



# OceanFirst Financial Corp.

## Annual Shareholder Meeting

May 29, 2019



# Forward Looking Statements

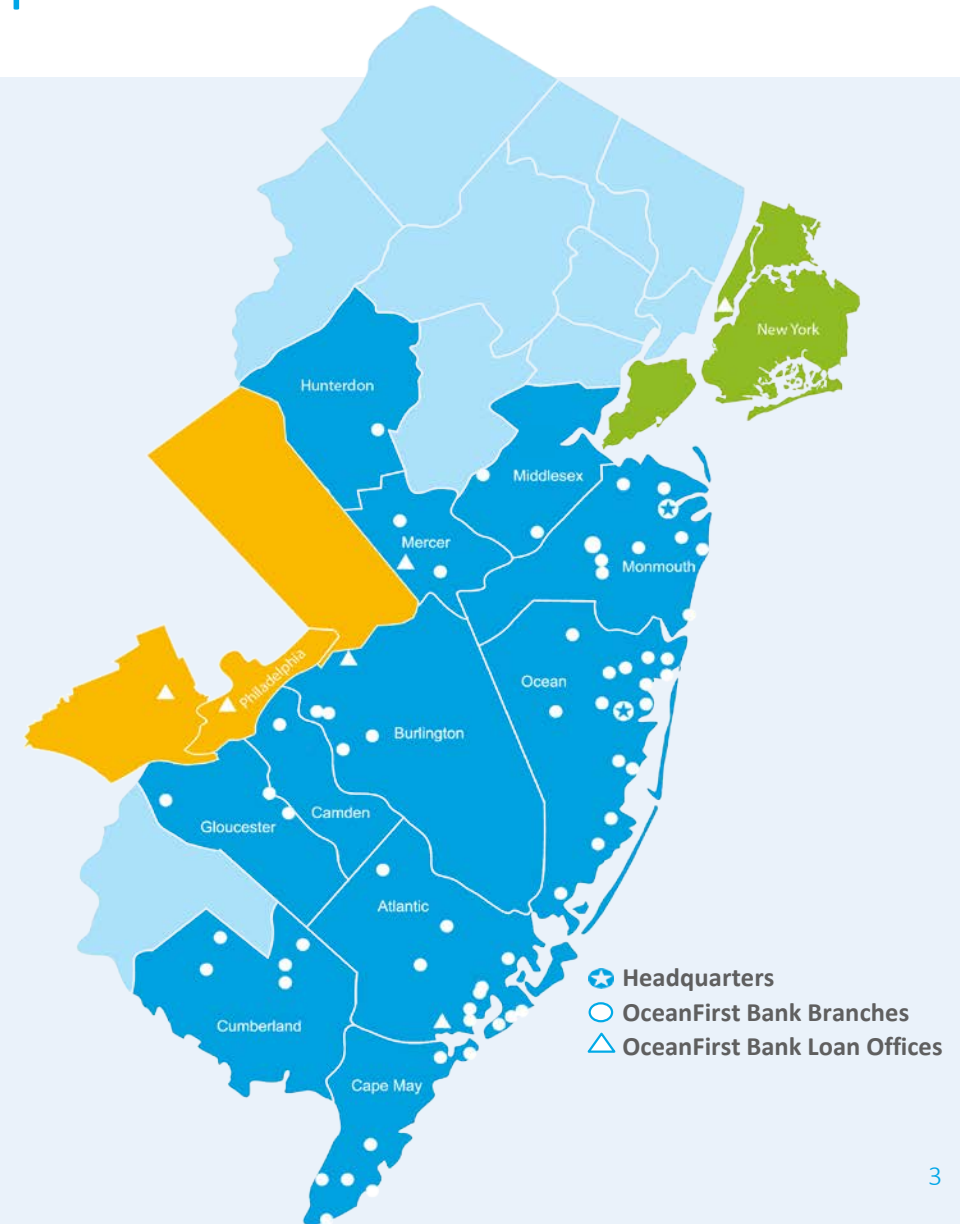
In addition to historical information, this presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which are based on certain assumptions and describe future plans, strategies and expectations of the Company. These forward-looking statements are generally identified by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “will,” “should,” “may,” “view,” “opportunity,” “potential,” or similar expressions or expressions of confidence. The Company’s ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on the operations of the Company and its subsidiaries include, but are not limited to: changes in interest rates, general economic conditions, levels of unemployment in the Bank’s lending area, real estate market values in the Bank’s lending area, future natural disasters and increases to flood insurance premiums, the level of prepayments on loans and mortgage-backed securities, legislative/regulatory changes, monetary and fiscal policies of the U.S. Government including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System, the quality or composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in the Company’s market area, accounting principles and guidelines and the Bank’s ability to successfully integrate acquired operations. These risks and uncertainties are further discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, under Item 1A - Risk Factors and elsewhere, and subsequent securities filings and should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result 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. Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.



