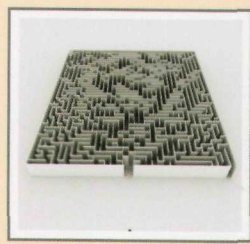


 **KEARNY
FINANCIAL CORP.
2008 ANNUAL REPORT**

A year of challenges



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A year of achievements

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LETTER TO SHAREHOLDERS



Dear Fellow Shareholders,

I am pleased to present you with the 2008 Annual Report for Kearny Financial Corp. and our subsidiary, Kearny Federal Savings Bank, representing our fourth fiscal year as a public

company. In 2008, the economic landscape proved to be even more challenging as the U.S. housing market continued to deteriorate as a result of the "sub-prime" mortgage crisis. While the Bank was not totally immune to some of the collateral damage the credit crisis has caused, I am pleased to report that we did see the beginning of a more positive earnings trend during the year. Earnings in fact increased \$4.0 million to \$5.9 million or \$0.09 per share.

In 2008, as a part of our long-term strategic plan, we continued to focus on changing the mix of our earning assets by growing our loan portfolio and reducing the size of our securities portfolio. At June 30, 2008, the Bank's net loans receivable had increased by \$161.2 million to \$1.02 billion, an 18.7% improvement over the level at year-end 2007 and now comprise 49.0% of assets compared to 44.9% a year ago. While the growth in the portfolio was significant, our conservative underwriting standards have helped us maintain a low level of nonperforming assets and loan charge-offs. In addition, our capital position continues to be a strength of the organization, as the Bank's regulatory capital ratios exceed the "well capitalized" guidelines established by our regulatory agency. At June 30, 2008, the Bank's regulatory capital ratios were as follows: core capital 17.76%, Tier I risked-based capital 37.89%, and total risked-based capital 38.43%. The regulatory capital requirements to be considered well capitalized are 5.0%, 6.0%, and 10.0%, respectively.

During the past year, management instituted a number of efficiency measures to help improve profitability and better control expenses. The first was a freeze on all future benefits accruals under our non-contributory defined benefit pension plan and related benefit equalization plan. The second was a comprehensive profitability analysis of our retail branch network, which will result in the consolidation of two branch locations and the sale of another in fiscal 2009. We believe that these types of initiatives are the key to improving the Bank's overall performance.

In 2008, we also broadened our franchise footprint in the Ocean County market with the opening of two full service retail branch locations in Brick and Lakewood Townships.

During 2008, we continued to see the competition for deposits intensify and as a result, our marketing efforts have become increasingly targeted to appeal to a more diverse customer base. StarBanking, our consumer relationship-banking program, enjoyed steady growth in 2008 with expanded service utilization, and most importantly improved customer loyalty. In keeping with our effort to provide added value, we will soon introduce Generations Gold - a new "lifestyle" checking program. Customers will earn discounts on retail purchases, travel and much more through this innovative program. We look for Generations Gold to further increase core deposits while also providing another means of generating fee income for the Bank. Our Commercial Banking Division also continues to grow nicely with increased emphasis on the needs of small to medium sized businesses. Our "Personal Approach to Business Banking" has successfully helped local firms within our service area expand and prosper while adding important income to the Bank. Our commercial group will soon relocate to newly outfitted office space within our Administrative Building located in Fairfield, to better accommodate the division's growth.

Community involvement and our cause marketing effort remain an important focus of the Kearny Financial family. I thank everyone for their efforts associated with the March of Dimes New Jersey chapter, The Food Bank of New Jersey, Habitat for Humanity and a host of other regional and local causes. It is always gratifying to know that a vibrant spirit of volunteerism is alive within our organization.

As the year ahead promises to be complete with challenges and opportunities, we intend to remain true to our principles and focused on our mission of providing the finest in banking products, personal service and community involvement. We are grateful for the trust our valued shareholders and customers have placed in us and intend to reward your confidence with our best efforts. Working together, I look forward to a future of even greater achievement!

Sincerely,

John N. Hopkins
President and Chief Executive Officer

Board of Directors

John N. Hopkins
President & CEO

John J. Mazur, Jr.
Chairman

Theodore J. Aanensen
Director

Dr. Joseph P. Mazza
Director

Matthew T. McClane
Director

John F. McGovern
Director

Leopold W. Montanaro
Director

Henry S. Parow
Director

John F. Regan
Director

Corporate Officers

John N. Hopkins
President & CEO

Albert E. Gossweiler
Sr. Vice President/CIO
& Treasurer

Sharon Jones
Sr. Vice President
Corporate Secretary

William C. Ledgerwood
Sr. Vice President/CFO

Craig L. Montanaro
Sr. Vice President
Director of Strategic Planning

Kearny Federal Savings Bank Officers

John N. Hopkins
President & CEO

Albert E. Gossweiler
Sr. Vice President/CIO
& Treasurer

Sharon Jones
Sr. Vice President
Corporate Secretary

Patrick M. Joyce
Sr. Vice President
CLO & CRA Officer

William C. Ledgerwood
Sr. Vice President/CFO

Craig L. Montanaro
Sr. Vice President/Director
of Strategic Planning

Erika K. Parisi
Sr. Vice President
Branch Administrator

Grace Cruz-Beyer
1st Vice President/Controller

Cheryl L. Lyons
1st Vice President
Loan Operations

Kimberly T. Manfredi
1st Vice President
Director of Human Resources

Tracy Tripucka
1st Vice President/Director
of Commercial Lending

Maria Coppinger-Peters
Vice President
Compliance Officer

Frank L. Coronato
Vice President/IT

Allan R. Cronheim
Vice President
Security & BSA Officer

Carmine J. DiSomma
Vice President
Director of Internal Auditing

James E. Estler
Vice President
Branch Administration

Maryann Habertur
Vice President
Branch Administration

Eric L. Kesselman
Vice President
Director of Marketing

Johanna Maggiore
Vice President
Mortgage Origination

Patrick Paoletta
Vice President
Branch Administration

Donna Porcaro
Vice President
Commercial Loans

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Vice President
Consumer Loan Manager

Theresa Ruvo
Vice President
Training Officer

Michael Sferrazza
Vice President/Accounting

Marlene Sirianni
Vice President/IRA

Mary E. Webb
Vice President/Accounting

Steven Wharton
Vice President
Facilities Manager

Susan D. Zuidema
Vice President
Branch Administration

Shareholder Information

Annual Meeting

The annual meeting is scheduled for Monday, October 27, 2008 at 10 a.m. on the second floor of the Kearny Federal Savings Bank Corporate Headquarters located at 120 Passaic Avenue, Fairfield, NJ 07004-3510.

Stock Listing

The common stock is traded over-the-counter on the NASDAQ Global Select Market under the ticker symbol KRNY. Stock quotations can be found in the Wall Street Journal and local daily newspapers. As of September 5, 2008, the closing price of the common stock was \$13.36 bid and \$13.38 ask.

Inquiries

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Auditor

Beard Miller Company LLP
100 Walnut Avenue, Suite 200
Clark, NJ 07061

Legal Counsel

Malizia Spidi & Fisch, P.C.

Transfer Agent

Registrar and Transfer Company
10 Commerce Drive
Cranford NJ 07016-3572
1-800-368-5948

Number of Shares Outstanding

At September 5, 2008 Kearny Financial Corp. had 70,450,703 shares of common stock outstanding, owned by 4,387 registered holders plus approximately 3,241 beneficial (streetname) owners.

 KEARNY
FINANCIAL CORP.

120 Passaic Avenue • Fairfield, NJ 07004

NASDAQ - KARNY