Education by the National Association of Corporate Directors, where he continues his education and has achieved Director Professional designation. In 2012, Mr. Dittenhafer achieved the status of the National Association of Corporate Directors Governance Fellow.

Mr. Dittenhafer brings extensive knowledge of the banking industry and a strong background in economics to the Board of Directors. The Nominating and Corporate Governance Committee considers Mr. Dittenhafer's experience, leadership, financial expertise and strong economics background to be unique assets for the Board of Directors.

Michele N. Siekerka was appointed to the Board of Directors of Investors Bancorp and Investors Bank on December 6, 2013 upon the consummation of Investors Bancorp's acquisition of Roma Financial Corporation where she served as a director. Ms. Siekerka is a licensed attorney and President of New Jersey Business and Industry Association. From 2010 to 2014, Ms. Siekerka was Acting Deputy Commissioner, New Jersey Department of Environmental Protection. From 2004 to 2010, she served as the President and Chief Executive Officer of the Mercer Regional Chamber of Commerce. From 2000 to 2004, Ms. Siekerka was employed by AAA Mid-Atlantic, first as vice president of human resources and then as senior counsel. Active in numerous civic organizations, Ms. Siekerka is a member of, among other organizations, the Mercer County Community College Foundation, the Roma Bank Community Foundation and the YWCA of Trenton. Ms. Siekerka is on the Regional Advisory Board for AAA Mid-Atlantic and a former member of the Robbinsville Township Board of Education. The Nominating and Corporate Governance Committee considers Ms. Siekerka's legal and government affairs expertise and market knowledge to be assets to the Board of Directors.

Executive Officers of the Bank Who Are Not Also Directors

Richard S. Spengler, age 54, was appointed Executive Vice President and Chief Lending Officer of Investors Bank effective January 1, 2008. Mr. Spengler began working for Investors Bank in September 2004 as Senior Vice President. Prior to joining Investors Bank, Mr. Spengler had a 21-year career with First Savings Bank, Woodbridge, New Jersey where he served as Executive Vice President and Chief Lending Officer from 1999 to 2004. Mr. Spengler holds a Bachelor's degree in Business Administration from Rutgers University.

Paul Kalamaras, age 57, was appointed Executive Vice President and Chief Retail Banking Officer of Investors Bank in January of 2010. Mr. Kalamaras joined Investors Bank as a Senior Vice President and Director of Retail Banking in August 2008. Before joining Investors, Mr. Kalamaras was Executive Vice President of Millennium bcp bank, N.A., in Newark, New Jersey where he was responsible for the retail, commercial banking and treasury lines of business. He served on the bank's Executive Committee and was a member of the Board of Directors. Mr. Kalamaras previously was President and CEO of The Barré Company, a manufacturer of precision engineered metal components for the electronics and telecommunications industry. Mr. Kalamaras is a member of, among other organizations, the Board of Directors of New Jersey State Chamber of Commerce, Board of Trustees, New Jersey SEEDS and Board of Directors New Jersey Region of the American Red Cross. Earlier, Mr. Kalamaras was Executive Vice President at Summit Bank, where he was responsible for the retail network and business banking. Mr. Kalamaras holds a Bachelor's degree in Finance from the University of Notre Dame.

Sean Burke, age 44, was appointed Senior Vice President and Chief Financial Officer of Investors Bank effective January 26, 2015. Prior to joining Investors Bank, Mr. Burke was the Managing Director and Head of U.S. Depository Institutions for RBC Capital Markets in New York. Mr. Burke has approximately 20 years of experience working with financial institutions. Mr. Burke earned bachelor's degrees in accounting and computer science from the University of Notre Dame and earned an MBA from Northwestern University's J.L. Kellogg Graduate School of Management. Prior to Northwestern, Mr. Burke spent three years with Ernst & Young in their financial services audit practice.

Corporate Governance Matters

Investors Bancorp is committed to maintaining sound corporate governance guidelines and very high standards of ethical conduct and is in compliance with applicable corporate governance laws and regulations.

Section 16(a) Beneficial Ownership Reporting Compliance

Investors Bancorp's common stock is registered with the SEC pursuant to Section 12(b) of the Exchange Act. The executive officers and directors of Investors Bancorp, and beneficial owners of greater than 10% of Investors Bancorp's common stock, are required to file reports on Forms 3, 4 and 5 with the SEC disclosing beneficial ownership and changes in beneficial ownership of Investors Bancorp's common stock. The SEC rules require disclosure in Investors Bancorp's Proxy Statement or Annual Report on Form 10-K of the failure of an executive officer, director or 10% beneficial owner of Investors Bancorp's common stock to file a Form 3, 4, or 5 on a timely basis. Based on Investors Bancorp's review of ownership reports and confirmations by executive officers and directors, Investors Bancorp believes that, during 2015, its officers, directors and beneficial owners of greater than 10% of its common stock timely filed all required reports.

Board of Directors Meetings and Committees

The Boards of Directors of Investors Bancorp and Investors Bank meet monthly, or more often as may be necessary. The Board of Directors of Investors Bancorp and Investors Bank each met 12 times during 2015. The Board of Directors of Investors Bancorp currently maintains four standing committees: the Nominating and Corporate Governance Committee, the Audit Committee, the Compensation and Benefits Committee and the Risk Oversight Committee.

No director attended fewer than 75% of the total number of Board meetings held by the Investors Bancorp and Investors Bank Board of Directors and all committees of the Boards on which they served (during the period they served) during 2015. Investors Bancorp does not have a specific policy regarding attendance at the annual meeting of stockholders. However, all of Investors Bancorp's directors attended the annual meeting of stockholders held on June 9, 2015.

Director Independence

A majority of the Board of Directors and each member of the Compensation and Benefits, Nominating and Corporate Governance and Audit Committees are independent, as affirmatively determined by the Board of Directors consistent with the listing rules of the Nasdaq Stock Market.

The Board of Directors conducts an annual review of director independence for all current nominees for election as directors and all continuing directors. In connection with this review, the Board of Directors considers all relevant facts and circumstances relating to relationships that each director, his or her immediate family members and their respective related interests has with Investors Bancorp and its subsidiaries.

As a result of this review, the Board of Directors affirmatively determined that Messrs. Cashill, Albanese, Cosgrove, Bone, Dittenhafer, Dugan, Ward and Mses. Byrnes and Siekerka, are independent as defined in the Nasdaq corporate governance listing rules. The Board of Directors determined that Messrs. Cummings and Cama are not independent as they are Investors Bank employees. Mr. Garibaldi is not independent due to commercial real estate brokerage services provided by his company to Investors Bank, the subsidiary of Investors Bancorp.

In establishing its structure and appointing a Lead Independent Director, Investors Bancorp has also taken into account the extent to which a director who satisfies independence standards under the listing rules of the Nasdaq Stock Market would also qualify as an independent outside director (as opposed to an affiliated outside director) under the standards set forth by Institutional Shareholder Services ("ISS").

Board Leadership Structure

Currently, the positions of Chairman of the Board and Chief Executive Officer are held by different persons, which the Board believes is appropriate under present circumstances. However, the Board recognizes that its optimal leadership structure can change over time to reflect our Company's evolving needs, strategy, and operating environment; changes in our Board's composition and leadership needs; and other factors, including the perspectives of stockholders and other stakeholders. The Board of Directors believes that management accountability and the Board's independence from management is best served by maintaining a majority of independent directors and where required maintaining standing board committees comprised exclusively of independent members.

In addition, the Board's Corporate Governance Guidelines allow for the appointment of a Lead Independent Director, who shall be an "independent outside director", which is defined as an independent director who is not considered an "affiliated outside director" under ISS standards. When appointed by the Board, the Lead Independent Director has the following duties:

- Preside at all meetings of the independent outside directors and independent directors;
- Coordinate as necessary Investors Bancorp related activities of the independent outside directors;
- Facilitate communications between the Chairman of the Board, the CEO and the independent outside directors;
- Consult as needed with the Chairman of the Board with respect to meeting agendas and schedules, as well as Board materials, prior to Board meetings; and
- Consult with the Chairman of the Board to assure that appropriate topics are being discussed with sufficient time allocated for each.

The Lead Independent Director has the authority to call meetings of the independent outside directors. Pursuant to the recommendation of the Nominating and Corporate Governance Committee, the Board has appointed Brian D. Dittenhafer as Lead Director.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines, which are posted on the "Governance Documents" section of the "Investor Relations" page of Investors Bank's website at *www.myinvestorsbank.com*. The Corporate Governance Guidelines cover the general operating policies and procedures followed by the Board of Directors including, among other things:

- Mission of the Board;
- Director responsibilities and qualifications;
- Board nominating procedures and election criteria;
- Stock ownership policies, Board size, director independence; and
- Director compensation, education and code of ethics.

The Corporate Governance Guidelines provide for the independent directors of the Board of Directors to meet in regularly scheduled executive sessions at least quarterly. During 2015, four executive sessions were conducted by the independent directors.

Anti-Hedging Policy

The Corporate Governance Guidelines include an anti-hedging policy, which prohibits directors and executive officers from engaging in or effecting any transaction designed to hedge or offset the economic risk of owning shares of Investors Bancorp common stock. Accordingly, any hedging, derivative or other equivalent transaction that is specifically designed to reduce or limit the extent to which declines in the trading price of Investors Bancorp common stock would affect the value of the shares of Investors Bancorp common stock owned by an executive officer or director is prohibited. Cashless exercises of employee stock options are not deemed short sales and are not prohibited. This policy does not prohibit transactions in the stock of other companies.

Prohibition on Pledging Securities

Company policy prohibits directors and executive officers from holding Company securities in a margin account or pledging Company securities as collateral for any other loan. An exception to this prohibition may be granted, in the sole discretion of the Board and in limited circumstances, after giving consideration to, among other factors, the number of shares proposed to be pledged as a percentage of the director's or executive officer's total shares held. No shares are currently pledged by a director or executive officer.

Stock Ownership Requirements

The Board of Directors believes that it is in the best interest of Investors Bancorp and its stockholders to align the financial interests of its executives and directors with those of stockholders. Accordingly, the Corporate Governance Guidelines include Stock Ownership Guidelines for Named Executive Officers and Directors of Investors Bancorp that require the following minimum investment in Investors Bancorp common stock:

CEO:	A number of shares having a market value equal to five times (5.0x) annual base salary
Other Named Executive Officers:	A number of shares having a market value equal to three times (3.0x) annual base salary
Directors:	25,000 shares

Stock holdings are expected to be achieved within five (5) years of either the implementation of the Ownership Guidelines or the starting date of the individual, whichever is later. Stock ownership for Named Executive Officer and Directors is reviewed as of the last day of each calendar quarter.

Majority Voting Policy

The Board of Directors believes that each director of the Company should have the confidence and support of the Company's stockholders and, to this end, the Board has adopted a majority voting policy, which is utilized for the election of any director at any meeting of stockholders for uncontested elections and shall not be applicable for contested elections. Pursuant to this policy, any incumbent director nominee in an uncontested election who receives a greater number of votes **"WITHHELD"** than votes cast **"FOR"** at the stockholders meeting shall promptly tender his or her proposed resignation following certification of the stockholder vote.

The Nominating and Corporate Governance Committee will promptly consider the resignation and will recommend to the Board whether to accept the resignation or to take other action, including rejecting the resignation and addressing any apparent underlying causes of the failure of the director to obtain a majority of votes **"FOR"** such nominee. The Board will act on the Nominating and Corporate Governance Committee's recommendation no later than at its first regularly scheduled meeting following the committee's deliberation and recommendation, but in any case, no later than 90 days following the certification of the stockholder vote. The Company will publicly disclose the Board's decision and process in a periodic or current report filed with or furnished with to the SEC within 90 days following the certification of the stockholder vote. Any director who tenders his or her resignation will not participate in the Nominating and Corporate Governance Committee's or full Board's deliberations, considerations or actions regarding whether or not to accept the resignation or take any other related action.

Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are: Ms. Byrnes (Chair), Messrs. Bone, Cosgrove, Ward, Dittenhafer and Ms. Siekerka. Each member of the Nominating and Corporate Governance Committee is considered independent as defined in the Nasdaq corporate governance listing rules. The Nominating and Corporate Governance Committee's Charter and Corporate Governance Guidelines are posted on the "Governance Documents" section of the "Investor Relations" page of the Investors Bank's website at *www.myinvestorsbank.com*. The Committee met four times during 2015.

As noted in the Nominating and Corporate Governance Committee Charter, the purpose of the committee is to assist the Board in identifying individuals to become Board members, determine the size and composition of the Board and its committees, monitor Board effectiveness and implement Corporate Governance Guidelines.

In furtherance of this purpose, this committee, among other things, shall:

- Lead the search for individuals qualified to become members of the Board of Directors and develop criteria (such as independence, experience relevant to the needs of Investors Bancorp, leadership qualities, diversity, stock ownership) for board membership;
- Make recommendations to the Board concerning Board nominees and stockholders proposals;
- Develop, recommend and oversee the annual self-evaluation process of the board and its committees;
- Develop and annually review corporate governance guidelines applicable to Investors Bancorp;
- Review and monitor the Board's compliance with Nasdaq Stock Market listing standards for independence; and
- Review, in consultation with the Compensation and Benefits Committee, directors' compensation and benefits.

In accordance with Corporate Governance Guidelines, the Committee considers all qualified director candidates identified by members of the Committee, by other members of the Board of Directors, by senior management and by stockholders. Stockholders recommending a director candidate to the Committee may do so by submitting the candidate's name, resume and biographical information to the attention of the Chairman of this Committee in accordance with procedures listed in this proxy statement (also available on Investors Bancorp's website). All stockholder recommendations for director candidates that the Chairman of the Committee receives in accordance with these procedures will be presented to the Committee for its consideration. The Committee's recommendations to the Board are based on its determination as to the suitability of each individual, and the slate as a whole, to serve as directors of Investors Bancorp.

Criteria for Election

Investors Bancorp's goal is to have a Board of Directors whose members have diverse professional backgrounds and have demonstrated professional achievement with the highest personal and professional ethics and integrity and whose values are compatible with those of Investors Bancorp. The Nominating and Corporate Governance Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, important factors considered in the selection of nominees for director include experience in positions that develop good business judgment, that demonstrate a high degree of responsibility and independence, and that show the individual's ability to commit adequate time and effort to serve as a director.

Nominees should have a familiarity with the markets in which Investors Bancorp operates, be involved in activities that do not create a conflict with his/her responsibilities to Investors Bancorp and its stockholders, and have the capacity and desire to represent the balanced, best interests of the stockholders of Investors Bancorp as a group, and not primarily a special interest group or constituency.