# OceanFirst Financial Corp.



- NASDAQ: OCFC
- Market Cap: \$1.3 billion <sup>1</sup>
- Bank Holding Company with National Bank Subsidiary
- Founded in 1902
- Asset Value of \$8.1 billion <sup>2</sup>
- 63 Full-Service Branches in Central and Southern New Jersey <sup>2</sup>



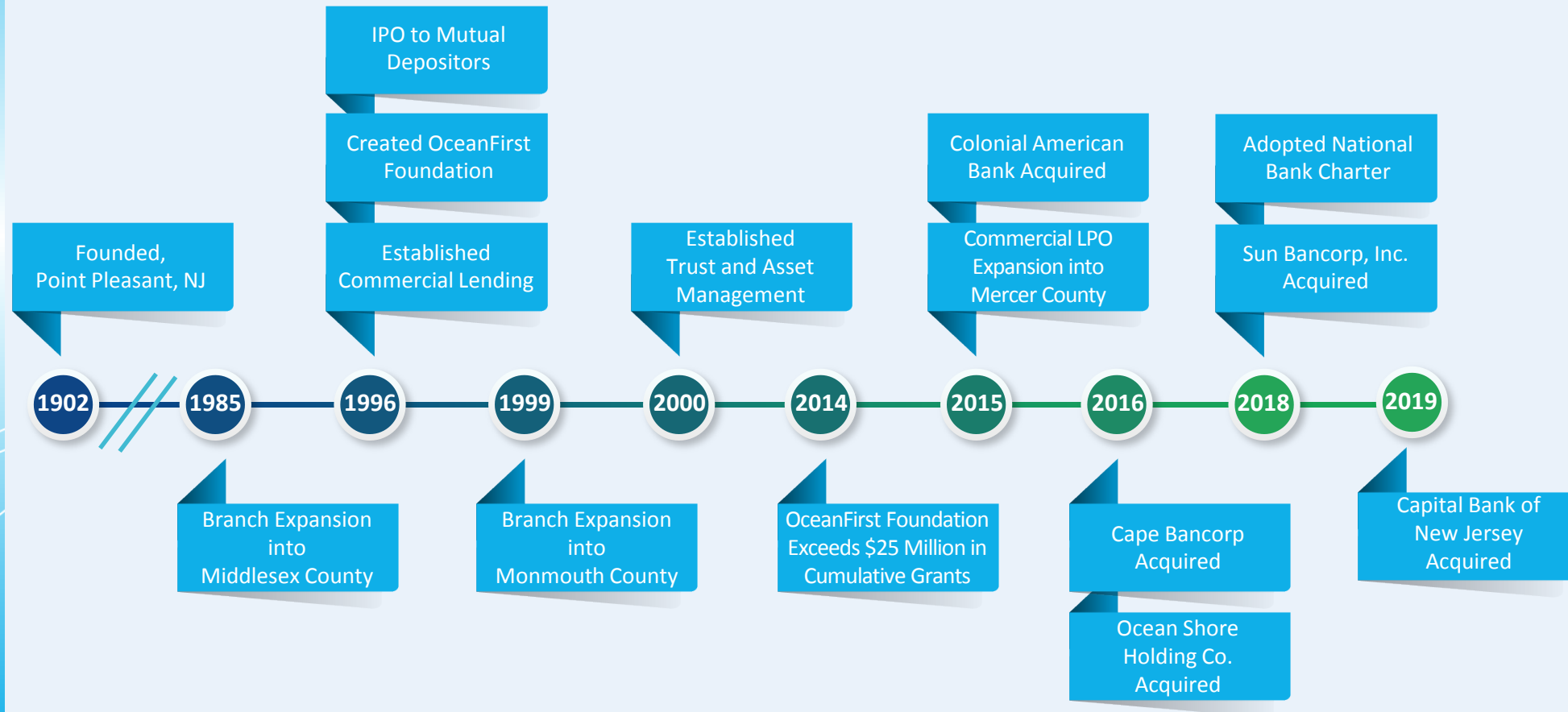
<sup>1</sup> As of May 1, 2019

<sup>2</sup> As of March 31, 2019





# OceanFirst Milestones – 117 Years of Growth





# First Quarter 2019 Highlights



## Financial Highlights

- Core Net Income of \$25.6 million
  - Up 27% y/y
- Core Diluted EPS of \$0.51
  - Up 13% y/y
- Net Interest Margin of 3.78%
  - Up 5 basis points y/y
- Strong Core ROA of 1.32% and Core ROTE of 14.46%
- On January 31, 2019, completed the acquisition of Capital Bank of New Jersey (Capital Bank)
  - Refer to page 32

## Operational Highlights

- The full integration of Capital Bank on target for Q2 2019 completion
- New LPOs in Philadelphia and New York City with Daniel Harris hired as New York Regional President
- Branch consolidation
  - 7 planned in 2019
