

Investor Presentation

INVESTORS

B A N C O R P, I N C.

December 15, 2008

Acquisition of American Bancorp
of New Jersey, Inc. (ABNJ)

Forward Looking Statements

Certain statements contained herein are "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may be identified by reference to a future period or periods, or by the use of forward looking terminology, such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms or variations on those terms, or the negative of those terms. Forward looking statements are subject to numerous risks, as described in our SEC filings, and uncertainties, including, but not limited to, those related to the real estate and economic environment, particularly in the market areas in which the Company operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity.

The Company wishes to caution readers not to place undue reliance on any such forward looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions, which may be made to any forward looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Summary of Significant Terms

Purchase Price per Share:	\$12.50
Transaction Value:	\$140.3 million
Consideration:	70% stock / 30% cash
Exchange Ratio: ¹	Fixed at 0.9218 ISBC shares for each ABNJ share
Transaction Structure:	Tax-free exchange with election mechanism
Estimated Cost Savings:	45% of ABNJ's operating expenses
Estimated Merger Charges:	\$8.5 million pre-tax
Revenue Enhancements:	None assumed

¹ Exchange ratio calculated as if 100% stock elected

Summary of Significant Terms (cont'd)

Due Diligence:	Complete
Board Representation:	Jim Ward, Vice Chairman of ABNJ, to join ISBC board of directors
Walk-Away:	Limited price-based double trigger walk-away, subject to top-up right
Termination Fee:	\$5.6 million (4.0% of transaction value)
Required Approvals:	ABNJ shareholders Customary regulatory approvals
Expected Closing:	Quarter ending June 30, 2009

Transaction Rationale

Adds Franchise Value

- ABNJ is a healthy, well capitalized community bank
- Expansion into attractive, adjacent markets
- Obtain 7.2% deposit market share (#8 market position) in densely populated Essex County

Compelling Transaction Economics

- Accretive to GAAP and cash EPS
- Double digit IRR
- Minimal tangible book value dilution (fully converted)
- Dilution earn back estimated in 18 months

Significant Cost Savings Opportunity

- ABNJ efficiency ratio of 85.5% for FY 2008
- Cost savings estimated at 45% of ABNJ operating expenses
- Approximately 40% of total cost savings attributable to the elimination of ABNJ executive incentive and deferred compensation plans

Strong Asset Quality

- ABNJ had NPLs to Loans of 0.24%
- Negligible net charge-offs with reserves to NPLs of 267%

Effective Use Of Capital

- Consistent with stated capital deployment plan
 - Share buybacks
 - Organic growth
 - Disciplined acquisitions
- Strong pro forma tangible common equity ratio of 11%, maintains financial flexibility for share repurchases

Source: SNL Financial. Financial data as of September 30, 2008. Market share as of June 30, 2008

Transaction Rationale (cont'd)

Manageable Execution Risk

- ABNJ's assets equate to less than 10% of ISBC's asset base
- Straightforward, transparent operations and clean balance sheet
- Significant overlap in operating systems
- No branch closings anticipated
- Leverages experience gained in successful Summit Federal Bankshares integration

Improves Funding Mix

- Adds \$448mm of total deposits
- 43% non-time vs. ISBC non-time percentage of 27%
- ABNJ average cost of deposits at 3.03% vs. ISBC average wholesale borrowing rate of 3.92%

Enhances Commercial Capabilities

- Complements transition to a more bank-like business mix
- 28% of ABNJ loan portfolio is commercial / CRE

Transaction Multiples

	ISBC / ABNJ	Northeast Deals ¹ Since July 2007	NJ Deals ² Since Jan. 2005
Premium / Deposits:	11.0%	12.3%	14.4%
Premium / Core Deposits: ³	14.1	14.4	15.8
Price / Book Value:	1.49x	1.64x	2.18x
Price / Tangible Book Value:	1.49x	2.00	2.26

¹ Transactions in the Mid-Atlantic or New England regions of the U.S. since January 1, 2007 and deal value between \$50mm and \$500mm

² Transactions announced since January 1, 2005 in which seller was a New Jersey depository and deal value was between \$50mm and \$500mm

