



## **PUBLIC DISCLOSURE**

October 13, 2015

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

OceanFirst Bank  
Charter Number 701437

975 Hooper Avenue  
Toms River, New Jersey 08753

Office of the Comptroller of the Currency

New York - Jersey City  
1600 Plaza Five  
Jersey City, New Jersey 07311

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

|  |           |
|--|-----------|
| <b>OVERALL CRA RATING .....</b>                                    | <b>2</b>  |
| <b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>                  | <b>3</b>  |
| <b>DESCRIPTION OF INSTITUTION .....</b>                            | <b>7</b>  |
| <b>SCOPE OF THE EVALUATION.....</b>                                | <b>8</b>  |
| <b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b> | <b>10</b> |
| <b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>          | <b>11</b> |
| LENDING TEST .....   | 11        |
| INVESTMENT TEST.....   | 17        |
| SERVICE TEST.....  | 18        |
| <b>APPENDIX A: SCOPE OF EXAMINATION.....</b>                       | <b>1</b>  |
| <b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>      | <b>1</b>  |
| <b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>                | <b>1</b>  |

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **OceanFirst Bank** with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | OceanFirst Bank Performance Tests |                 |              |
|---------------------------|-----------------------------------|-----------------|--------------|
|                           | Lending Test*                     | Investment Test | Service Test |
| Outstanding               | X                                 |                 | X            |
| High Satisfactory         |                                   |                 |              |
| Low Satisfactory          |                                   | X               |              |
| Needs to Improve          |                                   |                 |              |
| Substantial Noncompliance |                                   |                 |              |

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s lending activity reflects excellent responsiveness to assessment area credit needs,
- The geographic distribution of home mortgage loans is excellent and distribution of small loans to businesses is adequate,
- The borrower distribution of home mortgage loans by income level of the borrower is excellent and distribution of small loans to businesses by income is adequate,
- A substantial majority of home mortgage loans and small loans to businesses were made within the bank's assessment area,
- Community Development (CD) lending activity is good given the relatively high level of CD loans that were responsive to community needs,
- The bank’s lending practices are flexible in order to serve assessment area credit needs,
- The level of CD services that were responsive to community needs was excellent,
- The bank has an adequate level of qualified investments that were responsive to community needs, and
- The branch distribution is readily accessible to low- to moderate-income individuals and geographies.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancing's, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states

within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

OceanFirst Bank (OFB or “the bank”) is an intrastate, federally-chartered, stock institution headquartered in Toms River, New Jersey. As of September 30, 2015, the bank had total assets of \$2.56 billion. OFB has served central New Jersey since 1902. OFB preserves their hometown bank image by stressing personal service and through the OceanFirst Foundation (Foundation). The Foundation provides resources to the charities that serve the people in the bank’s communities. Bank officers, directors and employees assume a leadership role by participating in numerous community-based organizations that promote affordable housing, financial services and economic development throughout the AA.

The bank offers a full line of loan and deposit products as well as non-deposit services. The bank primarily engages in residential mortgage lending funded through locally gathered deposits and borrowed funds. Residential loan products include fixed and adjustable-rate loans for the purchase, refinance and construction of one-to four-family and multi-family dwellings. The bank’s current strategy is to increase the commercial loan portfolio to provide additional loan products to customers. Commercial loans secured by real estate and other collateral and unsecured commercial loans are available, as are a variety of consumer loans, including home equity loans and lines of credit, auto loans and unsecured personal loans. As of September 30, 2015, the loan portfolio totaled \$1.96 billion, total deposits were \$1.98 billion and tier one capital was \$227.1 million.

The bank provides an effective delivery system via 25 retail branches and a trust office. The full service offices are readily accessible to all portions of the bank’s Assessment Area (AA). Each branch offers an assortment of deposit and loan products. Automated teller machine (ATM) services are available at most branch locations. The bank also offers a transactional Internet website and on-line banking services. The recent change in census tract designations affected branch locations in low- and moderate-income tracts as five branch locations changed from moderate-income to middle-income tracts. In addition, in July 2015, the bank acquired another institution with two branches, both of which are located in upper-income tracts. These changes did not affect the bank’s servicing of low-and moderate income individuals within the bank’s AA.

The bank’s AA changed since the last CRA Performance Evaluation (CRA PE) to include all of Ocean and Monmouth Counties and ten geographies in Middlesex County. The entire AA is contained within the New York – Jersey City – White Plains NY, NJ Metropolitan Division (MD) that is included in the New York – Newark – Jersey City NY, NJ, PA Metropolitan Statistical Area (MSA). There are 278 geographies in the AA. Please refer to Appendices A and B for a detailed description of the bank's AA.