- Core deposits <sup>1</sup> represent 85% of total deposits, an effective hedge against rising interest rates, with cost of deposits of only 57 bps

<sup>1</sup> All deposits except certificates of deposit



# Commitment to Execution

## Our Recent Accomplishments...

- Five Acquisitions Closed in Four Years
- Capital Bank of New Jersey Acquisition Closed on January 31, 2019
- Consolidated 33 Branches in the Last Two Years with Nominal Deposit Losses, while Realizing Substantial Cost Savings
- Building a “Digital Culture” Throughout the Bank
- Strong Total Shareholder Return

## ...Lead to Our Path Forward

- Local to Regional Scale
- Increased Investment in Direct Banking & Digital Engagement
- Maximizing Real Estate to Anticipate the Evolving Needs of our Employees and Customers
- Further Loan Portfolio Diversification: Sector, Industry, Geography and Vintage

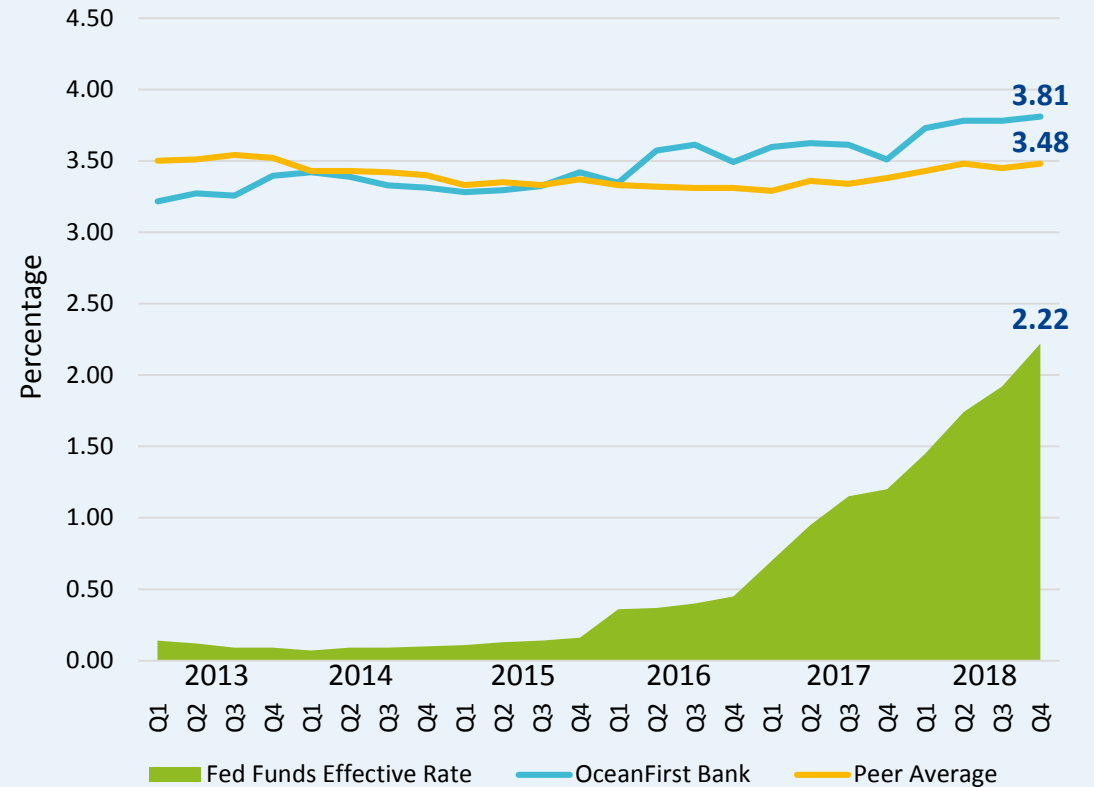
# Net Interest Margin



## Operational Highlights

- Cost of deposits increased only 9 bps from 4Q18 to 1Q19
- Non-interest bearing deposits are 20% of average balance of total deposits <sup>1</sup>
- Balanced interest rate risk position