The Nominating and Corporate Governance Committee will also take into account whether a candidate satisfies the criteria for "independence" as defined in the Nasdaq corporate governance listing rules, and, if a candidate with financial and accounting expertise is sought for service on the Audit Committee, whether the individual qualifies as an Audit Committee financial expert.

Procedures for the Nomination of Directors by Stockholders

As previously indicated, the Nominating and Corporate Governance Committee has adopted procedures for the consideration of Board candidates submitted by stockholders. Stockholders can submit the names of candidates for director by writing to the Chair of the Nominating and Corporate Governance Committee, at Investors Bancorp, Inc., 101 JFK Parkway, Short Hills New Jersey 07078. The submission must include the following information:

- a statement that the writer is a stockholder and is proposing a candidate for consideration by the Nominating and Corporate Governance Committee;
- the qualifications of the candidate and why this candidate is being proposed;
- the name, address and contact information for the nominated candidate, and the number of shares of Investors Bancorp common stock that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);
- the name and address of the nominating stockholder as he/she appears on Investors Bancorp's books, and number of shares of Investors Bancorp common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- a statement of the candidate's business and educational experience;
- such other information regarding the candidate as would be required to be included in a proxy statement pursuant to SEC Regulation 14A;

- a statement detailing any relationship between the candidate and Investors Bancorp and between the candidate and any customer, supplier or competitor of Investors Bancorp;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

A nomination submitted by a stockholder for presentation by the stockholder at an annual meeting of stockholders must comply with the procedural and informational requirements described in "Advance Notice of Business to be Conducted at an Annual Meeting" Investors Bancorp did not receive any stockholder submission for Board nominees for this annual meeting.

Stockholder and Interested Party Communication with the Board

A stockholder of Investors Bancorp who wants to communicate with the Board or with any individual director can write to the Chair of the Nominating and Corporate Governance Committee at Investors Bancorp, Inc., 101 JFK Parkway, Short Hills, New Jersey 07078. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, the Chair will:

- Forward the communication to the director(s) to whom it is addressed;
- Handle the inquiry directly, for example where it is a request for information about Investors Bancorp or it is a stock-related matter; or
- Not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, the Chair of the Nominating and Corporate Governance Committee shall present a summary of all communications received since the last meeting and make those communications available to the directors upon request.

Codes of Conduct and Ethics

The Board has adopted a code of ethics and business conduct for all employees and a code of ethics and business conduct for directors. These codes are designed to ensure the accuracy of financial reports, deter wrongdoing, promote honest and ethical conduct, the avoidance of conflicts of interest, and full and accurate disclosure and compliance with all applicable laws, rules and regulations. Both of these documents are available on Investors Bancorp's website at *www.myinvestorsbank.com*. Amendments to and waivers from the codes of ethics and business conduct will be disclosed on Investors Bancorp's website.

Transactions With Certain Related Persons

Federal laws and regulations generally require that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. However, regulations also permit executive officers and directors to receive the same terms through programs that are widely available to other employees, as long as the executive officer or director is not given preferential treatment compared to the other participating employees. Pursuant to such a program, loans have been extended to executive officers on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public, with the exception of waiving certain fees. These loans do not involve more than the normal risk of collectability or present other unfavorable features.

Section 402 of the Sarbanes-Oxley Act of 2002 generally prohibits an issuer from: (1) extending or maintaining credit; (2) arranging for the extension of credit; or (3) renewing an extension of credit in the form of a personal loan for an officer or director. However, the prohibitions of Section 402 do not apply to loans made by a depository institution, such as Investors Bank, that is insured by the FDIC and is subject to the insider lending restrictions of the Federal Reserve Act. The audit committee reviews related party transactions, the disclosure of which is required under SEC proxy disclosure rules.

During 2015, The Garibaldi Group, of which Director Garibaldi is the Chief Executive Officer and has a controlling ownership interest, provided commercial real estate brokerage services to Investors Bank, the wholly owned subsidiary of Investors Bancorp. The Garibaldi Group acted as the broker on two office leases in New York and one office lease in New Jersey. The offices leases in New York are for a five and ten year terms totaling $7.2 million in base rent, while the office lease in New Jersey has a five year term totaling $491,000 in base rent. The Garibaldi Group received approximately $269,000 in aggregate commissions from the landlords with respect to these transactions.

Risk Oversight Matters

Risk Oversight Committee

The entire Board of Directors is engaged in risk oversight. However the board established a separate standing Risk Oversight Committee to facilitate its risk oversight responsibilities. The current members of the Risk Oversight Committee are Messrs. Ward (Chair), Bone, Cosgrove, Dugan, Cashill, Dittenhafer, Garibaldi, Albanese, Mses. Byrnes and Siekerka. The Chief Executive Officer and Chief Operating Officer serve as a resource to the Risk Oversight Committee and have no votes in the committee's decision-making process. The Risk Oversight Committee Charter is posted on the "Governance Documents" section of the "Investors Relations" page of the Investors Bank's website at *www.myinvestorsbank.com*. The Committee met three times during 2015.

The Risk Oversight Committee has responsibility for enterprise-wide risk management and determining that significant risks of Investors Bancorp are monitored by the Board of Directors or one of its standing committees. In addition, the Risk Committee reviews new products and services proposed to be implemented by management to determine that appropriate risk identification has occurred and that controls are considered to mitigate identified risks to an acceptable level. The Risk Oversight Committee is also responsible for reviewing and monitoring interest rate and liquidity risks, strategic planning and capital deployment, annual budgeting, and asset quality (excluding loans).

Audit Committee Matters

Audit Committee

The current members of the Audit Committee are: Messrs. Albanese (Chair), Cosgrove, Dittenhafer, Dugan, Ward and Mses. Byrnes and Siekerka. Each member of the Audit Committee is considered independent as defined in the Nasdaq corporate governance listing rules and under SEC Rule 10A-3. The Board considers Mr. Albanese, the Chair of the Audit Committee, and Mr. Dittenhafer each an "audit committee financial expert" as that term is used in the rules and regulations of the SEC.

The Audit Committee operates under a written charter adopted by the Board of Directors. The Audit Committee's Charter is posted on the "Governance Documents" section of the "Investor Relations" page of Investors Bank's website at *www.myinvestorsbank.com*.

As noted in Audit Committee Charter, the primary purpose of the Audit Committee is to assist the Board in overseeing:

- The integrity of Investors Bancorp's financial statements;

- Investors Bancorp's compliance with legal and regulatory requirements;
- The independent auditor's qualifications and independence;
- The performance of Investors Bancorp's internal audit function and independent auditor; and
- Investors Bancorp's system of disclosure controls and system of internal controls regarding finance, accounting, and legal compliance.

In furtherance of this purpose, this committee, among other things, shall:

- Retain, oversee and evaluate a firm of independent registered public accountants to audit the annual financial statements;
- Review the integrity of Investors Bancorp's financial reporting processes, both internal and external, in consultation with the independent registered public accounting firm and the internal auditor;
- Review the financial statements and the audit report with management and the independent registered public accounting firm;
- Review earnings and financial releases and quarterly and annual reports filed with the SEC; and
- Approve all engagements for audit and non-audit services by the independent registered public accounting firm.

The Audit Committee met five times during 2015. The Audit Committee reports to the Board of Directors on its activities and findings.

AUDIT COMMITTEE REPORT

Pursuant to rules and regulations of the SEC, this Audit Committee Report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act or the Exchange Act, except to the extent that Investors Bancorp specifically incorporates this information by reference, and otherwise shall not be deemed "soliciting material" or to be "filed" with the SEC subject to Regulation 14A or 14C of the SEC or subject to the liabilities of Section 18 of the Exchange Act.

Management has the primary responsibility for Investors Bancorp's internal control and financial reporting process, and for making an assessment of the effectiveness of Investors Bancorp's internal control over financial reporting. The independent registered public accounting firm is responsible for performing an independent audit of Investors Bancorp's consolidated financial statements in accordance with standards of the Public Company Oversight Board (United States) ("PCAOB") and to issue an opinion on those financial statements, and for providing an opinion on the Company's internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes.

As part of its ongoing activities, the Audit Committee has:

- reviewed and discussed with management, and the independent registered public accounting firm, the audited consolidated financial statements and the internal control procedures of Investors Bancorp for the year ended December 31, 2015;
- discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 16, Communications with Audit Committees, as adopted by the PCAOB; and
- received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public

accounting firm's communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm its independence from Investors Bancorp.

Based on the review and discussions referred to above, the Audit Committee has recommended to Investors Bancorp's Board of Directors that the audited consolidated financial statements for the year ended December 31, 2015 be included in Investors Bancorp's Annual Report on Form 10-K for filing with the SEC. In addition, the Audit Committee approved the re-appointment of KPMG LLP as the independent registered public accounting firm for the year ending December 31, 2016, subject to the ratification of this appointment by the stockholders of Investors Bancorp.

Audit Committee of Investors Bancorp, Inc.

Robert C. Albanese, *Chair*

William V. Cosgrove, *Member*

Brian D. Dittenhafer, *Member*

Brendan J. Dugan, *Member*

James H. Ward III, *Member*

Doreen R. Byrnes, *Member*

Michele N. Siekerka, *Member*

Compensation and Benefits Committee Matters

Compensation and Benefits Committee

The current members of the Compensation and Benefits Committee are: Messrs. Bone (Chair), Albanese, Cosgrove, Dittenhafer, Dugan, Ward and Ms. Byrnes. Each member of the Compensation and Benefits Committee is considered independent as defined in the Nasdaq corporate governance listing rules and SEC Rule 10C-1. The Compensation and Benefits Committee's Charter is posted on the "Governance Documents" section of the "Investor Relations" page of the Investors Bank's website at *www.myinvestorsbank.com*. The Committee met eight times during 2015.

As noted in the Compensation and Benefits Committee Charter, the purpose of the committee is to assist the Board in carrying out the Board's overall responsibility relating to executive compensation, incentive compensation and equity and non-equity based benefit plans.

In furtherance of this purpose, this committee, among other things, shall:

- Review and recommend to the Board for approval the Chief Executive Officer's annual compensation, including salary, cash incentive, incentive and equity compensation;
- Review and recommend to the Board the evaluation process and compensation for Investors Bancorp's executive officers and coordinate compensation determinations and benefit plans for all employees of Investors Bancorp;
- Review Investors Bancorp's incentive compensation and other equity-based plans and make changes in such plans as needed;
- Review, as appropriate and in consultation with the Nominating and Corporate Governance Committee, director compensation and benefits; and
- Review the independence of the Compensation and Benefits Committee members, legal counsel and compensation consultants.

In addition to these duties the committee shall assist the Board in recruiting and succession planning.

The Compensation and Benefits Committee retains responsibility for all compensation recommendations to the Board of Directors as to the executive officers. The Compensation and Benefits Committee may utilize information and benchmarks from an independent compensation consulting firm, and from other sources, to determine how executive compensation levels compare to those companies within the industry. The Compensation and Benefits Committee may review published data for companies of similar size, location, financial characteristics and stage of development among other factors.

In designing the compensation program for Investors Bancorp, the Committee takes into consideration methods to avoid encouraging the taking of excessive risk by executive management or by any other employees. The Committee assessed risks posed by the incentive compensation paid to executive management and other employees and determined that Investors Bancorp's compensation policies, practices and programs do not pose risks that are reasonably likely to have a material adverse effect on Investors Bancorp.

The basic elements of Investors Bancorp's executive compensation program include base salary, annual cash incentive awards, long-term equity incentive awards and other benefit arrangements, such as retirement programs. In addition to determining the compensation payable to Investors Bancorp's executive officers, including the Chief Executive Officer and other Named Executive Officers, the Compensation and Benefits Committee evaluates senior executive and director compensation plans and programs, administers and has discretionary authority over the issuance of equity awards under Investors Bancorp equity compensation plans and oversees preparation of a report on executive compensation for inclusion in Investors Bancorp's annual proxy statement. The Compensation and Benefits Committee is supported by the Chief Executive Officer and Chief Operating Officer, both of whom serve as a resource by providing input regarding Investors Bancorp's executive compensation program and philosophy.

Compensation and Benefits Committee Interlocks and Insider Participation

During 2015, Messrs. Dittenhafer, Dugan, Albanese, Bone and Ward served as members of the Compensation and Benefits Committee. None of these directors has ever been an officer or employee of Investors Bancorp; is an executive officer of another entity at which one of Investors Bancorp's executive officers serves on the Board of Directors, or had any transactions or relationships with Investors Bancorp in 2015 requiring specific disclosures under SEC rules or Nasdaq listing standards. Mr. Cosgrove and Ms. Byrnes, who served as members of the Compensation and Benefits Committee in calendar 2015, is neither an executive officer of another entity at which one of Investors Bancorp's executive officers serves on the Board of Directors, nor had transactions or relationships with Investors Bancorp in 2015 requiring specific disclosures under SEC rules. Mr. Cosgrove was a non Section 16 officer of Investors Bank since the acquisition of Summit Federal Bankshares, Inc. and Summit Federal Savings Bank in June 2008 through his retirement from Investors Bank on October 1, 2011. Ms. Byrnes was an officer of Investors Bank prior to her retirement in 2007.

Executive Compensation

Compensation Discussion and Analysis

Executive Summary. As discussed in greater detail below, our compensation program is specifically designed to provide executives with competitive compensation packages that include elements of both reward and retention. The Compensation and Benefits Committee routinely reviews our compensation practices to remain market competitive and to ensure that these practices are aligned with our compensation philosophy and objectives, regulatory requirements and evolving best practices. Key highlights of the program include:

- All members of the Compensation and Benefits Committee and all of its compensation consultants and advisers are independent under applicable Nasdaq rules, which ensures that all aspects of the compensation decision-making process are free from conflicts of interest.

- The Compensation and Benefits Committee controls the selection and activities of any compensation consultant or advisers who assist us with executive compensation matters.
- We maintain a clawback policy for bonus and other incentive compensation paid to executive officers, which mitigates risk-taking behavior.
- Our directors and Named Executive Officers are required to hold our common stock at specified minimum levels, which recognizes the importance of aligning their interests with those of stockholders. The Chief Executive Officer of Investors Bancorp is required to hold Investors Bancorp common stock valued at five times his annual base salary.
- The Compensation and Benefits Committee continually reviews all incentive compensation programs with respect to risk-taking behavior, with the guiding principle being the safety and soundness of Investors Bancorp and Investors Bank as paramount to all compensation incentives. The Compensation and Benefits Committee consults with the Risk Committee on these matters.
- A significant portion of each Named Executive Officer's compensation is in the form of short and long-term performance-based pay, which reflects and reinforces our pay for performance philosophy.
- Compensation packages for Named Executive Officers include an appropriate mix of fixed and variable pay, which provides Named Executive Officers with both reward and retention incentives.
- We provide limited executive perquisites.
- During the course of the year, management has met with several of our stockholders, which included discussions of executive compensation matters.