³ Core deposits defined as total deposits less jumbo CDs

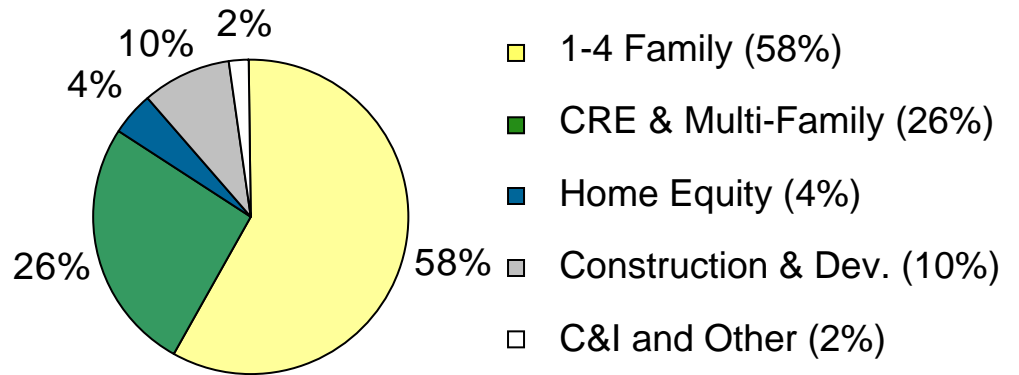
ABNJ Overview

Attractive Community Banking Franchise

- Traditional thrift transitioning to more bank-like business mix
- Operates 5 branches; 4 in Essex County and 1 in Passaic County
- #2 market position in Bloomfield and #1 in Cedar Grove
- \$622mm in assets

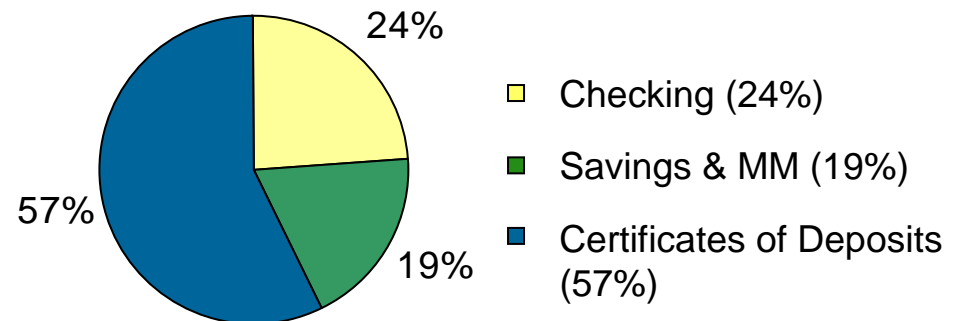
Loan Portfolio

- Total Loans: \$482mm



Deposit Composition

- Total Deposits: \$448mm



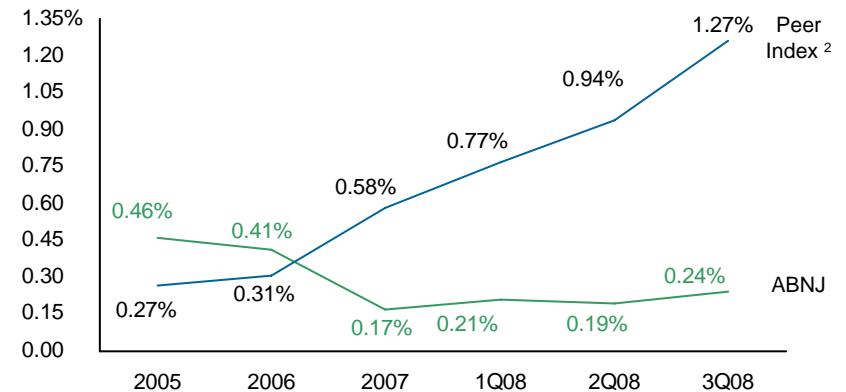
Source: SNL Financial. Financial data as of September 30, 2008. Market share as of June 30, 2008