## Net Interest Margin <sup>2</sup>



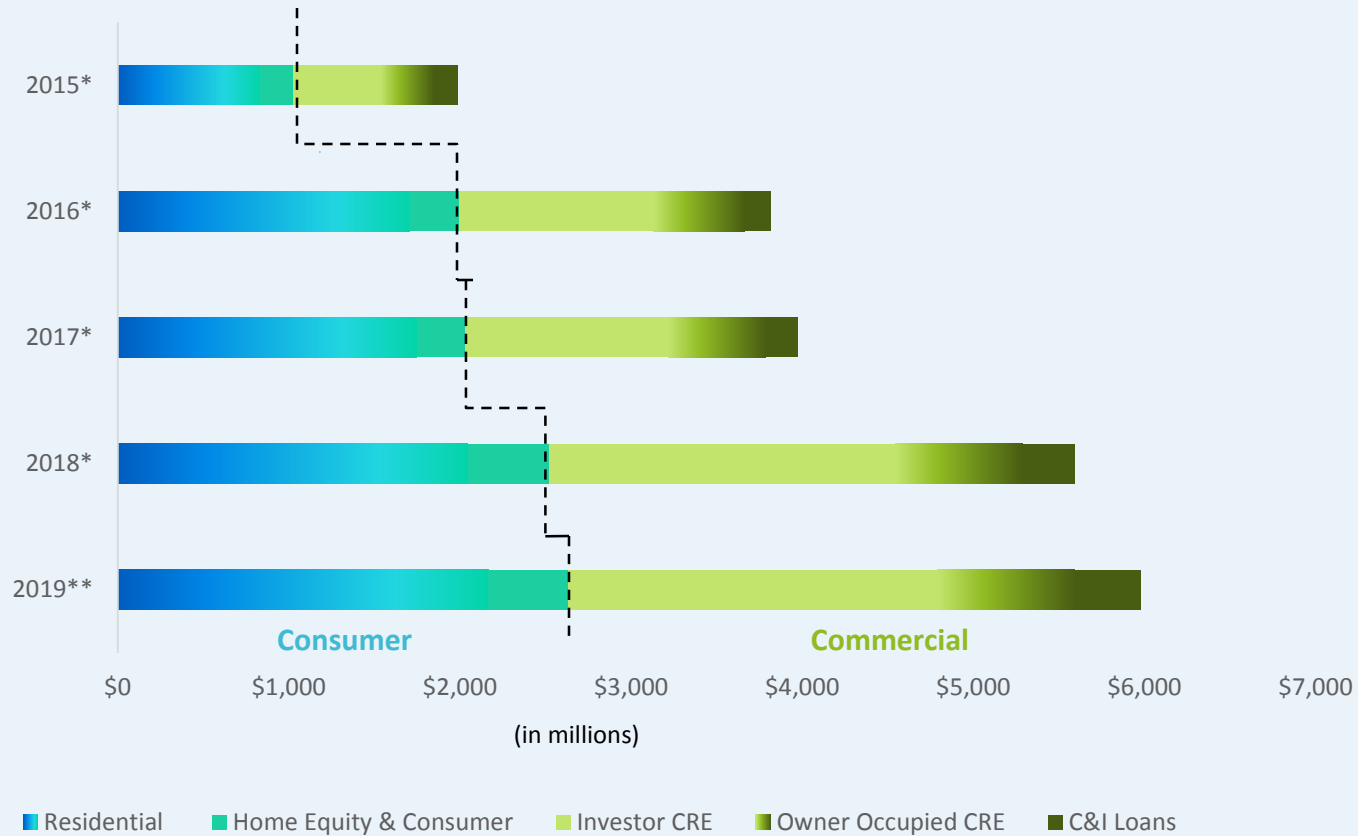
<sup>1</sup> Based on average balances for the three months ended March 31, 2019