This discussion is focused specifically on the compensation of the following executive officers, each of whom is named in the Summary Compensation Table and other compensation tables which appears later in this section. The following executives are referred to in this discussion as "Named Executive Officers."

Name	Title
Kevin Cummings	President and Chief Executive Officer
Domenick A. Cama	Senior Executive Vice President and Chief Operating Officer
Richard S. Spengler	Executive Vice President and Chief Lending Officer
Paul Kalamaras	Executive Vice President and Chief Retail Banking Officer
Sean Burke [(1)]	Senior Vice President and Chief Financial Officer
Thomas F. Splaine, Jr. [(1)]	Senior Vice President, Financial Planning and Analysis and Investor Relations

(1) Effective January 26, 2015, Sean Burke was appointed Senior Vice President and Chief Financial Officer of Investors Bancorp. Concurrently, Mr. Splaine was appointed Senior Vice President, Financial Planning and Analysis and Investor Relations of Investors Bancorp. On December 31, 2015, Mr. Splaine resigned from employment with Investors Bancorp and Investors Bank.

Executive Compensation Philosophy. Investors Bancorp's executive compensation program is designed to offer competitive cash and equity compensation and benefits that will attract, motivate and retain highly qualified and talented executives who will help maximize Investors Bancorp's financial performance and earnings growth. Investors Bancorp's executive compensation program is also intended to align the interests of its executive officers with stockholders by rewarding performance against established corporate financial targets, and by motivating strong executive leadership and superior individual performance. In this regard: (1) a substantial portion of the compensation payable to our Named Executive Officers is linked to financial, individual and peer group performance; (2) the interests of our Named Executive Officers is aligned with the long-term interests of our stockholders through their stock-based and non-equity incentive compensation, which is earned primarily

based on performance metrics; (3) our focus is providing compensation that is commensurate with the achievement of short-term and long-term financial goals and individual performance; and (4) our executive compensation program is competitive to attract, retain and motivate our Named Executive Officers.

Investors Bancorp's executive compensation program allocates portions of total compensation between long-term and short-term compensation and between cash and non-cash compensation by including competitive base salaries, executive perquisites, an annual cash incentive plan, stock options and stock awards that are generally subject to a five-year or seven-year vesting schedule, and supplemental executive retirement benefits, which encourage long term employment with Investors Bancorp.

The compensation paid to each Named Executive Officer is based on the executive officer's level of job responsibility, corporate financial performance measured against corporate financial targets, and an assessment of his individual performance. A significant portion of each Named Executive Officer's total compensation is performance-based because each executive is in a leadership role that can significantly impact corporate performance.

Following Investors Bancorp's Annual Meeting of Stockholders in May 2015, the Compensation and Benefits Committee reviewed the results of the stockholder advisory vote on our 2014 executive compensation program for our Named Executive Officers and related compensation policies and decisions. Approximately 95.9% of the votes cast on the proposal were voted in support of the compensation outlined in last year's proxy statement. After a comprehensive market review and in light of the strong stockholder support, the Compensation and Benefits Committee concluded that no significant revisions were necessary to Investors Bancorp's executive officer compensation program for 2015.

Role of Executive Officers. The Chief Executive Officer and Chief Operating Officer serve as a resource to the Compensation and Benefits Committee by providing input regarding Investors Bancorp's executive compensation program and philosophy. The Chief Executive Officer and Chief Operating Officer participate in compensation-related activities purely in an informational and advisory capacity and have no votes in the committee's decision-making process.

The Compensation and Benefits Committee meets regularly with the Chief Executive Officer and Chief Operating Officer regarding the potential incentive compensation performance metrics, including their respective weightings, and to review the progress towards the achievement of the pre-established corporate financial targets and individual performance goals related to our cash and equity incentive plans. Also, the Chief Executive Officer provides the Compensation and Benefits Committee with performance assessments and compensation recommendations for each of the other Named Executive Officers, which are considered by the Compensation and Benefits Committee in arriving at its compensation determinations. However, the Chief Executive Officer and Chief Operating Officer do not attend portions of committee meetings during which their performance is being evaluated or their compensation is being determined.

Role of Compensation Consultant. For 2015, the Compensation and Benefits Committee engaged GK Partners, an independent compensation consultant, to assist in its evaluation of Investor Bancorp's executive compensation program and providing an annual competitive evaluation of the total compensation of the Named Executive Officers. GK Partners reported directly to the Compensation and Benefits Committee, and did not perform any other services to Investors Bancorp or Investors Bank. GK Partners provided the Compensation and Benefits Committee with executive compensation benchmarking trends and external developments, and also provided input on Investor Bancorp and Investor Bank's short-term and long-term incentive plans for best practices and market competitiveness.

The Compensation and Benefits Committee considered the independence of GK Partners regarding its independence under the Nasdaq listing standards. The Compensation and Benefits Committee requested and received a report from GK Partners regarding its independence, including the following factors: (1) other services provided to us by GK Partners; (2) fees paid by us as a percentage of GK Partners' total revenue; (3) policies or

procedures maintained by GK Partners that are designed to prevent a conflict of interest; (4) any business or personal relationships between the senior advisors and a member of the Compensation and Benefits Committee; (5) any Investors Bancorp common stock owned by the senior advisors; and (6) any business or personal relationships between our executive officers and GK Partners. The Compensation and Benefits Committee discussed these considerations and concluded that GK Partners had no conflicts of interest with respect to its engagement.

Market Comparison. For 2015, GK Partners compared Investors Bancorp's executive compensation program to peer group compensation data. GK Partners provided the Compensation and Benefits Committee with relevant competitive cash and stock compensation information obtained from public disclosures of a selected peer group of 18 banking institutions to be used for evaluating 2015 compensation. These included thrift and banking institutions with assets of $4.0 billion to $46.7 billion, having an asset mix similar to Investors Bancorp and doing business predominantly in the Northeast region of the United States. This peer group may be modified from year-to-year as necessary, based on mergers and acquisitions within the industry or other relevant factors. The peer group used for evaluating 2015 compensation consisted of the 18 banking institutions identified below:

Astoria Financial Corp.-NY
BankUnited, Inc.- FL
Dime Community Bancshares, Inc.-NY
FirstMerit Corporation-OH
First Niagara Financial Group, Inc.-NY
Flushing Financial Corp.-NY
Fulton Financial Corp.-PA
MB Financial, Inc.- IL
NBT Bancorp, Inc.-NY
New York Community Bancorp, Inc.-NY
Northwest Bancshares, Inc.-PA
People's United Financial, Inc.-CT
Provident Financial Services, Inc.-NJ
Signature Bank-NY
Susquehanna Bancshares, Inc.-PA
Valley National Bancorp-NJ
Webster Financial Corp.-CT
Wintrust Financial Corporation- IL

Investors Bancorp has no formal policy that requires the compensation of the Named Executive Officers to attain any specific percentile position within the array of peer group compensation data among the selected comparable financial institutions. However, the Compensation and Benefits Committee believes the 2015 executive compensation program for the Named Executive Officers was appropriate relative to our peer group because it was commensurate with the Named Executive Officer's individual performance and experience and the overall market conditions in our geographic market.

Elements of Executive Compensation for 2015. The Compensation and Benefits Committee used a total compensation approach in establishing our elements of executive compensation, which consist of base salary, annual cash incentive awards, long-term incentive awards (such as stock option and restricted stock awards), a competitive benefits package (including supplemental executive retirement benefits where warranted), and limited perquisites.

Base Salary. Base salary is the primary fixed component of our executive compensation package for our Named Executive Officers. Base salary levels for the Named Executive Officers are generally evaluated by the Compensation and Benefits Committee on a bi-annual basis. In general, salaries are developed considering the competitive base salary information furnished to the Compensation and Benefits Committee by GK Partners. Each Named Executive Officer's base salary level is determined by his sustained individual performance,

leadership, operational effectiveness, tenure in office, experience in the industry and employment market conditions in our geographic market. In determining base salary adjustments for 2015, the Compensation and Benefits Committee considered Investors Bancorp's financial performance, and peer group and market-based industry salary data provided by our independent consultant, as well as the individual factors identified above. Based on this analysis, for 2015 the Compensation and Benefits Committee made no changes to base salary amounts for each Named Executive Officer.

Executive Officer Annual Incentive Plan. The Executive Officer Annual Incentive Plan was adopted, and approved by shareholders, in 2013 such that, under Section 162(m) of the Internal Revenue Code, awards issued under the plan may be treated as performance-based compensation for purposes of the exemption from the $1 million limit on deductibility of compensation paid to each Named Executive Officer of a publicly traded company (other than the principal financial officer). Ms. Byrnes did not participate in any decisions related to the annual incentive awards issued to the Named Executive Officers in 2015 because as a former officer of Investors Bank, she is not an "outside director" as determined under Code Section 162(m). With the exception of Mr. Splaine, each of the Named Executive Officers participated in the Executive Officer Annual Incentive Plan in 2015.

The Compensation and Benefits Committee assigns corporate financial targets and individual performance goals and a range of annual cash incentive award opportunities to each executive officer, or group of officers participating in the plan. The award opportunities for each Named Executive Officer are linked to specific targets and range of performance results for both annual corporate financial performance and individual goals. Each Named Executive Officer's annual cash incentive award is defined as a percentage of base salary. The corporate financial targets and individual goals are established by the Compensation and Benefits Committee no later than 90 days after the commencement of the period of service to which the performance goal relates, but in no event after 25% of the performance period has elapsed, and in either case, so long as the outcome is substantially uncertain at the time that the goal is established. Such targets and goals are weighted in relation to the Named Executive Officer's position and duties. As corporate financial targets and/or individual performance goals exceed or fall short of achievement levels (which are established at Threshold, Target and Maximum Achievements), the actual amount paid under the plan will exceed or fall short of the targeted payment amount.

For 2015, the Compensation and Benefits Committee established the following range of annual cash incentive award opportunities for Threshold, Target and Maximum Achievements:

Executive Officer	Threshold (1)	Target (1)	Maximum (1)
Kevin Cummings	122.0%	143.0%	200%
Domenick A. Cama	97.6%	114.4%	160%
Richard S. Spengler	81%	91.5%	120%
Paul Kalamaras	81%	91.5%	120%
Sean Burke	67.5%	76.3%	100%

(1) Assumed 100% achievement of all individual goals.

The Compensation and Benefits Committee weighted each Named Executive Officer's 2015 annual cash incentive award opportunity under the plan (as a percentage of the total award opportunity) with respect to corporate financial targets and individual goals as follows:

Executive Officer	Corporate Financial Targets	Individual Goals
Kevin Cummings	60%	40%
Domenick A. Cama	60%	40%
Richard S. Spengler	50%	50%
Paul Kalamaras	50%	50%
Sean Burke	50%	50%

The Compensation and Benefits Committee feels strongly that executive compensation should be formally tied to the attainment of certain corporate financial targets and individual performance goals to more closely align the executive's performance with providing value for our stockholders. The corporate financial targets for 2015 were based on: (1) net income, weighted at 70%; and (2) Investor Bancorp's successfully completing the conversion of its core operating system, weighted at 30%. The successful completion of the conversion of its core operating system was viewed by the Compensation and Benefits Committee as a company-wide performance target metric, as many groups within the Bank worked towards its achievement. The Compensation and Benefits Committee established the following corporate financial targets for net income:

Metric	Weighting	Threshold	Target	Maximum
Net Income	70%	$155 million	$160 million	$165 million

The individual goals established by the Compensation and Benefits Committee were aligned with each Named Executive Officer's area of responsibility at Investors Bancorp and related to the successful implementation of our strategic initiatives. For 2015, each Named Executive Officer's individual goals were related to the following:

- Messrs. Cummings' and Cama's individual goals included achieving certain core deposit growth, maintaining loan quality versus peers and promoting Investors Bancorp to various audiences, including but not limited to: stockholders, customers, investment bankers, analysts and employees.
- Mr. Spengler's individual goals included achieving certain loan growth, maintaining loan quality versus our peers and growing deposits for new loan customers.
- Mr. Kalamaras' individual goals included achieving growth in certain core deposit, loan and non-deposit investment products.
- Mr. Burke's individual goals were related to the enhancement of the budget process and DFAST process, analysis of the current ALCO model, oversight of the core conversion from the accounting side and overall assessment of the accounting organization structure.

For 2015, the corporate financial target for net income exceeded Maximum achievement levels since net income totaled $181.5 million. In addition, Investors Bancorp successfully completed is system core conversion during the third quarter of 2015. Based upon the foregoing and the assessment of the Named Executive Officer's individual performance relative to his pre-established individual goals, the Compensation and Benefits Committee approved the following annual cash incentive awards (as a percentage of paid salary) on January 25, 2016:

2015 Annual Cash Incentive Awards

Executive Officer	Cash Incentive ($)
Kevin Cummings	2,076,923
Domenick A. Cama	1,121,538
Richard S. Spengler	535,846
Paul Kalamaras	516,223
Sean Burke	376,923

Stock Option and Stock Award Program.

At the annual meeting of stockholders held on June 9, 2015, stockholders of the Company approved the Investors Bancorp, Inc. 2015 Equity Incentive Plan ("2015 Equity Plan"). Under this plan, individuals may receive awards of Investors Bancorp common stock (restricted stock) and grants of options to purchase shares of

Investors Bancorp common stock at a specified exercise price during a specified time period. The Compensation and Benefits Committee believes that officer and employee stock ownership provides a significant incentive in building stockholder value by further aligning the interests of our officers and employees with stockholders because such compensation is directly linked to the performance of Investors Bancorp common stock. On June 23, 2015, Investors Bancorp granted to executive officers, employees and directors a total of 6,849,832 restricted stock awards and 11,576,612 stock options to purchase Investors Bancorp common stock. The restricted stock awards and stock options were issued from the 2015 Equity Plan, which allows Investors Bancorp to grant common stock or options to purchase common stock at specific prices to directors and employees of Investors Bancorp. The 2015 Equity Plan provides for the issuance or delivery of up to 30,881,296 shares (13,234,841 restricted stock awards and 17,646,455 stock options) of Investors Bancorp common stock.

In order to create a stronger link between the performance of Investors Bancorp and Investors Bank and each Named Executive Officer's realizable pay and increase the share ownership of the Named Executive Officers, the Compensation and Benefits Committee granted the following equity awards to the Named Executive Officers in 2015:

Executive Officer	Stock Options	Time-Based Restricted Stock	Performance-Based Restricted Stock
Kevin Cummings	1,333,333	750,000	250,000
Domenick A. Cama	1,066,666	600,000	200,000
Richard S. Spengler	713,333	400,000	133,333
Paul Kalamaras	713,333	400,000	133,333
Sean Burke	626,666	350,000	116,667
Thomas F. Splaine, Jr. (1)	60,000	50,000	—

(1) On December 31, 2015, Mr. Splaine resigned from employment with Investors Bancorp and Investors Bank and forfeited his unvested stock option and restricted stock awards.