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs of its AA. The bank received an overall Outstanding rating in its previous CRA PE dated May 29, 2012.

## Scope of the Evaluation

### Evaluation Period / Products Evaluated

The evaluation period for the Lending Test, with the exception of community development loans, is January 1, 2012 through December 31, 2014. The Lending Test included two separate analyses from January 1, 2012 through December 31, 2013 and January 1, 2014 through December 31, 2014 due to the recent change in census tract designations. Our conclusions for the bank's lending performance are based on home mortgage loans consisting of home purchase, home improvement and refinance loans as reported on the bank's Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR). Our assessment also included reportable small loans to businesses. Multi-family loans, which are also reported on the HMDA-LAR, were not evaluated as the volume was not significant. Consumer loans and small loans to farms were not evaluated as they do not constitute a substantial majority of the bank's business. The evaluation period for community development loans and the investment and service tests is May 29, 2012 through October 13, 2015.

### Data Integrity

Prior to this evaluation, we reviewed the accuracy of the bank's data for loans made during the evaluation period. Based on a sample of each primary loan type, our testing indicated no substantive inaccuracies in the data and determined it can be relied upon for this CRA evaluation.

### Selection of Areas for Full-Scope Review

OFB has one AA that meets the technical and regulatory requirements as defined by the regulation. We conducted a full-scope review of the AA, which included Ocean County, Monmouth County and ten geographies in Middlesex County. The AA does not arbitrarily exclude any low- or moderate-income geographies. Community development loans, investments and services submitted by bank management were also verified to ensure they met the regulatory definition of community development.

Please refer to Appendix A for more information regarding the scope of the evaluation and Appendix B for further information regarding the market profile of the full-scope AA.

### Ratings

The bank's overall rating is based on the full-scope review of the OFB's one AA. The Lending Test was more heavily weighted than the Investment Test or the Service Test. For the Lending Test, the bank's home mortgage loans received more weight than small loans to businesses. Home mortgage loans originated between January 1, 2012 and December 31, 2013 received more weight than originations between January 1, 2014 and December 31, 2014 due to the volume generated in those two years and the bank's planned strategy to focus on increasing commercial and small business lending during that timeframe.

Home mortgage loans originated and purchased from January 1, 2012 through December 31, 2013 represented 88.5 percent of the total loans, and small loans to businesses represented 11.5 percent. Home mortgage loans originated and purchased from January 1, 2014 to December 31, 2014 represented 75.7 percent of the total loans, and small loans to businesses represented 24.3 percent. Based on the volume of lending by type, home refinance loans received more weight than home purchase and home

improvement loans between January 1, 2012 and December 31, 2013. Home purchase loans received more weight than home refinance and home improvement loans between January 1, 2014 and December 31, 2014.

## **Other**

We contacted one non-profit community organization in Ocean County that provides services related to affordable housing opportunities in the county for low- and moderate-income households. The contact identified affordable housing as a primary need in the community. Needs of the area include financial assistance programs available for homebuyers, mortgage counseling and seminars to educate prospective homebuyers. This community organization has been working to increase owner-occupied housing in the area to create long-term affordable housing. The community contact stated that a variety of opportunities also exist for community development lending, investments, and services. The contact stated that local financial institutions, including OFB, have been supportive in recent years by providing financing opportunities, technical assistance and donations.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal saving association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test is rated Outstanding. Based on the full-scope review, the bank's performance in the New York – Jersey City – White Plains NY, NJ Metropolitan Division (MD) is excellent.

#### **Lending Activity**

Refer to Table 1 Lending Volume and Appendix C for the facts and data used to evaluate the bank's lending activity.

OFB's overall lending activity in the AA is good. We evaluated the bank's performance for the period January 1, 2012 through December 31, 2013 using 2013 Peer Mortgage Data, and we evaluated the bank's performance from January 1, 2014 through December 31, 2014 using 2014 Peer Mortgage Data.

Based upon 2013 Peer Mortgage Data, the bank achieved a 1.99 percent market share of home purchase loans, ranking 8<sup>th</sup>. The bank achieved a 2.95 percent market share of home improvement loans, ranking 5<sup>th</sup> and achieved a 1.61 percent market share of home refinance loans, ranking 11<sup>th</sup>. The number of reporting lenders in the AA was 50. For small loans to businesses, the bank achieved a 0.28 percent market share and ranked 23<sup>rd</sup> of the 50 reporting lenders. Given the level of competition from the top lenders in the AA (predominantly large regional and national financial institutions) the bank's higher lender rankings is considered good.