<sup>2</sup> Source: Bank Reg Data

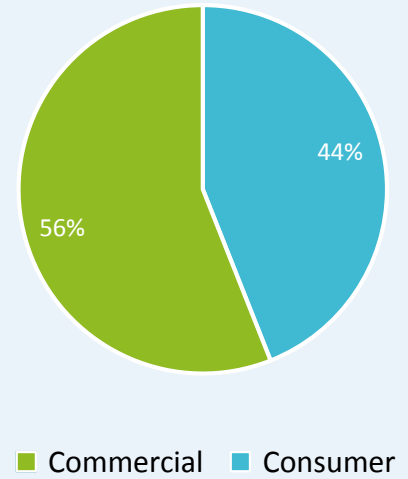
# Loan Composition Emphasizes Commercial



**Total Loans Outstanding**



**Loans by Customer Segment – 2019\*\***



\*As of December 31,

\*\*As of March 31,





# Organic Digital Banking Initiatives



- Hybrid robo-advisor product offered by our partner RIA, NestEgg
- Replaced prior third-party broker/dealer investment sales program
- Launched in September, 2018
- Branch training complete, hardware installed, sales underway
- Conversion of existing broker/dealer accounts complete



- Spending (checking) account designed for digitally focused customers
- Features aligned with Best-In-Class, like Finn by Chase
- Branded with fun, timely, and hip advertising campaign
- GeoTargeting inside/contiguous to OceanFirst footprint
- Digital marketing campaign launched in December, 2018



# Mobile Banking Competitive Position



- SNL 2018 US Mobile Banking Market Report:
- There are 15 Mobile Features that SNL measured
- OceanFirst was not included in the study, but would have been far in front of all Mid-Atlantic banks and among the best banks in the nation.

Mobile Features Available
Credit score information
Picture bill pay
Cardless ATM
Access account statements
Card rewards information
Turn card on/off or report lost
Apple Watch app
Other language options
Travel notification
Budgeting tools
Manage balance or fraud alerts
P2P payments
Other biometric login options
View balance without logging in
Schedule branch appointment

Mid-Atlantic Banks	#	%
<b>OceanFirst</b>	<b>10</b>	<b>67%</b>
Sterling National Bank	6	40%
Valley National Bank	6	40%
First National Bank*	6	40%
Investors Bank	5	33%
New York Community Bank	2	13%

National/Regionals	#	%
Bank of America	14	93%
Wells Fargo	14	93%
BBVA Compass	13	87%
Capital One	12	80%
Citi	12	80%
PNC	12	80%
BB&T	11	73%
Chase Bank	11	73%
Bank of the West	10	67%
<b>OceanFirst</b>	<b>10</b>	<b>67%</b>
SunTrust	10	67%
USAA	10	67%
KeyBank	9	60%
U.S. Bank	9	60%
Ally Bank	8	53%
Fifth Third	8	53%
Huntington Bank	8	53%
Santander Bank	8	53%
BMO Harris	7	47%
Citizens Bank	7	47%
Zions Bank	7	47%
Regions Bank	6	40%
TD Bank	6	40%
Comerica	5	33%
HSBC	5	33%
Charles Schwab Bank	4	27%
Union Bank	4	27%
M&T Bank	3	20%



# Data Driven Digital Strategy



Mobile Apps  
90-Day Active  
Up 55% y/y

Online Banking  
90-Day Active  
Up 43% y/y

Mobile Deposits  
Up 73% y/y

Monthly Bills  
Paid Digitally  
Up 26% y/y

## 100% Certified Digital Bankers

All branch staff are now trained to support our customers' use and adoption of digital services.

## Digital Services

- Online Banking, Mobile & Tablet Apps
- Biometric ID verification
- Remote Check Deposit
- Bill Pay
- Pop Money (P2P)
- Money Management (PFM)
- Online Account Opening
- eWallets: Apple, Samsung & Google
- Digital Loyalty Programs
- Card Valet Fraud Mitigation
- Extended Hours Video Banking

- **Delivering results that are measurable, repeatable, and scalable, which:**

- Increase customer retention
- Reduce cost to serve
- Increase share of wallet
- Anticipate and support evolving customer needs