The stock options and time-based restricted stock awards vest ratably over a seven-year period, which incentivizes the continued service of our key executive talent.

The performance-based restricted stock vest at the conclusion of a three-year performance and the number of shares actually distributed thereafter is based on the satisfaction of the following performance metrics: (1) Net Charge-Offs as a Percentage of Average Loans and Leases vs. Peers; (2) Return on Average Tangible Core Equity vs. Pre-Established Board-Approved Strategic Plan; and (3) Total Shareholder Return vs. Peers. The peer group is established by the Compensation Consultant and is currently comprised of companies with asset sizes ranging from approximately $15 billion to $50 billion.

- **Net Charge-Offs as a Percentage of Average Loans and Leases vs. Peers.** Up to 40% of the Performance-Based Restricted Stock can be earned based on the following:

If Investors Bancorp's 3-year average peer percentile is equal to or less than 50th percentile	If Investors Bancorp's 3-year average peer percentile is 51st percentile to 65th percentile	If Investors Bancorp's 3-year average peer percentile is 66th percentile or higher
40% of Shares vest	20% of Shares vest	0% of Shares vest

- **Return on Average Tangible Core Equity vs. Board-Approved Strategic Plan.** 30% of the Performance-Based Restricted Stock can be earned based on the following:

If Investors Bancorp's 3 year average Return on Average Tangible Core Equity is equal to or greater than that projected in the 2014 Strategic Plan	If Investors Bancorp's 3 year average Return on Average Tangible Core Equity is less than that projected in the 2014 Strategic Plan
30% of Shares vest	0% of Shares vest

- **Total Shareholder Return vs. Peers.** 30% of the Performance-Based Restricted Stock can be earned based on the following:

If Investors Bancorp's 3 year TSR is equal to or greater than the 50th percentile	If Investors Bancorp's 3 year TSR is less than the 50th percentile
30% of Shares vest	0% of Shares vest

Following the completion of the three-year performance period, the Performance-Based Restricted Stock that has been earned based on the satisfaction of the foregoing performance metrics will, as of February 15, 2018, convert into time-based restricted stock awards that will vest ratably over a three-year service period.

At the October 24, 2006 annual meeting of stockholders, the stockholders approved the Investors Bancorp, Inc. 2006 Equity Incentive Plan ("2006 Equity Incentive Plan"). Under this plan, individuals received awards of Investors Bancorp common stock (restricted stock) and grants of options to purchase shares of Investors Bancorp common stock at a specified exercise price during a specified time period. Upon completion of the Second-Step Conversion and related stock offering on May 7, 2014, vesting accelerated for all stock options and stock awards outstanding and all applicable expenses were recognized at that time. No further grants will be made under the 2006 Equity Incentive Plan or under any equity incentive plan previously maintained by any entity that we acquired.

Securities Authorized for Issuance Under Equity Compensation Plans. Set forth below is information as of December 31, 2015 regarding equity compensation plans categorized by those plans that have been approved by stockholders and those plans that have not been approved by stockholders.

	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights (1)	Weighted Average Exercise Price (2)	Number of Securities Remaining Available For Issuance Under Plan
Equity compensation plans approved by stockholders	39,945,672	$11.07	12,454,852 (3)
Equity compensation plans not approved by stockholders	—	$ —	—
Total	39,945,672	$11.07	12,454,852

(1) Includes outstanding stock options to purchase 9,064,376 shares of common stock granted under the 2006 Equity Incentive Plan.

(2) The weighted average exercise price reflects an exercise price of $5.98 for 6,194,717 stock options granted in 2006; an exercise price of $5.32 for 1,458,220 stock options granted in 2008; an exercise price of $3.91 for 25,500 stock options granted in 2009; an exercise price of $4.97 for 12,750 stock options granted in 2010; an exercise price of $5.77 for 12,750 stock options granted in 2011; an exercise price of $7.00 for 8,925 stock options granted in 2012; an exercise price of $6.87 for 1,236,764 stock options granted in 2013; an exercise price of $10.19 for 114,750 stock options granted in 2014; an exercise price of $12.54 for 11,576,612 stock options granted in 2015 under the Company's stock-based compensation plans.

(3) Represents the number of available shares that may be granted as stock options and other stock awards under the Company's stock-based compensation plans.

Benefits. Investors Bank provides its executives, including the Named Executive Officers, with medical and dental insurance, disability insurance and group life insurance coverage consistent with the same benefits provided to all of its full-time employees. The Named Executive Officers are participants in our qualified retirement plans, including the ESOP, 401(k) Plan and the defined benefit pension plan offered to all full-time employees of Investors Bank and designated subsidiaries, and non-qualified retirement plans, including the Supplemental ESOP and Retirement Plan ("SERP I") and the Executive Supplemental Retirement Wage Replacement Plan (the " SERP II"). Additionally, Investors Bank sponsors a long-term care program for certain of its executive officers, senior vice presidents and their spouses or spousal equivalents. Each individual policy is owned by the covered person. Investors Bank pays all premiums under the long term care program but will stop paying premiums in the event of the participant's: (i) termination for cause; (ii) retirement; (iii) relocation outside

of the country; or (iv) death. Spousal coverage will be terminated upon: (i) a participant's termination or retirement; (ii) divorce from the participant; (iii) the participant no longer qualifying for coverage; (iv) the spouse's permanent relocation outside of the country; or (v) death. Participants who cannot be insured through an insurance company under the long-term care program will be self-insured by Investors Bank.

ESOP. Under the ESOP employees of Investors Bank and any subsidiary (unless excluded by the ESOP) who have been credited with at least 1,000 hours of service during a 12-month period are eligible to participate in the ESOP. The ESOP borrowed funds from Investors Bancorp pursuant to a loan and used those funds to purchase 10,847,883 shares of common stock for the ESOP in connection with Investors Bancorp's initial public offering in 2005. In connection with the completion of the Second-Step Conversion and related stock offering on May 7, 2014, the ESOP purchased an additional 6,617,421 shares of common stock. The Company refinanced the outstanding principal and interest balance of $33.9 million and borrowed an additional $66.2 million to purchase the additional shares. The purchased shares serve as collateral for the loan. The loan is being repaid principally through annual contributions to the ESOP by Investors Bank and dividends paid on the unallocated ESOP shares over the 30 year loan. Shares purchased by the ESOP are held in a suspense account for allocation among the participants' accounts as the loan is repaid on a pro-rata basis.

Contributions to the ESOP and shares released from the suspense account in an amount proportional to the repayment of the ESOP loan will be allocated to each eligible participant's plan account, based on the ratio of each participant's compensation to the total compensation of all eligible participants. Vested benefits will be payable generally upon the participants' termination of employment, and will be paid in the form of Investors Bancorp common stock. Pursuant to FASB ASC Topic 718-40, we are required to record a compensation expense each year in an amount equal to the fair market value of the shares released from the suspense account.

401(k) Plan. Investors Bank maintains the 401(k) Plan, a tax-qualified defined contribution retirement plan, for all employees who have satisfied the 401(k) Plan's eligibility requirements. All eligible employees can begin participation in the 401(k) Plan on the first day of the plan year or the first day of the first day of the month following the date on which the employee attains age 21. A participant may contribute up to 60% of his or her compensation to the 401(k) Plan on a pre-tax basis, subject to the limitations imposed by the Internal Revenue Code. For 2015, the salary deferral contribution limit is $18,000. However, a participant over age 50 may contribute an additional $5,500 to the 401(k) Plan. A participant is always 100% vested in his or her salary deferral contributions. In addition to salary deferral contributions, the 401(k) Plan provides that Investors Bank will make an employer contribution equal to 50% of the participant's salary deferral contribution, provided that such amount does not exceed 6% of the participant's compensation earned during the plan year. Participants will become 100% vested in their employer contributions after completing three years of credited service (which is a three-year cliff vesting schedule). However a participant will immediately become 100% vested in any employer contributions upon the participant's disability or attainment of age 65 while employed with Investors Bank. Generally, unless a participant elects otherwise, the participant's benefit under the 401(k) Plan is generally payable in the form of a lump sum payment as soon as administratively feasible following his or her termination of employment with Investors Bank, provided, however that a participant can elect to receive a distribution of his or her vested account upon attaining age 59½.

Each participant has an individual account under the 401(k) Plan and may direct the investment of his or her account among a variety of investment options or vehicles available. In connection with the Second-Step Conversion and related stock offering, each participant was eligible to make a one-time purchase of Investors Bancorp common stock through the 401(k) Plan, provided that the purchase did not exceed 50% of the participant's account balance. Investors Bancorp common stock is not currently an investment option available under the 401(k) Plan.

Defined Benefit Pension Plan. Investors Bank participates in the Pentegra Defined Benefit Plan for Financial Institutions, formerly known as the Financial Institutions Retirement Fund, which is a tax-qualified defined benefit pension plan (the "Defined Benefit Plan"). All employees age 21 or older who have completed

one year of employment with Investors Bank are eligible for participation in the Defined Benefit Plan; however, only employees who have been credited with 1,000 or more hours of service with Investors Bank are eligible to accrue benefits under the Defined Benefit Plan. Investors Bank annually contributes an amount to the plan necessary to satisfy the minimum funding requirements established under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The retirement benefit formula under the Defined Benefit Plan provides for a nonintegrated unit accrual formula with an annual accrual rate of 1.25% of the participant's high five year average salary, with a 30-year salary cap. A participant's average annual compensation is the average annual compensation over the five consecutive calendar years out of the last 10 calendar years in which the participant's compensation was the greatest, or over all calendar years if less than five.

The regular form of retirement benefit is a straight life annuity (if the participant is single) and a joint and survivor annuity (if the participant is married). However, various alternative forms of joint and survivor annuities may be selected instead. If a participant dies while in active service and after having become fully vested, a qualified 100% survivor benefit will be payable to the participant's beneficiary. Benefits payable upon death may be paid in a lump sum, installments, or in the form of a life annuity. Upon termination of employment due to disability, the participant will be entitled to a disability retirement benefit at age 65.

SERP I. Investors Bank maintains the Supplemental ESOP and Retirement Plan ("SERP I"). The Plan is intended to compensate certain executives participating in the Defined Benefit Plan and the ESOP whose contributions or benefits are limited by Sections 415 and/or 401(a)(17) of the Internal Revenue Code, applicable to tax-qualified retirement plans (the "Tax Law Limitations"). As of December 31, 2015, Messrs. Cummings, Cama, Spengler, Kalamaras and Splaine were participants in the SERP I.

SERP I provides benefits attributable to participation in the Defined Benefit Plan equal to the excess, if any, of the vested accrued benefit to which the participant would be entitled under the Defined Benefit Plan, determined without regard to the Tax Law Limitations, over the vested accrued benefit to which the participant is actually entitled under the Defined Benefit Plan, taking into account the Tax Law Limitations (the "Supplemental Retirement Plan Benefit").

SERP I also provides benefits attributable to participation in the ESOP equal to the difference between the allocation of shares of Investors Bancorp common stock the participant would have received under the ESOP without regard to the Tax Law Limitations, and the number of shares of stock that are actually allocated as a result of the Tax Law Limitations (the "Supplemental ESOP Benefit"). The Supplemental ESOP Benefit under the plan is denominated in phantom shares of stock such that one phantom share has a value equal to the fair market value of one share of Investors Bancorp common stock. Each participant's phantom shares are held in a bookkeeping account established on his or her behalf. Each plan year, the dollar amount of appreciation on the phantom shares deemed allocated to each participant's account will be converted into phantom shares and credited to each participant's account.

As a long-term compensation plan, the participant's vested interest in the Supplemental Retirement Plan Benefit and in the Supplemental ESOP Benefit is based on a five-year cliff vesting schedule where participants with less than five years of employment will be 0% vested in their benefits, and will become 100% vested upon the completion of five years of employment.

In the event of a participant's separation from service prior to attainment of age 55, the participant's accrued Supplemental Retirement Plan Benefit will be paid in a single lump sum payment within 30 days of the participant's separation from service. In the event of separation from service after age 55, the participant's Supplemental Retirement Plan Benefit will be payable upon the participant's early retirement date (age 55 with 10 years of service) or normal retirement date (age 65 with five years of service) in either a lump sum or an annuity (single life, single life with 120 months guaranteed, joint and 100% survivor annuity or joint and 50%

survivor annuity) as elected by the participant, subject to the requirements of Section 409A of the Internal Revenue Code. In the event of a participant's separation from service within two years following a change in control (as defined in the Plan), the participant will receive his Supplemental Retirement Plan Benefit in a lump sum within 30 days after his separation from service. The participant's Supplemental ESOP Benefit will be payable in cash in either a lump sum or annual installments over a period not to exceed five years, as elected by the participant, and will commence within 30 days following the earlier of the participant's: (i) separation from service, (ii) death or (iii) disability, subject to the requirements of Section 409A of the Internal Revenue Code. Notwithstanding the foregoing, in the event the participant is a "specified employee", as defined under Section 409A of the Internal Revenue Code, no benefit will be payable under the plan during the first six months following the participant's separation from service (except in the event of death or disability).

SERP II. Investors Bank maintains the Executive Supplemental Retirement Wage Replacement Plan ("SERP II"). SERP II is designed to provide participants with a normal retirement benefit, which is an annual benefit equal to 60% of the participant's highest average annual base salary and cash incentive (over a consecutive 36-month period within the last 120 consecutive calendar months of employment) reduced by the sum of the benefits provided under the Defined Benefit Plan and the annuitized value of his or her benefits payable from the defined benefit portion of the SERP I (which is referred to above as the Supplemental Retirement Plan Benefit).

Upon separation from service at or after the normal retirement date (age 65) with at least 120 months of employment, a participant is entitled to the normal retirement benefit commencing on the first day of the month after separation from service, payable in monthly installments for life, with 120 monthly payments guaranteed or for an alternative period of time as elected by the participant. If the participant retires after the normal retirement date, but before completion of 120 months of employment, his or her normal retirement benefit will be reduced by $1/120^{th}$ for each month of employment less than 120 months. If the participant's separation from service actually occurs later than the normal retirement date, the participant's normal retirement benefit will be increased by 0.8% for each month of employment with Investors Bank after the normal retirement date.