Strong Asset Quality

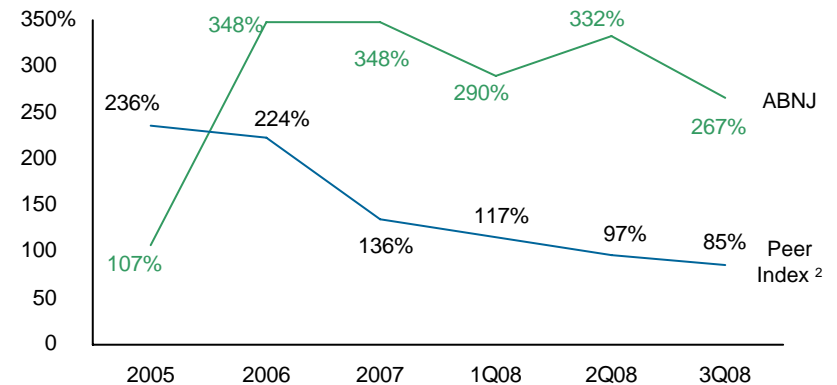
(\$ in millions)

	Quarter Ended 9/30/08
NPLs:	\$1.2
NPAs:	1.2
NPLs / Gross Loans:	0.24%
NPAs / Assets:	0.18
Reserves / NPLs:	267
NCOs / Average Loans:	0.00

Nonperforming Loans / Loans ¹



Reserves / Nonperforming Loans ¹



Source: SNL Financial

¹ Calendar year end data used for 2005, 2006 and 2007

² Peer Index includes public banks and thrifts with total assets between \$250 - \$1,000 million

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Anticipated Cost Savings

Sources of Cost Saves	Projected Fully Phase-In
Salaries and Benefits	\$4,591
Facilities & Equipment	475
Legal & Professional Fees	293
Data & Item Processing	207
Other	336
Total Cost Saves (Pre-Tax)	\$5,902
Total Cost Saves (After-Tax)	\$3,541
Percent of ABNJ's Expense Base¹	45%

Note: \$'s in thousands

¹ Total fully phased in cost savings as a percentage of ABNJ's total non-interest expense base

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Pro Forma Impact – Assumptions

- ABNJ earnings based on ABNJ management projections as adjusted by ISBC, grown at 8% thereafter
- ISBC earnings based on median Wall Street consensus estimates for 2009 and 2010, grown at 8% thereafter
- Cost savings estimated at 45% of ABNJ's operating expenses, phased in 100% in fiscal 2010
- Restructuring charge of \$8.5 million pre-tax
- Net pre-tax mark-to-market adjustment of \$8.0 million
- Assumes 4.0% opportunity cost of cash
- Core deposit intangibles assumed to be 3.0% of ABNJ's non-time deposits, amortized sum of years digits over 10 years
- Anticipated closing in quarter ending June 30, 2009

Pro Forma Financial Impact

- Accretive to both GAAP and cash EPS

	Fiscal Year Ended June 30,	
	2010	2011
GAAP Accretion	4.4%	4.8%
Cash Accretion	5.8	5.9

- Fully converted tangible book value dilution of approximately 4% with earn back within 18 months
- Double-digit internal rate of return
- Estimated pro forma tangible common equity ratio of 11%

Summary

- Attractive franchise in adjacent markets
- Accretive to GAAP and cash EPS with a double digit internal rate of return
- Minimal tangible book value dilution (fully converted), with estimated earn back in 18 months
- Strong credit quality
- Good cultural fit
- Low execution risk



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Appendix

County Market Share Detail

Essex County

Rank	Institution	Branch Count	Total Deposits In Market	Total Market Share	% of Parent Deposits
1	Wells Fargo & Co. (CA)	30	\$2,487	16.4%	0.7%
2	Banco Santander S.A.	21	1,249	8.2	0.4
3	JPMorgan Chase & Co. (NY)	29	1,241	8.2	0.1
4	PNC Financial Services Group (PA)	24	1,225	8.1	1.4
5	Valley National Bancorp (NJ)	25	1,194	7.9	13.2
6	Toronto-Dominion Bank	18	1,109	7.3	0.3
7	Hudson City Bancorp Inc. (NJ)	10	1,101	7.3	6.4
8	Pro Forma ISBC / ABNJ	12	1,094	7.2	24.6
8	Bank of America Corp. (NC)	32	1,070	7.1	0.1
9	New York Community Bancorp (NY)	15	757	5.0	5.3
10	Investors Bancorp Inc. MHC (NJ)	6	664	4.4	16.6
11	American Bancorp of NJ (NJ)	4	431	2.8	94.3
12	Provident Financial Services (NJ)	6	427	2.8	10.3
13	Capital One Financial Corp. (VA)	9	346	2.3	0.4
14	Banco Comercial Portugues SA	3	335	2.2	NA
15	Popular Inc. (PR)	5	219	1.5	0.8
Total Deposits in Essex County		279	\$15,172	100.0%	--