# Asset Growth Supplemented by Strategic M&A



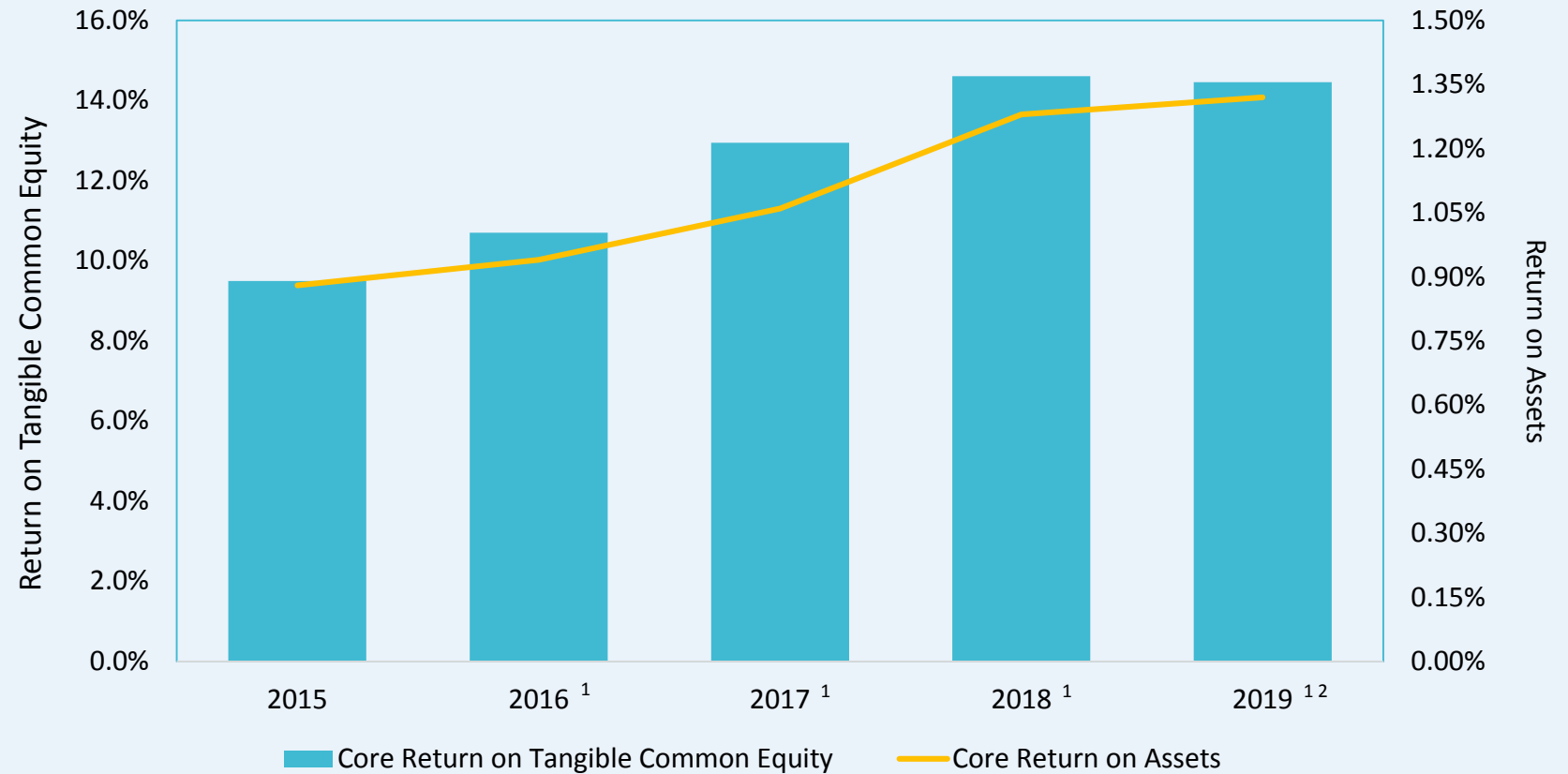
## Opportunistic Acquisitions of Local Community Banks

Target	Closing Date	Transaction Value	Total Assets
Colonial American Bank	July 31, 2015	\$ 12 million	\$ 142 million
Cape Bancorp	May 2, 2016	\$196 million	\$1,518 million
Ocean Shore Holding Co.	November 30, 2016	\$146 million	\$1,097 million
Sun Bancorp, Inc.	January 31, 2018	\$475 million	\$2,044 million
Capital Bank of New Jersey	January 31, 2019	\$77 million	\$494 million
Weighted average <sup>(1)</sup> : Price/Tangible Book Value 156%; Core Deposit Premium 9.1%			

<sup>(1)</sup> At time of announcement.