Upon separation from service on or after the early retirement date, but prior to the normal retirement date, the participant's accrued benefit payable as an early retirement benefit will be equal to the normal retirement benefit, reduced by 2% for each year prior to age 65; however, if the participant separates from service on or after attaining age 55 with 25 years of vesting service, his or her accrued benefit will not be reduced. The early retirement date for current participants is the date on which the participant attains both age 55 and has completed five years of service with Investors Bank. A participant can elect for the early retirement benefit to commence either: (i) within 30 days; or (ii) on the normal retirement date. In the event of a participant's separation from service coincident with or within two years following a change in control, the participant will be entitled to a lump sum payment equal to the actuarial equivalent of the normal retirement benefit or early retirement benefit if the participant has not attained age 65. For these purposes, a participant with less than 120 months of employment will be entitled to a benefit calculated as if the participant had 120 months of employment, and a participant who has not yet attained age 55 will be deemed to have attained age 55. Notwithstanding the foregoing, in the event the participant is a "specified employee" as defined under Section 409A of the Internal Revenue Code, no benefit will be payable under the plan during the first six months following the participant's separation from service (except in the event of death or disability).

If a participant dies while in active service, a survivor benefit, calculated as if the participant had lived until his normal retirement date, will be payable to the participant's beneficiary. Upon termination of employment due to disability, the participant will be entitled to a disability retirement benefit payable at age 65.

At December 31, 2015, Messrs. Cummings, Cama, Kalamaras and Spengler were participants in the SERP II.

Perquisites. The Compensation and Benefits Committee believes that perquisites should be provided on a limited basis, and only to the most senior level of executive officers. As of December 31, 2015, the following perquisites were available for Messrs. Cummings, Cama, Spengler and Kalamaras: (1) club membership; (2) automobile allowance; (3) long term care insurance and (4) an annual medical examination. For Mr. Burke available perquisites included an annual medical examination and long term care insurance.

Elements of Post-Termination Benefits

Employment Agreements. Investors Bancorp entered into employment agreements with each of Messrs. Cummings, Cama, Spengler, Kalamaras and Burke. The employment agreements for Messrs. Cummings, Cama, and Spengler were originally entered into on October 11, 2005 and the employment agreement for Mr. Kalamaras was originally entered into on August 18, 2008. The employment agreements for Messrs. Cummings and Cama were each amended and restated on August 18, 2008 to conform to the requirements of Section 409A of the Internal Revenue Code, and the employment agreements for Messrs. Spengler and Kalamaras were each amended and restated on March 29, 2010 solely to change the length of the executive's employment term. The employment agreement for Mr. Burke was entered into on January 26, 2015.

Each of these agreements has an initial term of three years. Unless notice of non-renewal is provided, the agreements renew annually. Each executive is entitled to base salary and is eligible to participate in employee benefit plans and arrangements, including incentive compensation and nonqualified compensation plans, generally made available by Investors Bancorp or Investors Bank to its senior executives and key management employees.

Each executive is entitled to a severance payment and benefits in the event of his termination of employment under specified circumstances. In the event the executive's employment is terminated for reasons other than for just cause, disability or retirement, provided that such termination of employment constitutes a "separation from service" under Internal Revenue Code Section 409A, or in the event the executive resigns during the term of the agreement following: (i) the failure to elect or reelect or to appoint or reappoint the executive to his executive position; (ii) a material change in the executive's functions, duties, or responsibilities, which change would cause the executive's position to become one of lesser responsibility, importance or scope; (iii) the liquidation or dissolution of Investors Bancorp or Investors Bank, other than a liquidation or dissolution caused by a reorganization that does not affect the status of the executive; (iv) a change in control of Investors Bancorp; or (v) a material breach of the employment agreement by Investors Bancorp or Investors Bank, the executive would be entitled to a severance payment equal to three times the sum of his base salary and the highest amount of cash incentive compensation awarded to him during the prior three years, payable in a lump sum. In addition, the executive would be entitled to, at Investors Bancorp's sole expense, the continuation of nontaxable life and medical, dental and disability coverage for 36 months after termination of employment. The executive would also receive a lump sum payment of the excess, if any, of the present value of the benefits he would be entitled to under any defined benefit pension plan maintained by Investors Bank or Investors Bancorp if he had continued working for Investors Bancorp and Investors Bank for 36 months over the present value of the benefits to which he is actually entitled as of the date of termination. The executives would be entitled to no additional benefits under the employment agreement upon retirement at age 65 or if terminated for just cause.

Should the executive become disabled, Investors Bancorp would continue to pay the executive his base salary for the longer of the remaining term of the agreement or one year, provided that any amount paid to the executive pursuant to any employer-provided disability insurance would reduce the compensation he would receive. In the event the executive dies while employed by Investors Bancorp, the executive's estate will be paid the executive's base salary for one year and the executive's family will be entitled to continuation of medical and dental benefits for one year after the executive's death. The employment agreement terminates upon retirement (as defined therein), and the executive would only be entitled to benefits under any retirement plan of Investors Bancorp and other plans to which the executive is a party.

The employment agreements for Messrs. Cummings and Cama also provide for indemnification against any excise taxes which may be owed by the executive for any payments made in connection with a change in control that would constitute "excess parachute payments" under Section 280G of the Internal Revenue Code. The indemnification payment would be the amount necessary to ensure that the amount of such payments and the value of such benefits received by the executive equal the amount of such payments and the value of such benefits the executive would have received in the absence of an excise tax attributable to Sections 280G and 4999 of the Internal Revenue Code, including any federal, state and local taxes on Investors Bancorp's payment to the executive attributable to such tax. The employment agreements for Messrs. Spengler, Kalamaras, and Burke were amended in April 2016 so that the gross benefits under the employment agreements would be reduced to avoid penalties under Section 280G of the Internal Revenue Code if doing so results in a greater after-tax benefit to the executive.

Upon any termination of the executive's employment, other than a termination (whether voluntary or involuntary) following a change in control as a result of which Investors Bancorp has paid the executive severance benefits, the executive is prohibited from competing with Investors Bank and/or Investors Bancorp for one year following such termination within 25 miles of any existing branch of Investors Bank or any subsidiary of Investors Bancorp or within 25 miles of any office for which Investors Bank, Investors Bancorp or a bank subsidiary of Investors Bancorp has filed an application for regulatory approval to establish an office, determined as of the effective date of such termination, except as agreed to pursuant to a resolution duly adopted by the Board of Directors. The executive is also subject to confidentiality provisions during and after the term of the employment agreement.

Severance Payable to Mr. Splaine. In connection with Mr. Splaine's resignation from his executive position with Investors Bancorp and Investors Bank on December 31, 2015, he received a cash severance payment of $1,297,957, payable under his employment agreement. Such amount represented the sum of: (i) 1.5 times the sum of his base salary and highest rate of cash incentive compensation awarded to him during the prior three years; (ii) estimated cost of the monthly premiums for 18 months of continued coverage under Investors Bank's group health plan, which included an amount to reflect the estimated federal and state income taxes incurred with respect to such payment; and (iii) the present value of the additional benefits he would have received under the Defined Benefit Plan and SERP I if he had continued working 18 months following his date of termination.

Other Matters

Stock Ownership Requirements. The Board of Directors adopted stock ownership guidelines for our Named Executive Officers that require the following minimum investment in Investors Bancorp common stock:

Chief Executive Officer	A number of shares having a market value equal to 5x annual base salary
Other Named Executive Officers	A number of shares having a market value equal to 3x annual base salary

Equity Retention Policy. In 2013, the Board of Directors adopted the Equity Retention Policy, which is independent of the stock ownership guidelines described above. This policy applies to all executive officers of Investors Bancorp and all members of the Board of Directors. Under the policy, each executive officer is required to retain direct ownership of at least 50% of his or her "covered shares," net of taxes and transaction costs, until three months following the date of the executive officer's termination of employment. Each director is required to retain direct ownership of at least 50% of his or her "covered shares," net of taxes and transaction costs, until termination of service from the Board of Directors. A "covered share" means any share acquired by an executive officer or director pursuant to an award granted after July 23, 2013 under any equity compensation plan or other written compensatory arrangement.

Anti-Hedging Policy. The Board of Directors adopted an anti-hedging policy, which prohibits directors and executive officers, including the Named Executive Officers, from engaging in or effecting any transaction

designed to hedge or offset the economic risk of owning shares of Investors Bancorp common stock. Accordingly, any hedging, derivative or other equivalent transaction that is specifically designed to reduce or limit the extent to which declines in the trading price of Investors Bancorp common stock would affect the value of shares of Investors Bancorp common stock owned by an executive officer or director is prohibited. Cashless exercises of stock options are not deemed short sales and are permitted. This policy does not prohibit transactions involving the stock of other unrelated companies.

Clawback Policy. In accordance with a clawback policy adopted by the Board of Directors, as a condition to receiving incentive compensation, Named Executive Officers agree to return bonus and other incentive compensation paid by Investors Bancorp (including cancellation of outstanding equity awards and reimbursement of any gains realized on such awards) if: (i) the payments or awards were based on reported financial statement or financial information or (any performance metrics or criteria that were based on such financial statements or information); (ii) there is an accounting restatement of financial statements due to material noncompliance with financial reporting requirements under the federal securities laws; and (iii) the amount of the bonus or incentive compensation, as calculated under the restated financial results, is less than the amount actually paid or awarded under the original financial results.

Tax Deductibility of Executive Compensation. Under Section 162(m) of the Internal Revenue Code, companies are subject to limits on the deductibility of executive compensation. Deductible compensation is limited to $1 million per year for each Named Executive Officer listed in the summary compensation table, except for the principal financial officer. Compensation that is “performance-based” under the Internal Revenue Code’s definition is exempt from this limit. Stock option grants are intended to qualify as performance-based compensation.

The Compensation and Benefits Committee currently does not have a formal policy with respect to the payment of compensation in excess of the deduction limit. The Compensation and Benefits Committee’s practice is to structure compensation programs offered to the Named Executive Officers with a view to maximizing the tax deductibility of amounts paid. However, in structuring compensation programs and making compensation decisions, the Compensation and Benefits Committee considers a variety of factors, including Investors Bancorp’s tax position, the materiality of the payment and tax deductions involved and the need for flexibility to address unforeseen circumstances and Investors Bancorp’s incentive and retention requirement for its management personnel. After considering these factors, the Compensation and Benefits Committee may decide to authorize payments, all or part of which would be nondeductible for federal tax purposes.

Tax and Accounting Implications. In consultation with our tax advisors, we evaluate the tax and accounting treatment of our compensation program at the time of adoption and on an annual basis to ensure that we understand the financial impact of the program. Our analysis includes a detailed review of recently adopted and pending changes in tax and accounting requirements. As part of our review, we consider modifications and/or alternatives to existing programs to take advantage of favorable changes in the tax or accounting environment or to avoid adverse consequences.

Compensation Risk Management. The Compensation and Benefits Committee believes that any risks arising from Investors Bancorp’s compensation policies and practices for all of its employees, including the Named Executive Officers, are not reasonably likely to have a material adverse effect on Investors Bancorp or Investors Bank. In addition, the Compensation and Benefits Committee believes that the mix and design of the elements of the compensation program will encourage senior management to act in a manner that is focused on long-term valuation of Investors Bancorp and Investors Bank.

The Compensation and Benefits Committee regularly reviews Investors Bancorp’s compensation program to ensure that controls are in place so that employees are not presented with opportunities to take unnecessary and excessive risks that could threaten the value of Investors Bancorp or Investors Bank. With respect to the Executive Officer Annual Incentive Plan, the Compensation and Benefits Committee reviews and approves the

company-wide performance objectives that determine the bonus payments to be made thereunder. The performance objectives are selected in consultation with an outside independent consultant, and are customary performance metrics for financial institutions in Investors Bancorp's peer group. Furthermore, all bonus payments are subject to clawback in accordance with our clawback policy, which ensures that performance awards are linked to the actual performance of Investors Bancorp and Investors Bank and promotes the long-term value creation of Investors Bancorp and Investors Bank. Moreover, we instituted our equity retention policy to more closely align the interests of management and the Board with those of our stockholders.

Finally, by implementing the ESOP, the 2006 Equity Plan, the 2015 Equity Plan and by having an executive stock ownership requirement and an equity retention policy, our executive management team and employees have a significant ownership interest in Investors Bancorp, which will align their interests with those of the stockholders, and in turn will contribute to long-term stockholder value and decrease the likelihood that they would take excessive risks that could threaten the value of their Investors Bancorp common stock.

COMPENSATION AND BENEFITS COMMITTEE REPORT

Pursuant to rules and regulations of the SEC, this Compensation and Benefits Committee Report shall not be deemed incorporated by reference to any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Investors Bancorp specifically incorporates this information by reference, and otherwise shall not be deemed "soliciting material" or to be "filed" with the SEC subject to Regulation 14A or 14C of the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

The Compensation and Benefits Committee (the Committee) of Investors Bancorp has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation and Benefits Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and our Annual Report on Form 10-K.

The Committee understands its fiduciary responsibility to shareholders. The Committee has worked diligently with the assistance of management and our compensation consultant to implement a performance driven compensation program.

We operate in a very competitive banking market. To ensure fairness and competiveness, the Committee collects and analyzes an extensive amount of information about executive compensation values and practices in our marketplace. In our region, obtaining and retaining talented people is a serious challenge. The worldwide financial services industry has a large footprint in the New York and New Jersey area and consequently many opportunities exist for employment. It is important to make Investors Bancorp attractive to this important talent pool.

The Committee is proud of our Executive Officer Annual Incentive Plan. Each year a participant is assigned personal goals and a share of the overall corporate goals. Each participant is advised of the cash incentive opportunity for meeting his/her goals. We believe that the Plan has had a positive effect on employee performance and has stimulated and energized employees to contribute to the overall success of Investors Bancorp. The Committee is delighted to see the energy and effort our employees bring to achieving their goals. Careful selection of goals in a way that aligns the employees' performance with advancing the overall strategic objectives of Investors Bancorp moves the entire company along its carefully designed strategic path.

The Committee has also utilized equity grants to drive long term performance and to align employees' financial interests with those of our stockholders. Recent grants have been made with a seven year vesting requirement, which is much longer than the vesting requirements of our peers. Investors Bank also sponsors the ESOP, through which all eligible employees are eligible to receive Investors Bancorp common stock. By ensuring that all employees are shareholders, the Committee believes that the entire workforce has a personal financial stake in the success of Investors Bancorp.

Investors Bancorp has adopted a clawback policy, in order to recapture inappropriate incentive compensation payments, should that ever occur. At the same time, the Committee recognizes the need to discourage the taking of undue risk to achieve short term goals. We have built into our overall compensation philosophy elements that encourage longer term thinking and in particular, the preservation of asset quality. It is the Committee's belief that our compensation program spends company funds in a way that effectively drives superior employee performance and the success of Investors Bancorp.