Based upon 2014 Peer Mortgage Data, the bank achieved a 2.24 percent market share of home purchase loans, ranking 7<sup>th</sup>. The bank achieved a 5.68 percent market share of home improvement loans, ranking 5<sup>th</sup> and achieved a 2.08 percent market share of home refinance loans, ranking 9<sup>th</sup>. The number of reporting lenders in the AA was 50. For small loans to businesses, the bank achieved a .41 percent market share and ranked 18<sup>th</sup> of the 50 reporting lenders. Given the level of competition from the top lenders in the AA (predominantly large regional and national financial institutions) the bank's higher lender rankings is considered good.

The Federal Deposit Corporation's Institutions Deposit Market Share Report, as of June 30, 2015, indicates 21 institutions operating within Ocean County and 28 institutions operating within Monmouth County. OFB ranks 4<sup>th</sup> with deposit market share in Ocean County of 9.8 percent and 16<sup>th</sup> in Monmouth County with 1 percent of the deposit market share. The bank ranks 35<sup>th</sup> of 47 institutions in Middlesex County with a 0.18 percent market share.

#### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of loans by income level of the geography is excellent. The distribution of home mortgage loans is excellent, and the distribution of small loans to businesses is adequate.

### ***Home Mortgage Loans***

Overall, the geographic distribution for home mortgage loans is excellent. The geographic distribution is excellent from 2012 through 2013 and excellent in 2014. Refer to Tables 2, 3, 4 and in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The bank's geographic distribution for home purchase loans is excellent.

The bank's geographic distribution of home purchase loans is excellent from 2012 through 2013. The percentage of home purchase loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The bank's percentage of home purchase loans made in low-income geographies is near the percentage of owner-occupied housing units in low-income areas. The percentage of home purchase loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income areas.

The bank's geographic distribution of home purchase loans in 2014 is excellent. The percentage of home purchase loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The percentage of home purchase loans made in low-income geographies is near to the percentage of owner-occupied housing units in low-income tracts; while in moderate-income geographies the percentage exceeds the percentage of owner-occupied housing units in moderate-income tracts.

### ***Home Improvement Loans***

The bank's geographic distribution for home improvement loans is excellent.

The bank's geographic distribution of home improvement loans is excellent from 2012 through 2013. The percentage of home improvement loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The bank's percentage of home improvement loans made in low-income geographies is near to the percentage of owner-occupied housing units in low-income areas. The bank's percentage of home improvement loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income areas.

The bank's geographic distribution of home improvement loans in 2014 is excellent. The bank's percentage of home improvement loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The bank's percentage of home improvement loans made in low-income and moderate-income geographies exceeds the percentage of owner-occupied housing units in the AA.

### ***Home Refinance Loans***

The bank's geographic distribution for home refinance loans is excellent.

The bank's geographic distribution of home mortgage refinance loans is excellent from 2012 through 2013. The percentage of home refinance loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The bank's percentage of home refinance loans made in low-income geographies is below the percentage of owner-occupied housing units in low-income areas. The percentage of home refinance loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income areas.

The bank's geographic distribution of home mortgage refinance loans in 2014 is excellent. The percentage of home refinance loans made in low-income and moderate-income geographies exceeds the percentage of aggregate peer lending in both geographies. The bank's percentage of home refinance loans made in low-income geographies exceeds the percentage of owner-occupied housing units in low-income areas. The percentage of home refinance loans in moderate-income geographies is near to the percentage of owner-occupied housing units in moderate-income areas.

### ***Small Loans to Businesses***

Overall, the bank's geographic distribution of small loans to businesses is adequate. Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The bank's geographic distribution of small loans to businesses is adequate from 2012 through 2013. The percentage of small loans to businesses in low-income geographies is lower than the percentage of aggregate peer lending in low-income geographies. The bank's percentage of small loans to businesses made in low-income geographies is somewhat lower than the percentage of businesses in low-income tracts. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of aggregate peer lending in moderate-income geographies. The bank's percentage of small loans to businesses made in moderate-income geographies exceeds the percentage of businesses in moderate-income tracts.