Passaic County

Rank	Institution	Branch Count	Total Deposits In Market	Total Market Share	% of Parent Deposits
1	Valley National Bancorp (NJ)	31	\$2,432	26.1%	26.8%
2	Wells Fargo & Co. (CA)	15	1,018	10.9	0.3
3	PNC Financial Services Group (PA)	19	958	10.3	1.1
4	JPMorgan Chase & Co. (NY)	16	879	9.5	0.1
5	Toronto-Dominion Bank	19	851	9.1	0.2
6	Hudson City Bancorp Inc. (NJ)	4	839	9.0	4.9
7	Clifton Svngs Bncp Inc. (MHC) (NJ)	7	469	5.0	81.0
8	Lakeland Bancorp (NJ)	9	419	4.5	21.5
9	Bank of America Corp. (NC)	9	261	2.8	0.0
10	Capital One Financial Corp. (VA)	5	243	2.6	0.2
11	Columbia Savings Bank M.H.C. (NJ)	5	212	2.3	NA
12	Stewardship Financial Corp. (NJ)	6	207	2.2	42.1
13	Spencer Savings Bank SLA (NJ)	2	151	1.6	11.6
14	Popular Inc. (PR)	3	130	1.4	0.5
15	Boiling Springs MHC (NJ)	1	49	0.5	5.1
18	American Bancorp of NJ (NJ)	1	\$26	0.3%	5.8%
Total Deposits in Passaic County		159	\$9,305	100.0%	--

Source: SNL Financial.

Note: Deposit market share as of June 30, 3008

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Attractive Funding Base

(\$ in millions)

	ISBC		ABNJ		Combined	
	Deposits	%	Deposits	%	Deposits	%
Checking	\$417.0	6.8%	\$106.8	20.4%	\$523.8	7.9%
Savings & MM	658.8	10.7	85.1	16.3	743.8	11.2
Certificates of Deposits	2,926.2	47.7	255.8	48.9	3,182.1	47.8
Total Deposits	\$4,002.0	65.3%	\$447.7	85.6%	\$4,449.7	66.9%
Borrowings	2,130.6	34.7	75.5	14.4	2,206.1	33.1
Total	\$6,132.6	100.0%	\$523.2	100.0%	\$6,655.8	100.0%
Cost of Deposits	3.13%		3.03%		3.12%	
Cost of Borrowings	3.92		3.39		3.90	
Total Cost of Funds	3.38%		3.08%		3.36%	

Source: SNL Financial

Note: Financial data as of or for the quarter ended September 30, 2008

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Loan Mix

(\$ in millions)

	ISBC		ABNJ		Combined	
	Loans	%	Loans	%	Loans	%
1-4 Family	\$4,478.9	84.0%	\$277.8	57.7%	\$4,756.7	81.8%
CRE and Multi-Family RE	389.0	7.3	127.5	26.5	516.5	8.9
Construction & Development	272.4	5.1	46.7	9.7	319.2	5.5
Home Equity	168.1	3.2	20.9	4.3	189.0	3.3
C&I and Other	21.6	0.4	8.7	1.8	30.3	0.5
Total Loans	\$5,330.1	100.0%	\$481.6	100.0%	\$5,811.7	100.0%
Less: Loan Loss Reserves	(18.6)		(3.0)		(21.6)	
Total	\$5,311.5		\$478.6		\$5,790.1	
Yield	5.71%		5.79%		5.72%	

Source: SNL Financial

Note: Financial data as of or for the quarter ended September 30, 2008

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