Compensation and Benefits Committee of Investors Bancorp, Inc.

Dennis M. Bone, *Chair*

Robert C. Albanese, *Member*

Doreen R. Byrnes, *Member*

William V. Cosgrove, *Member*

Brian D. Dittenhafer, *Member*

Brendan J. Dugan, *Member*

James H. Ward, III, *Member*

Executive Compensation

The following table sets forth for the calendar years ended December 31, 2015, 2014 and 2013 certain information as to the total remuneration earned to Named Executive Officers with respect to the applicable year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3)	All Other Compensation ($) (4)	Total ($)	Total Without Change in Pension Value ($)
Kevin Cummings,	2015	1,000,000	—	12,540,000	4,159,999	2,076,923	2,411,000	230,035	22,417,957	20,006,957
President and Chief	2014	1,000,000	—	—	—	1,500,000	5,058,000	278,700	7,836,700	2,778,700
Executive Officer	2013	935,000	467,500	—	—	1,402,500	1,650,000	297,559	4,752,559	3,102,559
Domenick A. Cama,	2015	675,000	—	10,032,000	3,327,998	1,121,539	1,200,000	161,720	16,518,257	15,318,257
Senior Executive Vice	2014	675,000	—	—	—	810,000	2,799,000	180,794	4,464,794	1,665,794
President and Chief Operating Officer	2013	621,000	275,000	—	—	745,200	742,000	190,261	2,573,461	1,831,461
Richard Spengler,	2015	430,000	—	6,687,996	2,225,599	535,846	295,000	94,231	10,268,672	9,973,672
Executive Vice	2014	430,000	—	—	—	381,195	1,049,000	105,118	1,965,313	916,313
President and Chief Lending Officer	2013	400,000	125,000	—	—	358,200	88,000	120,314	1,091,514	1,003,514
Paul Kalamaras,	2015	415,000	—	6,687,996	2,225,599	516,223	541,000	84,559	10,470,377	9,929,377
Executive Vice	2014	415,000	—	—	—	371,633	935,000	91,726	1,813,359	878,359
President and Chief Retail Banking Officer	2013	375,000	125,000	—	—	333,450	293,000	106,012	1,232,462	939,462
Sean Burke, Senior Vice President and Chief Financial Officer (5)	2015	376,923	—	5,852,004	1,955,198	376,923	—	38,159	8,599,207	8,599,207
Thomas F. Splaine, Jr.,	2015	352,500	88,125	627,000	187,200	—	100,000	1,386,885	2,741,710	2,641,710
Senior Vice President	2014	352,500	—	—	—	264,375	230,000	78,809	925,684	695,684
Financial Planning and Analysis and Investor Relations (6)	2013	325,000	147,500	—	—	199,875	19,000	88,722	780,097	761,097

(1) The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC 718, of restricted stock and stock option awards granted pursuant to the 2015 Equity Incentive Plan. Assumptions used in the calculation of these amounts are included in Note 11 to Investors Bancorp's audited financial statements for the calendar year ended December 31, 2015 included in Investors Bancorp's Annual Report on Form 10-K.

(2) The amounts were earned pursuant to the Executive Officer Annual Incentive Plan.

(3) The amounts in this column reflect the aggregate change in the actuarial present value of the Named Executive Officer's accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) from the measurement date in the immediately preceding calendar year to the measurement date in such calendar year, determined using the interest rate and mortality rate assumptions consistent with those used in Investors Bancorp's financial statements. The amount reported may include amounts in which the Named Executive Officer is not yet vested. Earnings under the SERP I attributable to the Supplemental ESOP Benefit are not included in this column because the earnings were not "above-market," as defined by the SEC. For 2014, the change in pension value was substantially higher than 2013 and 2015 primarily as a result of the decrease in the discount rate assumption due to market conditions, as well as the Society of Actuaries' 2014 issuance of new mortality tables projecting longer life expectancies. In particular, 53% of Mr. Cummings change in pension value in 2014 was due solely to changes in these assumptions.

(4) The amounts in this column represent all other compensation not reported in prior columns in this table, including perquisites, the aggregate value of which exceeds $10,000, and employer contributions to defined contribution plans. See the "All Other Compensation" and "Perquisites" tables below for a breakdown of these amounts for the year ended December 31, 2015.

(5) Mr. Burke was appointed Senior Vice President and Chief Financial Officer on January 26, 2015. Mr. Burke's full year annualized base salary was $400,000.

(6) Mr. Splaine received a cash bonus in connection with the completion of the conversion of its core operating system.

Amounts included in the "Stock Awards" and "Option Awards" columns of the Summary Compensation Table for the year ended December 31, 2015 represent the grant date fair value of the awards issued to the Named Executive Officers under the 2015 Equity Plan, as determined in accordance with applicable accounting standards. Notwithstanding that (1) stock options and time-based restricted stock awards vest ratably over a seven year period and the performance-based restricted stock awards are subject to a three-year performance period ending on December 31, 2017; and (2) the annual financial statement expense that we are required to recognize for these grants will be expensed ratably over the vesting period and will be significantly less than the amounts included in the "Stock Awards" and "Option Awards" columns for the year ended December 31, 2015, the SEC rules require that we report the full grant date fair value of restricted stock and stock option awards in the year in which the grants are made. In addition, with respect to the performance-based restricted stock awards, the actual value, if any realized by the Named Executive Officers will depend on the satisfaction of the performance metrics related to the awards. Moreover, with respect to the stock options, the actual value, if any, realized by any Named Executive Officers will depend on the extent to which the market value of the Investors Bancorp common stock exceeds the exercise price of the stock option on the date of exercise. Accordingly, there is no assurance that the values realized by the Named Executive Officer will be at or near the amounts in the "Stock Awards" and "Option Awards" columns.

ALL OTHER COMPENSATION

Name	Calendar or Fiscal Year	Perquisites and Other Personal Benefits ($) (1)	Company Contribution for Medical and Insurance Benefits ($)	Company Contributions to ESOP and 401(k) Plan and SERP I ($)	Severance Payment (2)	Total ($)
Kevin Cummings	2015	21,228	27,896	180,911	—	230,035
Domenick A. Cama	2015	23,204	27,896	110,620	—	161,720
Richard S. Spengler	2015	9,579	19,258	65,394	—	94,231
Paul Kalamaras	2015	19,061	2,948	62,550	—	84,559
Sean Burke	2015	—	29,159	9,000	—	38,159
Thomas F. Splaine, Jr.	2015	18,646	16,933	53,349	1,297,957	1,386,885

(1) A detailed description of the perquisites included in this column is set forth in the table below.
(2) Amount reflects the severance benefits payable to Mr. Splaine under his employment agreement in connection with his resignation on December 31, 2015.

PERQUISITES

Name	Calendar or Fiscal Year	Automobile Allowance ($)	Long Term Care ($)	Club Dues ($)	Executive Health Exam ($)	Total Perquisites and Other Personal Benefits ($)
Kevin Cummings	2015	9,839	8,107	3,282	—	21,228
Domenick A. Cama	2015	4,354	9,899	4,437	4,514	23,204
Richard S. Spengler	2015	4,728	2,901	1,950	—	9,579
Paul Kalamaras	2015	5,923	12,262	876	—	19,061
Sean Burke	2015	—	—	—	—	—
Thomas F. Splaine, Jr.	2015	—	12,301	—	6,345	18,646

Plan-Based Awards. The following table sets forth certain information as to grants during calendar 2015 of plan-based awards to the Named Executive Officers under the Executive Officer Annual Incentive Plan.

GRANTS OF PLAN-BASED AWARDS TABLE FOR 2015

Name	Grant Date	Estimated Payouts Under Non-Equity Incentive Plan Awards [(1)] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards [(2)] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards Number of Shares of Units (#)	All Other Option Awards Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($) [(3)]
Kevin Cummings	2/23/2015	1,266,923	1,485,000	2,076,923	—	—	—	—	—	$ —	$ —
	6/23/2015	—	—	—	50,000	250,000	—	750,000	—	$ —	$12,540,000
	6/23/2015	—	—	—	—	—	—	—	1,333,333	$12.54	$ 4,159,999
Domenick A. Cama	2/23/2015	684,139	801,900	1,121,539	—	—	—	—	—	$ —	$ —
	6/23/2015	—	—	—	40,000	200,000	—	600,000	—	$ —	$10,032,000
	6/23/2015	—	—	—	—	—	—	—	1,066,666	$12.54	$ 3,327,998
Richard S. Spengler	2/23/2015	361,696	408,583	535,846	—	—	—	—	—	$ —	$ —
	6/23/2015	—	—	—	26,666	133,333	—	400,000	—	$ —	$ 6,687,996
	6/23/2015	—	—	—	—	—	—	—	713,333	$12.54	$ 2,225,599
Paul Kalamaras	2/23/2015	349,079	394,330	517,154	—	—	—	—	—	$ —	$ —
	6/23/2015	—	—	—	26,666	133,333	—	400,000	—	$ —	$ 6,687,996
	6/23/2015	—	—	—	—	—	—	—	713,333	$12.54	$ 2,225,599
Sean Burke	2/23/2015	254,423	287,404	376,923	—	—	—	—	—	$ —	$ —
	6/23/2015	—	—	—	23,333	116,667	—	350,000	—	$ —	$ 5,852,004
	6/23/2015	—	—	—	—	—	—	—	626,666	$12.54	$ 1,955,198
Thomas F. Splaine, Jr. [(4)]	6/23/2015	—	—	—	—	—	—	50,000	—	$ —	$ 627,000
	6/23/2015	—	—	—	—	—	—	—	60,000	$12.54	$ 187,200

(1) Amounts shown assume achievement of 100% of individual goals and objectives. The range of estimated possible payouts reflects payouts under the Executive Officer Annual Incentive Plan.
(2) Represents the number of restricted stock awards that may vest if performance goals are achieved over a three-year period 2015-2017 at the stated levels.
(3) Represents the grant date fair value of the awards determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 11 to Investors Bancorp's audited financial statements for the calendar year ended December 31, 2015 included in Investors Bancorp's Annual Report on 10K. The fair value of the stock option awards was $3.12 as computed in accordance with FASB ASC 718.
(4) On December 31, 2015, Mr. Splaine resigned from employment with Investors Bancorp and Investors Bank and forfeited his unvested stock option and restricted stock awards.

For a narrative description of the material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and in the Grants of Plan-Based Awards Table for 2015, please see "Compensation Discussion and Analysis" above.

Outstanding Equity Awards at Year End. The following table sets forth information with respect to outstanding equity awards as of December 31, 2015 for the Named Executive Officers.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2015

		Option Awards				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price ($)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have not Vested (#) (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (3)
Kevin Cummings	11/20/06	1,147,500	—	5.98	11/20/16	—	—	—	—
	6/23/15	—	1,333,333	12.54	6/23/25	750,000	$9,330,000	250,000	$3,110,000
Domenick A. Cama	11/20/06	1,020,000	—	5.98	11/20/16	—	—	—	—
	6/23/15	—	1,066,666	12.54	6/23/25	600,000	$7,464,000	200,000	$2,488,000
Richard S. Spengler	11/20/06	110,000	—	5.98	11/20/16	—	—	—	—
	6/23/15	—	713,333	12.54	6/23/25	400,000	$4,976,000	133,333	$1,658,662
Paul Kalamaras	11/18/08	182,000	—	5.37	11/18/18	—	—	—	—
	6/23/15	—	713,333	12.54	6/23/25	400,000	$4,976,000	133,333	$1,658,662
Sean Burke	6/23/15	—	626,666	12.54	6/23/25	350,000	$4,354,000	116,667	$1,451,337
Thomas F. Splaine (5)	11/20/06	446,250	—	5.98	3/30/2016	—	—	—	—

(1) Stock option and restricted stock awards generally vest over a seven-year period commencing on the first anniversary of the date granted, however, if certain performance goals are achieved the vesting will be accelerated by two years commencing in the year in which the performance goal is achieved.

(2) Stock options generally expire if unexercised 10 years after the grant date.

(3) Amounts shown are based on the fair market value of Investors Bancorp common stock on December 31, 2015 of $12.44.

(4) Amounts shown represent the number of stock awards that may vest if performance goals are achieved over a three-year period 2015-2017 at Target level.

(5) Mr. Splaine's plan-based awards under the 2015 Equity Plan were forfeited as a result of his resignation on December 31, 2015.

Option Exercises and Stock Vested. The following table provides information concerning stock option exercises and the vesting of stock awards for each Named Executive Officer during 2015.

OPTION EXERCISES AND STOCK VESTED AT DECEMBER 31, 2015

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise ($)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Kevin Cummings	—	—	—	—
Domenick A. Cama	—	—	—	—
Richard S. Spengler	—	—	—	—
Paul Kalamaras	175,000	$1,164,922	—	—
Thomas F. Splaine, Jr.	—	—	—	—

Pension Benefits. The table below shows the present value of accumulated benefits payable to each of the Named Executive Officers, including the number of years of service credited to each such named executive

officer, under our pension plans determined using interest rate and mortality rate assumptions consistent with those used in Investors Bancorp's financial statements. For a narrative description of each applicable plan, please see "Compensation Discussion and Analysis" above.

PENSION BENEFITS AT OR FOR THE YEAR ENDED DECEMBER 31, 2015

Name	Plan Name	Number of Years Credited Service ($) (1)	Present Value of Accumulated Benefit ($) (2)	Payment During Last Year ($)
Kevin Cummings	Defined Benefit Plan	11.5	527,000	—
	SERP I and SERP II	11.5	13,838,000	—
Domenick A. Cama	Defined Benefit Plan	25.0	968,000	—
	SERP I and SERP II	25.0	7,144,000	—
Richard S. Spengler	Defined Benefit Plan	30.0	790,000	—
	SERP I and SERP II	30.0	2,093,000	—
Paul Kalamaras	Defined Benefit Plan	6.3	207,000	—
	SERP I and SERP II	6.3	2,201,000	—
Sean Burke	Defined Benefit Plan	—	—	—
	SERP I and SERP II	—	—	—
Thomas F. Splaine, Jr.	Defined Benefit Plan	10.0	245,000	—
	SERP I and SERP II	10.0	317,000	—

(1) The number of years of credited service represents all years of service, including years following the change in benefit formula for the Defined Benefit Plan on January 1, 2006. For Messrs. Cama and Spengler, credited service years include qualified years served at other financial institutions that participated in the Defined Benefit Plan, formerly known as the Financial Institutions Retirement Fund.

(2) The figures shown are determined as of the plan's measurement date of December 31, 2015 for purposes of Investors Bancorp's audited financial statements. For discount rate and other assumptions used for this purpose, please refer to Note 11 to the audited financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015.