The bank's geographic distribution of small loans to businesses in 2014 is adequate. The percentage of small loans to businesses in low-income geographies is lower than the percentage of aggregate peer lending in low-income geographies. The bank's percentage of small loans to businesses made in low-income geographies is lower than the percentage of businesses in low-income tracts. The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of aggregate peer lending in moderate-income geographies. The bank's percentage of small loans to businesses made in moderate-income geographies exceeds the percentage of businesses in the moderate-income tracts.

### **Lending Gap Analysis**

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in OFB's lending patterns.

### ***Inside/Outside Ratio***

The analysis of the bank's lending within its AA concluded that the bank originates or purchases a substantial majority of loans in their AA. During the evaluation period, 90 percent of the number and 87 percent of the dollar amount of total home mortgage and small loans to businesses were within the bank's AA. For all home mortgage products, 90 percent of the number and 86 percent of the dollar

amount were within the bank's AA. For small loans to businesses, 94 percent of the number and 87 percent of the dollar amount were within the AA. This performance contributes positively to the Lending Test.

## **Distribution of Loans by Income Level of the Borrower**

The distribution of loans by income level of the borrower is excellent. The distribution of home mortgage loans by income level of the borrower is excellent, and the distribution of small loans to businesses is adequate.

### ***Home Mortgage Loans***

Overall, the distribution of loans by income level for home mortgage loans is excellent. The geographic distribution is excellent from 2012 through 2013 and in 2014. Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### ***Home Purchase Loans***

The bank's distribution of loans by income level of the borrower for home purchase loans is good.

The bank's borrower distribution for home purchase loans is good from 2012 through 2013. The percentage of home purchase loans to low-income borrowers is excellent and exceeds the percentage of aggregate peer lending to low-income borrowers in the AA. The percentage of home purchase loans to moderate-income borrowers is adequate but somewhat lower than the percentage of aggregate peer lending to moderate-income borrowers in the AA. The bank's home purchase loans to low-income borrowers are somewhat lower than the percentage of low-income families in the AA; while the home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The bank's borrower distribution for home purchase loans in 2014 is excellent. The percentage of home purchase loans to low-income borrowers exceeds the percentage of aggregate peer lending levels. The percentage of home purchase loans to moderate-income borrowers is good and is near to the percentage of aggregate peer lending to moderate-income borrowers in the AA. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. The bank's percentage of home purchase loans to moderate-income families is somewhat lower than the percentage of moderate-income families in the AA.

### ***Home Improvement Loans***

The bank's distribution of loans by income level of the borrower for home improvement loans is excellent.

The bank's borrower distribution for home improvement loans is excellent from 2012 through 2013. The percentage of home improvement loans to low-income and moderate-income borrowers is excellent and exceeds the percentage of aggregate peer lending to low-income and moderate-income borrowers in the AA. The bank's percentage of home improvement loans to low-income and moderate-income borrowers also exceeds the percentage of low-income and moderate-income families in the AA.

The bank's borrower distribution for home improvement loans in 2014 is excellent. The percentage of home improvement loans to low-income and moderate-income borrowers is excellent and exceeds the percentage of aggregate peer lending to low-income and moderate-income borrowers in the AA. The bank's percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA, and the percentage of home improvement loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA.

### ***Home Refinance Loans***

The bank's distribution of loans by income level of the borrower for home refinance loans is excellent.

The bank's borrower distribution for home refinance loans is excellent from 2012 through 2013. The percentage of home refinance loans to low-income and moderate-income borrowers is excellent and exceeds the percentage of aggregate peer lending to low-income and moderate-income borrowers in the AA. The bank's percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The bank's percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

The bank's borrower distribution for home refinance loans in 2014 is excellent. The percentage of home improvement loans to low-income and moderate-income borrowers exceeds the percentage of aggregate peer lending to low-income and moderate-income borrowers in the AA. The bank's percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income and moderate-income families in the AA.

### ***Small Loans to Businesses***

Overall, the distribution of the bank's small loans to businesses is adequate. Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's distribution of small loans to businesses is adequate from 2012 through 2013. The bank's lending to small businesses is somewhat lower than the percentage of small businesses in the AA. Small loans to small businesses (businesses with revenues of \$1 million or less) represent 61 percent of all small loans to businesses originated by the bank compared to 75 percent of the businesses within the AA. The distribution by size of loans shows that a good percentage of the loan originations are for \$100,000 or less.