# Generating Consistent & Attractive Returns



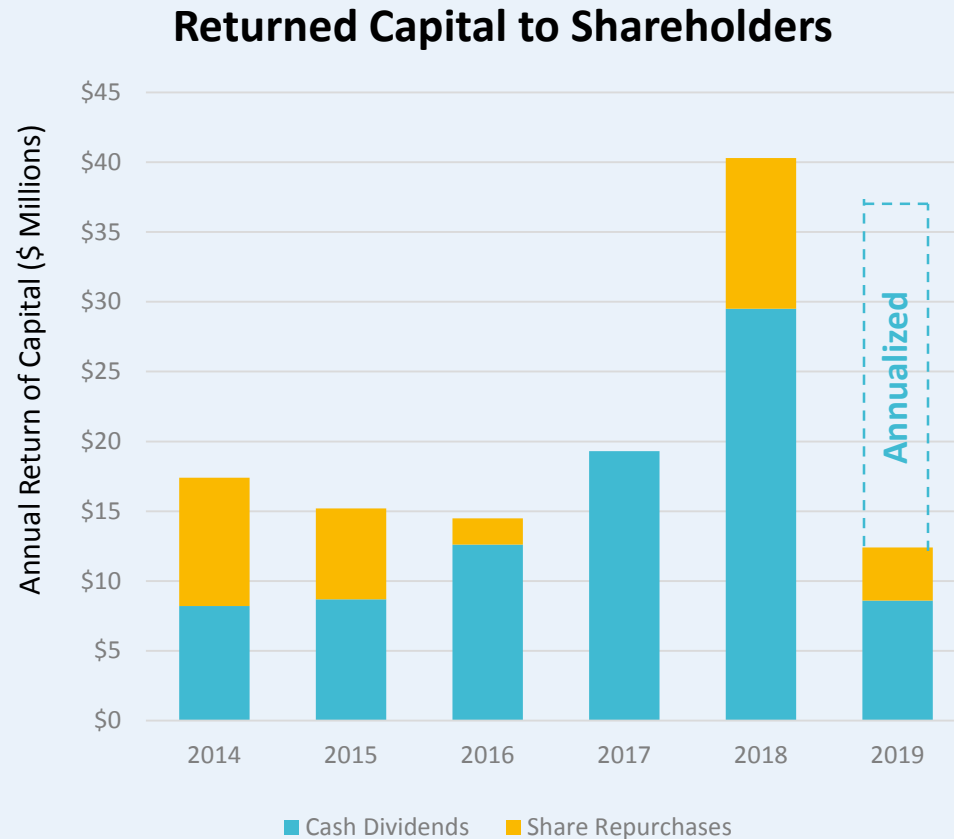
- Continued focus on improving efficiencies through acquisition synergies and branch consolidations

<sup>1</sup> For 2015, 2016, 2017, 2018 and 2019, excludes merger related expenses. For 2016, also excludes Federal Home Loan Bank prepayment fee and loss on sale of investment securities. For 2017, 2018 and 2019, also excludes the effect of branch consolidation expense. For 2017 and 2018, also excludes the effect of additional income tax expense (benefit) related to the Tax Cuts and Jobs Act.

<sup>2</sup> For 2019, Q1 results are annualized.



# Strategic Capital Allocation Generates Shareholder Returns



**Total Cash Returned to Shareholders:  
\$119.2 million**

- Stable & competitive dividend
  - 89<sup>th</sup> consecutive quarter
  - Historical Payout Ratio of 30% to 40%
- Repurchased 159,307 shares in 1Q19; 1.1 million shares remain available for repurchase
- Strategic acquisitions in critical new markets
- Total Shareholder Return December 31, 2012 to March 31, 2019 of 107%; CAGR 12%



# OceanFirst Foundation: Serving Our Communities



- Over \$37 million has been granted to organizations serving OceanFirst's market
- Provided \$500,000 in grants dedicated to assisting our neighbors after Superstorm Sandy devastated the Jersey Shore in 2012
- First foundation established in the country during a mutual conversion to IPO (July 1996)
- Completed merger of Cape Foundation into OceanFirst Foundation in 2016 and merger of Ocean City Home Foundation in 2017
- OceanFirst Foundation has assets of almost \$30 million



# Investor Relations Inquiries

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