Nonqualified Deferred Compensation. The following table sets forth information with respect to the Supplemental ESOP portion of SERP I at and for the year ended December 31, 2015 for the Named Executive Officers. For a narrative description of SERP I, please see "Compensation Discussion and Analysis" above.

NONQUALIFIED DEFERRED COMPENSATION AT OR FOR THE YEAR ENDED DECEMBER 31, 2015

Name	Plan Name	Executive Contributions in Last Year ($)	Registrant Contributions in Last Year ($) (1)	Aggregate Earnings (Loss) in Last Year ($) (2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Year-End ($) (3)
Kevin Cummings	SERP I	—	151,859	139,784	—	1,588,974
Domenick A. Cama	SERP I	—	81,567	68,323	—	783,992
Richard S. Spengler	SERP I	—	36,341	23,500	—	277,948
Paul Kalamaras	SERP I	—	33,497	14,826	—	185,923
Sean Burke	SERP I	—	—	—	—	—
Thomas F. Splaine, Jr.	SERP I	—	24,296	10,964	—	137,013

(1) The value of the non-qualified Supplemental ESOP contribution made pursuant to SERP I in calendar 2015 is based on the fair market value of Investors Bancorp common stock on December 31, 2015 of $12.44. These contributions are included in the Summary Compensation Table.

(2) The aggregate earnings (loss) for the Supplemental ESOP and Retirement Plan reflect the change in value of phantom shares issued prior to calendar 2015, based on the fair market value of Investors Bancorp common stock on December 31, 2015 of $12.44. This amount is not included in the Summary Compensation Table because the rate of earnings was not "above-market," as defined by the SEC.

(3) The aggregate balances reported for the Supplemental ESOP Plan are based on the market value of Investors Bancorp common stock on December 31, 2015 of $12.44. For Messrs. Cummings, Cama, Spengler, Kalamaras and Splaine, $976,054, $486,709, $179,037, $133,875 and $95,845, respectively, of their total aggregate balance was previously reported as compensation to them in our Summary Compensation Tables for previous years.

Potential Payments Upon Termination or Change in Control. At December 31, 2015, Investors Bancorp has entered into employment agreements with Messrs. Cummings, Cama, Spengler, Kalamaras and Burke. A narrative description of the material terms of the agreements is set forth in "Compensation Discussion and Analysis." The table below reflects the amount of compensation and benefits payable to each Named Executive Officer pursuant to his employment agreement in the event of termination of his employment. No payments are required under the employment agreements due to the Named Executive Officers' voluntary termination prior to a change in control. The amount of compensation payable to each Named Executive Officer upon: (i) retirement; (ii) early retirement; (iii) involuntary termination (other than for cause); (iv) termination following a change of control; and (v) in the event of disability is shown below. The amounts shown assume that such termination was effective as of December 31, 2015, and thus includes amounts earned through such time and are estimates of the amounts that would be paid to the Named Executive Officer upon termination. The amounts shown relating to unvested stock options and restricted stock awards are based on the fair market value of Investors Bancorp common stock on December 31, 2015 of $12.44 per share. Messrs. Cummings and Cama are entitled to tax indemnification payments for any excess parachute payments under Section 280G of the Internal Revenue Code. With respect to the change in control benefits payable to Messrs. Spengler, Kalamaras and Burke, the amounts shown in the table below do not take into account any reductions that may be required in order to comply with the Internal Revenue Code Section 280G net best benefit provision in each of their employment agreements. The actual amounts to be paid out can only be determined at the time of such executive's date of termination with Investors Bancorp. The following table does not include amounts payable upon termination of employment under SERP I and SERP II that are vested as of December 31, 2015 because the present value of the accumulated vested benefits under each of those plans as of December 31, 2015 is set forth in the tables above. The table below does not reflect the potential payments upon termination or change in control to Mr. Splaine because he resigned from employment with Investors Bancorp and Investors Bank on December 31, 2015. Please see the Compensation Discussion and Analysis and the Summary Compensation Table above for further details regarding the amounts payable to Mr. Splaine in connection with his resignation.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL AS OF DECEMBER 31, 2015

	Mr. Cummings	Mr. Cama	Mr. Spengler	Mr. Kalamaras	Mr. Burke	Mr. Splaine
Retirement [1]						
Retiree Health/Life Insurance	—	—	—	—	—	—
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	—	—	—	—	—	—
Early Retirement [1]						
Retiree Health/Life Insurance	—	—	—	—	—	—
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	—	—	—	—	—	—
Disability						
Salary Continuation [2]	2,384,010	1,489,010	1,034,010	989,010	664,010	—
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	12,440,000	9,952,000	6,634,663	6,634,663	5,805,337	—
Other benefits [3]	21,884	22,780	13,063	6,941	17,830	—
Death						
Salary Continuation [5]	1,000,000	675,000	430,000	415,000	400,000	—
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	12,440,000	9,952,000	6,634,663	6,634,663	5,802,337	—
Other benefits [3]	34,185	34,185	22,474	144	34,185	—
Discharge w/o Cause or Resignation w/ Good Reason-no Change in Control						
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	—	—	—	—	—	—
Salary and Cash Incentive [6]	9,230,769	5,389,616	2,897,539	2,793,669	2,330,770	1,062,000
Other benefits [3]	131,302	136,678	83,598	46,865	110,402	235,957
Excess Pension Benefit [4][6]	4,017,541	2,031,398	859,370	886,402	—	—
Discharge w/o Cause or Resignation w/ Good Reason-Change in Control-related						
Stock Option Vesting	—	—	—	—	—	—
Restricted Stock Vesting	12,440,000	9,952,000	6,634,663	6,634,663	5,805,337	—
Salary and Cash Incentive [6]	9,230,769	5,389,616	2,897,539	2,793,669	2,330,770	—
Other benefits [3]	131,302	136,678	83,598	46,865	110,402	—
Excess Pension Benefit [4][6]	4,017,541	2,031,398	859,370	886,402	—	—
Tax Indemnification Payment [7]	2,985,515	1,573,018	—	—	—	—

(1) As of December 31, 2015, none of the Named Executive Officers were eligible for early retirement or retirement.
(2) Upon disability, the Named Executive Officer is entitled to base salary for the longer of the remaining term of his employment agreement or one year. Such benefit is reduced by the amount paid under our disability plan or policy, which is not reflected in this table.
(3) Other benefits include amounts for benefits in effect prior to termination; life, medical, dental, disability and long term care, and is calculated based on the terms specified in the employment agreements.
(4) Each employment agreement provides that Investors Bancorp will pay the excess, if any of: (i) the present value of benefits to which the Named Executive Officer would be entitled to under the defined benefit plans if he had continued working for Investors Bancorp for 36 months and (ii) the present value of the benefits to which he is actually entitled.
(5) This amount is payable according to normal payroll practices for one year following the Named Executive Officer's date of death.
(6) This amount is paid in a lump sum following the Named Executive Officer's date of termination.
(7) This amount is generally payable in a lump sum to the Named Executive Officer following the date of termination, but it may be timely paid directly to the applicable taxing authorities on behalf of the named executive officer.

Director Compensation

Elements of Director Compensation

Director Fees. Each of the individuals who serve as a director of Investors Bancorp also serves as a director of Investors Bank. The non-employee directors of Investors Bancorp and Investors Bank are compensated separately for service on each entity's board. Each non-employee director of Investors Bancorp is paid a monthly retainer of $2,000 ($4,000 per month for the Chairman), and $2,500 for each committee meeting attended. The Chairman of the Audit Committee, Compensation and Benefits Committee, Nominating and Corporate Governance Committee and Risk Oversight Committee are each paid an annual retainer of $10,000. Each non-employee director of Investors Bank is paid a monthly retainer of $4,000 ($8,000 per month for the Chairman) and $2,100 for each Board meeting attended ($4,200 per meeting for the Chairman). Employee directors are not compensated for serving as directors.

The Board of Directors establishes non-employee director compensation based on recommendations of the Compensation and Benefits Committee. Periodically, the Compensation and Benefits Committee engages the services of GK Partners and its external surveys to assist in the committee's review of director compensation. The Compensation and Benefits Committee did not recommend any changes to the compensation payable to non-employee directors in 2015.

Stock Option and Stock Award Program. At the annual meeting of stockholders held on June 9, 2015, stockholders of the Company approved the Investors Bancorp, Inc. 2015 Equity Plan, as described above in "Compensation Discussion and Analysis." Directors are eligible to participate in the 2015 Equity Incentive Plan. Under this plan, individuals may receive awards of Investors Bancorp common stock (restricted stock) and grants of options to purchase shares of Investors Bancorp common stock at a specified exercise price during a specified time period. The Compensation and Benefits Committee engaged GK Partners, an independent compensation consultant to assess the Committee's recommendations for granting stock options and restricted stock awards to non-employee directors. In determining the amount of restricted stock awards and stock options non-employee directors would receive, the Compensation and Benefits Committee considered the Board's role in setting the strategic direction for the Company, most notably, their role in completing the mutual to stock public offering in 2014. The Committee also considered the directors' past contributions, their industry knowledge, their financial expertise and the role they would play in the Company's future. The Committee also reviewed survey data regarding awards made to directors of other companies that had undertaken a mutual to stock public offering. GK Partners concluded that the Committee's recommendations for the awards were fair and reasonable and intended to align the economic interest of the directors with that of other shareholders consistent with prevailing director compensation practices in the competitive marketplace for similarly situated public companies.

The total restricted stock awards granted to non-employee directors are shown below:

Name	Grant Date	Stock Awards Number of Shares of Units (#)	Grant Date Fair Value of Stock Awards ($) [1]	Outstanding Unvested Stock Awards at December 31, 2015 (#)
Robert C. Albanese	6/23/2015	100,000	1,254,000	100,000
Dennis M. Bone	6/23/2015	100,000	1,254,000	100,000
Doreen R. Byrnes	6/23/2015	100,000	1,254,000	100,000
Robert M. Cashill	6/23/2015	150,000	1,881,000	150,000
William V. Cosgrove	6/23/2015	100,000	1,254,000	100,000
Brian D. Dittenhafer	6/23/2015	150,000	1,881,000	150,000
Brendan J. Dugan	6/23/2015	100,000	1,254,000	100,000
James J. Garibaldi	6/23/2015	100,000	1,254,000	100,000
Michele N. Siekerka	6/23/2015	100,000	1,254,000	100,000
James H. Ward	6/23/2015	100,000	1,254,000	100,000

(1) The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC 718, of restricted stock and stock option awards granted pursuant to the 2015 Equity Incentive Plan. Assumptions used in the calculation of these amounts are included in Note 11 to Investors Bancorp's audited financial statements for the calendar year ended December 31, 2015 included in Investors Bancorp's Annual Report on Form 10-K.

The aggregate total stock option grants to non-employee directors are shown below:

Name	Grant Date	Stock Options (#)	Exercise Price	Grant Date Fair Value ($) [1]	Outstanding Unexercised Stock Options at December 31, 2015 (#)
Robert C. Albanese	6/23/2015	250,000	$12.54	780,000	250,000
Dennis M. Bone	6/23/2015	250,000	$12.54	780,000	250,000
Doreen R. Byrnes	6/23/2015	250,000	$12.54	780,000	250,000
Robert M. Cashill	6/23/2015	250,000	$12.54	780,000	250,000
William V. Cosgrove	6/23/2015	250,000	$12.54	780,000	250,000
Brian D. Dittenhafer	6/23/2015	250,000	$12.54	780,000	250,000
Brendan J. Dugan	6/23/2015	250,000	$12.54	780,000	250,000
James J. Garibaldi	6/23/2015	250,000	$12.54	780,000	250,000
Michele N. Siekerka	6/23/2015	250,000	$12.54	780,000	250,000
James H. Ward	6/23/2015	250,000	$12.54	780,000	250,000

(1) The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC 718, of restricted stock and stock option awards granted pursuant to the 2015 Equity Incentive Plan. Assumptions used in the calculation of these amounts are included in Note 11 to Investors Bancorp's audited financial statements for the calendar year ended December 31, 2015 included in Investors Bancorp's Annual Report on Form 10-K.

Mr. Albanese and Ms. Siekerka each have outstanding stock options that were granted under the Roma Financial Corporation 2008 Equity Incentive Plan. Please see the Directors' Compensation Table for further details regarding each director's outstanding stock option and unvested restricted stock awards under such plans.

Director Benefits. For directors and their spouses or spousal equivalents as of 2007, Investors Bank sponsors a long-term care program. Directors become eligible to participate after one year of service either on the Board of Directors, through past employment or as counsel prior to becoming a director. Each individual policy is owned by the covered person. Investors Bank pays all premiums under the long term care program but will stop paying premiums in the event of the participant's: (i) resignation from the Board of Directors prior to attaining normal retirement age (except for health reasons); (ii) relocation outside of the country; or (iii) death. Spousal coverage will be terminated upon: (i) a participant's resignation prior to normal retirement age (except for health reasons); (ii) divorce from the participant; (iii) the participant no longer qualifying for coverage; (iv) the spouse's permanent relocation outside of the country; or (v) death. Participants who cannot be insured through an insurance company under the long-term care program will be self-insured by Investors Bank.

Amended and Restated Director Retirement Plan. Investors Bank maintains the Amended and Restated Director Retirement Plan. Effective November 21, 2006, the Amended and Restated Director Retirement Plan was frozen such that no new benefits accrued under, and no new directors were eligible to participate in, the plan. A director who: (i) was not an active employee of Investors Bank upon retirement from board service; (ii) has provided at least ten years of "cumulative service" (service on the board and, if applicable, as an employee or counsel); and (iii) retired at age 65 or later or as a result of disability, was eligible to participate in the plan prior to November 21, 2006. Directors Cashill and Dittenhafer are the only directors currently participating in the plan.

An eligible director with at least 15 years of cumulative service will be entitled to an annual retirement benefit equal to the sum of 60% of the annual retainer and 13 times the regular board meeting fee in effect for the calendar year preceding the director's year of retirement. A director with at least 10 years of cumulative service but less than 15 years will be entitled to 40% of the sum of the annual retainer and 13 times the regular meeting fee in effect for the calendar year preceding the director's year of retirement, plus a pro-rated percentage of 20% of the sum of the annual retainer and 13 times the regular board meeting fee in effect for the calendar year preceding the director's year of retirement. The plan includes the annual retainer and board fees, if any, paid by Investors Bancorp in determining a director's retirement benefit.