The bank's distribution of small loans to businesses in 2014 is adequate. The bank's lending to small businesses is somewhat lower than the percentage of small businesses in the AA. Small loans to small businesses (businesses with revenues of \$1 million or less) represent 60 percent of all small loans to businesses originated by the bank compared to 81 percent of the businesses within the AA. The distribution by size of loans shows that an adequate percentage of the loan originations are for \$100,000 or less.

## Community Development Lending

Community development lending in the New York-White Plains-Wayne, NY-NJ MD is good and has a positive impact on the Lending Test. The bank originated thirteen loans totaling \$16.2 million during the evaluation period. This represents 7.4 percent of tier one capital. Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all loans that also qualify as CD loans.

All CD loans made in the AA were used to finance affordable housing or help provide community services to low- and moderate- income individuals. Such loans include but are not limited to:

- A \$5.3 million loan to finance renovations on a building used to provide community services for low and moderate-income individuals.
- A \$3 million loan to finance renovations on a motel due to damages incurred by Superstorm Sandy. Forty percent of the motel is made available as affordable housing for families contracted with Social Services.
- A \$1.4 million loan to finance an affordable housing development offered to low-income individuals. The development operates 14 buildings with 125 affordable housing residential units.

## Product Innovation and Flexibility

Flexible loan programs have a positive impact on lending performance. The bank offers standard loan products and uses some specialized and/or flexible loan practices in order to meet credit needs of the assessment area. These programs promote first-time homebuyers, victims of Superstorm Sandy and lending to low- and moderate-income individuals and small businesses.

The First Home Club is a Federal Home Loan Bank (FHLB) program that offers incentives for low- and moderate-income households to save towards the purchase of their first home. The program is administered through approved members of the FHLB (OFB is a member). During the evaluation period, the bank originated 25 loans totaling \$4 million as part of their first-time homebuyer program that provides first-time homebuyers financing at a reduced rate and with lower closing costs.

The Sandy Homebuyer Assistance Program (SHAP) was put in place as a response to help repair the damage caused by Superstorm Sandy in the New Jersey shore communities. The program provides borrowers with a construction to permanent loan with the option to float the rate to market at the end of a 12-month construction period. Since Superstorm Sandy in October 2012, the bank originated \$88 million through the program. The SHAP also awards grants to provide financial incentives for low- and moderate-income households to purchase or rehabilitate a home in counties most impacted by Superstorm Sandy. In 2014, the bank awarded grants to fund nine loans totaling \$946 thousand.

The Home Affordable Refinance (HAR) is a Fannie Mae program that offers homeowners a reduced interest rate to lower their monthly payments. The bank contacted all eligible borrowers to communicate the benefit of applying for a HAR loan. During the evaluation period, the bank provided financing to 28 homeowners totaling \$5.6 million in Fannie Mae owned loans.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated Low Satisfactory. Based on the full-scope review, the bank's performance in the New York-White Plains-Wayne, NY-NJ MD is adequate. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified grants and donations and exhibits adequate responsiveness to credit and economic development needs in the AA. During the evaluation period, investments consisted of 168 qualifying grants and donations totaling \$1.1 million that provide affordable housing and community services to low-and moderate-income individuals in the AA. This represents 0.5 percent of tier one capital. Given the impact on the AA from Superstorm Sandy in 2012, significant support was allocated towards disaster relief over the course of our evaluation period.

Highlights of grants and donations within AA include:

- \$115 thousand in grants to a non-profit organization with locations in Monmouth and Ocean Counties that provide nutritious food and food education to the hungry to support an active and healthy life.
- \$213 thousand in grants to a national non-profit organization with a local presence in Monmouth and Ocean Counties to provide recovery and relief support to victims of Superstorm Sandy.
- \$25 thousand in grants to an Ocean County non-profit organization that provides free food, clothing, and other necessities of life to the homeless, hungry, seniors, storm victims, the unemployed, and special needs children and adults.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated Outstanding. Based on the full-scope review, the bank's performance in the New York-White Plains-Wayne, NY-NJ MD is excellent.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank offers retail-banking services that are readily accessible to individuals in various income levels and geographies throughout the AA. The bank currently has 25 full service branches in the AA, although there have been changes in both the branch locations and number of low- and moderate-income tracts within the bank's AA. Currently, the bank has one branch operating in a low-income geography. During the prior review, the bank had two branches located in low-income geographies with one branch closing as part of a short-distance relocation. The bank consolidated branches, as they served the same low-income geography and were located 0.6 miles away from each other. Although the bank retained their customers who banked at this branch and continues to serve the low-income geography, this resulted in a decrease in the number of branches in low-income geographies. The bank closed one other branch (upper-income) and opened two branches (one in moderate-income and one in upper-income). As mentioned previously, the bank also acquired two branches in upper-income geographies through the acquisition of another bank.