In the event of a change in control, a director who has not yet attained ten years of service will be deemed to have ten years of service and attained age 65 in order to calculate his benefit under the plan. In the event a director dies prior to retirement, the director's beneficiary will be entitled to benefit payments in the form of a joint and survivor benefit payable at 100% of the amount paid to the director. Retirement benefits may be paid, at the director's election, either in monthly payments until the eligible director's death, or as a joint and survivor form of benefit payable for the lifetime of the eligible director and, upon the eligible director's death, at 50% of the benefit amount, to the director's beneficiary, or a joint and survivor form of benefit payable for the lifetime of the director and, upon the director's death, at 100% of the amount, to the director's beneficiary during the beneficiary's lifetime. In order to receive retirement benefits under the plan, the director must remain a director emeritus in good standing after retirement and must not engage in any business enterprise which competes with Investors Bank nor disclose any confidential information relative to the business of Investors Bank.

Deferred Directors Fee Plans. Investors Bank maintains the Investors Bank Deferred Directors Fee Plan. Each non-employee member of the Board of Directors of Investors Bank is eligible to participate in the plan and has the right to elect to defer the receipt of all or any part of the director fees earned as a member of the Board of Directors of Investors Bank. Compensation deferred under the plan and interest (at a rate equal to one and one-half percent below the *Wall Street Journal* prime rate) thereon is payable upon the earlier of the participant's death, disability or separation from service. Such deferred compensation will be payable in a lump sum, unless the participant has elected payment in monthly installments over a period of up to ten years.

Investors Bancorp maintains the Investors Bancorp, Inc. Deferred Directors Fee Plan. Each non-employee member of the Board of Directors of Investors Bancorp is eligible to participate in the plan and has the right to elect to defer the receipt of all or any part of the director fees earned as a member of the Board of Directors of Investors Bancorp. Compensation deferred under the plan and interest (at a rate equal to one and one-half percent below the *Wall Street Journal* prime rate) thereon is payable upon the earlier of the participant's death, disability or separation from service. Such deferred compensation will be payable in a lump sum, unless the participant has elected payment in monthly installments over a period of up to ten years.

Split Dollar Life Insurance Agreements. Mr. Albanese, Mr. Bone and Ms. Siekerka are each parties to individual split dollar life insurance agreements with Roma Bank, which were assumed by Investors Bank on December 6, 2013 in connection with the merger between Investors Bancorp and Roma Financial Corporation. Investors Bank owns a life insurance policy on the life of Messrs. Albanese, Bone and Ms. Siekerka. Under the agreement, upon the death of the director, the proceeds of the policy are divided between the director's beneficiary, who is entitled to $100,000 on the director's death, and Investors Bank, which is entitled to the remainder of the death benefit. The director has the right to designate the beneficiary who will receive his or her share of the proceeds payable upon death.

Summary of Directors' Compensation. The following table sets forth for the year ended December 31, 2015 certain information as to total compensation paid to non-employee directors.

DIRECTORS' COMPENSATION TABLE

Name	Investors Bancorp Fees Earned or Paid in Cash ($)	Investors Bank Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
Robert C. Albanese	66,500	75,300	1,244,000	2,330,000	—	376	3,716,176
Dennis M. Bone	66,500	75,300	1,244,000	2,330,000	—	287	3,716,087
Doreen R. Byrnes	79,000	75,300	1,244,000	2,330,000	—	9,898	3,738,198
Robert M. Cashill	48,000	150,600	1,866,000	2,330,000	—	12,605	4,407,205
William V. Cosgrove	54,000	75,300	1,244,000	2,330,000	—	27,740	3,731,040
Brian D. Dittenhafer	79,000	75,300	1,866,000	2,330,000	—	13,392	4,363,692
Brendan J. Dugan	59,000	75,300	1,244,000	2,330,000	—	—	3,708,300
James J. Garibaldi	24,000	75,300	1,244,000	2,330,000	—	—	3,673,300
Michele N. Siekerka	46,500	75,300	1,244,000	2,330,000	—	252	3,696,052
James H. Ward	69,000	75,300	1,244,000	2,330,000	—	—	3,718,300

(1) The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC 718, of restricted stock and stock option awards granted pursuant to the 2015 Equity Plan. The grant date fair value for each option award and stock award was $3.12 and $12.54, respectively. Although the full grant date fair value of the stock awards and option awards is reflected in the above table as required by the SEC rules, the actual value of the awards, if any realized, depend on the director's continued service with Investors Bancorp and the market value of Investors Bancorp common stock. Accordingly, there is no assurance that the value realized by a director will be at or near the estimated value reflected in the above table.

(2) Represents unvested option awards at December 31, 2015 under the 2015 Equity Inventive Plan. Messrs. Cashill and Cosgrove had fully vested unexercised stock option awards of 292,500 and 255,000 respectively, for stock option awards received as employees of Investors Bank at December 31, 2015. Mr. Dittenhafer had fully vested unexercised stock option awards of 124,529 at December 31, 2015. Mr. Albanese and Ms. Siekerka, who have no outstanding awards under the 2006 Equity Incentive Plan, had unexercised stock option awards of 35,302 and 70,606 options, respectively, at December 31, 2014, which were granted under the Roma Financial Corporation 2008 Equity Incentive Plan.

(3) This amount includes perquisites and other personal benefits, or property, if the aggregate amount for each director is at least $10,000. Specifically, this amount represents the premiums paid for long term care coverage for Messrs. Cashill, Dittenhafer and Ms. Byrnes and their spouses or spousal equivalents. In addition, the amount includes automobile allowance and club dues for Mr. Cosgrove. For Messrs. Albanese, Bone and Ms. Siereka includes income on split dollar life insurance agreements.

Other Matters

Director Stock Ownership Requirements. The Board believes its directors should have a financial investment in Investors Bancorp to further align their interests with stockholders. Directors are expected to own at least 25,000 shares of common stock (excluding stock options). Stock holdings are expected to be achieved within five (5) years of either the implementation of the ownership guidelines or the starting date of the individual, whichever is later.

PROPOSAL II—ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Compensation Discussion and Analysis appearing earlier in this Proxy Statement describes the executive compensation program and the compensation decisions made by the Compensation and Benefits Committee with respect to the Chief Executive Officer and other officers named in the Summary Compensation Table (who are referred to as the "Named Executive Officers").

This proposal, commonly known as a "Say on Pay" proposal, gives you as a stockholder the opportunity to vote on our executive pay program. In accordance with Section 14A of the Exchange Act, the Board of Directors is requesting stockholder to cast a non-binding advisory vote on the following resolution:

> "RESOLVED, that the stockholders of Investors Bancorp, Inc. ("Investors") approve the compensation paid to Investors' Named Executive Officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and narrative accompanying the tables."

Our executive compensation program is based on a pay for performance philosophy that is designed to support our business strategy and align the interests of our executives with our stockholders. The Board of Directors believes that the link between compensation and the achievement of our long- and short-term business goals has helped our financial performance over time, while not encouraging excessive risk taking.

For these reasons, the Board of Directors is requesting stockholders to support this proposal. While this advisory vote is non-binding, the Compensation and Benefits Committee and the Board of Directors value the views of the stockholders and will consider the outcome of this vote in future executive compensation decisions.

At the 2015 Annual Meeting of Stockholders, the Board of Directors recommended, and the stockholders approved, a non-binding advisory vote in favor of holding an annual advisory vote on executive compensation. As a result, the Board of Directors determined that the Company will hold an annual advisory vote to approve executive compensation. The next stockholder vote on the frequency of future votes on executive compensation will occur at the 2021 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL OF THE COMPENSATION PAID TO INVESTORS BANCORP'S NAMED EXECUTIVE OFFICERS.

PROPOSAL III—RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Investors Bancorp's independent registered public accounting firm for the year ended December 31, 2015 was KPMG LLP. The Audit Committee has re-appointed KPMG LLP to continue as the independent registered public accounting firm for Investors Bancorp for the year ending December 31, 2016, subject to the ratification by the stockholders at the Annual Meeting. Representatives of KPMG LLP are expected to attend the Annual Meeting. They will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of KPMG LLP is not required by Investors Bancorp's Bylaws or otherwise. However, the Board of Directors is submitting the appointment of the independent registered public accounting firm to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment of KPMG LLP, the Audit Committee will reconsider whether it should select another independent registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change is in the best interests of Investors Bancorp and its stockholders.

Audit Fees. The aggregate fees billed to Investors Bancorp for professional services rendered by KPMG LLP for the audit of the Investors Bancorp's annual financial statements, review of the financial statements included in the Investors Bancorp's Quarterly Reports on Form 10-Q and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings and engagements were $1,260,000 and $1,015,000 during the years ended December 31, 2015 and 2014, respectively.

Audit Related Fees. The aggregate fees billed to Investors Bancorp for assurance and related services rendered by KPMG LLP that are reasonably related to the performance of the audit of and review of the financial statements and that are not already reported in "Audit Fees," above, were $104,500 and $729,000 during the years ended December 31, 2015 and 2014, respectively. These services included audits of employee benefit plans, acquisition and transaction related procedures for a subsidiary of the Company.

Tax Fees. The aggregate fees billed to Investors Bancorp for professional services rendered by KPMG LLP for tax compliance, tax advice and tax planning were $118,200 and $238,900 during the years ended December 31, 2015 and 2014, respectively.

All Other Fees. The aggregate fees billed to Investors Bancorp for compliance reviews was $60,000 during the year ended December 31, 2014. There were no "Other Fees" during the years ended December 31, 2015.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the independence of KPMG LLP. The Audit Committee concluded that performing such services does not affect the independence of KPMG LLP in performing its function as Investors Bancorp's independent registered public accounting firm.

The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve audit and audit-related services between meetings of the Audit Committee, provided the Chair reports any such approvals to the full Audit Committee at its next meeting. The full Audit Committee pre-approves all other services to be performed by the independent registered public accounting firm and the related fees.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

OTHER MATTERS

As of the date of this document, the Board of Directors knows of no matters that will be presented for consideration at the Annual Meeting other than as described in this document. However, if any other matter shall properly come before the Annual Meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxy will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy in accordance with their best judgment as to any matters that fall within the purposes set forth in the notice of Annual Meeting.

STOCKHOLDER PROPOSALS

To be eligible for inclusion in the proxy materials for next year's annual meeting of stockholders under SEC Rule 14(a)-8, any stockholder proposal to take action at such meeting must be received at Investors Bancorp's executive office, 101 JFK Parkway, Short Hills, New Jersey 07078, no later than December 15, 2016. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended.

ADVANCE NOTICE OF BUSINESS TO BE CONDUCTED AT AN ANNUAL MEETING

The Bylaws of Investors Bancorp also provide an advance notice procedure for certain business, or nominations to the Board of Directors, to be brought before an annual meeting of stockholders. In order for a stockholder to properly bring business before an annual meeting, the stockholder must give written notice to the Corporate Secretary of Investors Bancorp not less than 90 days prior to the date of Investors Bancorp's proxy materials for the preceding year's annual meeting; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the tenth day following the day on which public announcement of the date of such annual meeting is first made. The notice must include the stockholder's name, record address, and number of shares owned, describe briefly the proposed business, the reasons for bringing the business before the annual meeting, and any material interest of the stockholder in the proposed business. Nothing in this paragraph shall be deemed to require Investors Bancorp to include in its proxy statement and proxy relating to an annual meeting any stockholder proposal under SEC Rule 14a-8. In accordance with the foregoing, in order for a proposal or a nomination to be brought before the annual meeting of stockholders to be held following the year ending December 31, 2016, notice must be provided to the Corporate Secretary by January 13, 2017.

THE FOLLOWING DOCUMENTS ARE AVAILABLE ON THE "GOVERNANCE DOCUMENTS" SECTION OF THE "INVESTOR RELATIONS" PAGE OF THE INVESTORS BANK'S WEBSITE AT *WWW.MYINVESTORSBANK.COM* :

- **AUDIT COMMITTEE CHARTER**
- **COMPENSATION AND BENEFITS COMMITTEE CHARTER**
- **NOMINATING AND CORPORATE GOVERNANCE CHARTER**
- **INVESTORS BANCORP'S CORPORATE GOVERNANCE GUIDELINES**
- **INVESTORS BANCORP'S CODE OF BUSINESS CONDUCT AND ETHICS**
- **INVESTORS BANCORP'S INDEPENDENCE STANDARDS**

COPIES OF EACH WILL BE FURNISHED WITHOUT CHARGE UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, INVESTORS BANCORP, INC., 101 JFK PARKWAY, SHORT HILLS, NEW JERSEY 07078.

AN ADDITIONAL COPY OF INVESTORS BANCORP'S ANNUAL REPORT ON FORM 10-K (WITHOUT EXHIBITS) FOR THE YEAR ENDED DECEMBER 31, 2015, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WILL BE FURNISHED WITHOUT CHARGE TO STOCKHOLDERS UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, INVESTORS BANCORP, INC., 101 JFK PARKWAY, SHORT HILLS, NEW JERSEY 07078. THE FORM 10-K IS ALSO AVAILABLE FREE OF CHARGE ON THE "INVESTOR RELATIONS" PAGE OF THE INVESTORS BANK'S WEBSITE AT *WWW.MYINVESTORSBANK.COM.*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert M. Cashill
Chairman of the Board

Robert C. Albanese

Dennis M. Bone

Doreen R. Byrnes

Domenick Cama
Senior Executive
Vice President
& Chief Operating Officer

Kevin Cummings
President &
Chief Executive Officer

William V. Cosgrove

Brian D. Dittenhafer

Brendan J. Dugan

James J. Garibaldi

Michele N. Siekerka

James H. Ward, III

Paul N. Stathoulopoulos*

EXECUTIVE OFFICERS

Kevin Cummings
President &
Chief Executive Officer

Domenick Cama
Senior Executive Vice President
& Chief Operating Officer

Richard Spengler
Executive Vice President &
Chief Lending Officer

Paul Kalamaras
Executive Vice President &
Chief Retail Banking Officer

Sean Burke
Senior Vice President &
Chief Financial Officer

INDEPENDENT AUDITORS
KPMG, LLP
51 JFK Parkway
Short Hills, NJ 07078

TRANSFER AGENT & REGISTRAR
Inquiries regarding stock certificate administration, address changes and other related services should be directed to:

Computershare
P O Box 30170
College Station, TX
77842-3170
800.851.9677

CORPORATE OFFICE
101 JFK Parkway
Short Hills, NJ 07078
973.924.5100
www.myinvestorsbank.com

CORPORATE COUNSEL
Luse Gorman P.C.
5335 Wisconsin Ave., NW
Suite 780
Washington, DC 20015-2035

INVESTOR RELATIONS
Stockholders, Investors, and Analysts may also contact:

Marianne Wade
Vice President
973.924.5100
investorrelations@myinvestorsbank.com

*Member of the Investors Bank Board of Directors

cooperation community character commitment

investors Bancorp, INC.

101 JFK PARKWAY SHORT HILLS, NJ 07078

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