The number of branches that serve moderate-income geographies decreased from seven during the prior evaluation to just two during the current evaluation because of changes from the 2000 to 2010 census data. Five of the branches are now in middle-income level geographies. Although the geographies changed, the bank continues to provide service to low and moderate-income individuals in those geographies.

Services do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or individuals. Banking hours and services are provided Monday through Saturday at all branches which are generally open from 8:30 a.m. to 5:00 p.m., while hours are extended on Friday at most locations. Drive-thru facilities are available at most offices, generally having hours from 8:30 a.m. to 5:00 p.m. each day of the week and generally until 1:00 p.m. on Saturdays.

All branches offer a full range of traditional deposit and loan products. The bank's deposit products include basic personal and business checking accounts as well as a variety of loan products including mortgages for first-time homebuyers and reverse mortgages that serves a large senior population in the bank's market area. The bank offers a free checking account product as well. Automated teller machine (ATM) services are available at most branch locations. The bank also offers free online banking and online bill pay through their transactional Internet website and on-line banking services.

## **Community Development Services**

OFB provides an excellent level of CD services. Bank management and employees have provided financial expertise to various qualified community development organizations or programs. Highlights of CD services activities in the AA include:

- An executive officer of the bank serves on the Board of Directors of an organization to alleviate hunger and provide food and meals for low and moderate-income individuals. This organization serves Ocean and Monmouth counties.
- An executive officer of the bank serves on the Board of Directors for a not-for-profit organization that serves the bank's market area. The organization has programs to meet affordable housing needs and supports services that prevent homelessness.
- A bank officer serves on the Board of Directors for a not-for-profit corporation that provides affordable housing and services to communities throughout the state of New Jersey. This organization has constructed affordable homes for low and moderate-income individuals, including seniors and disabled individuals.
- A bank officer serves on the Board of Directors of an organization that directs local funding to workforce development programs and the needs of the regional community. This organization also provides job seekers with employment information, career development training, and connects them to various programs and career resources within the community.
- A bank officer serves on the Board of Directors of a local business development organization that assists small businesses by providing seminars and workshops to improve business.
- A loan officer participates in free and public seminars to advise and assist homeowners in the aftermath of Superstorm Sandy. These seminars cover topics such as construction lending, land appraisals, grant programs, and flood insurance requirements.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|  |  |  |
|--|--|--|
| <b>Time Period Reviewed</b>  | Lending Test (excludes CD Loans): (01/01/12 to 12/31/14)<br>Investment and Service Tests and<br>CD Loans: (05/29/12 to 10/13/15)   |  |
| <b>Financial Institution</b>                                       | <b>Products Reviewed</b>   |  |
| OceanFirst Bank (OFB)<br>Toms River, NJ                            | Home Purchase; Home Improvement; Home Refinance as well as small loans to businesses as reported on the CRA Loan Register.<br>Community Development loans; Qualified Investments; Services |  |
| <b>Affiliate(s)</b>  | <b>Affiliate Relationship</b>  | <b>Products Reviewed</b>                             |
| None   |  |  |
| <b>List of Assessment Areas and Type of Examination</b>            |  |  |
| <b>Assessment Area</b>   | <b>Type of Exam</b>  | <b>Other Information</b>                             |
| New York – Jersey City – White Plains NY, NJ Metropolitan Division | Full-Scope Review  | Ocean, Monmouth and portions of Middlesex County, NJ |

## Appendix B: Market Profiles for Full-Scope Areas

### New York-Jersey City-White Plains NY, NJ Metropolitan Division

#### OceanFirst Bank NY-NJ AA

| Demographic Information for Full-Scope Area: 2014 OFB NY-NJ AA                                       |           |                        |   |                  |              |            |
|--|-----------|------------------------|---|------------------|--------------|------------|
| Demographic Characteristics  | #         | Low % of #             | Moderate % of #   | Middle % of #    | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 278       | 3.60                   | 10.43   | 27.34            | 57.55        | 1.08       |
| Population by Geography  | 1,258,017 | 3.67                   | 10.69   | 25.84            | 59.78        | 0.02       |
| Owner-Occupied Housing by Geography  | 377,815   | 0.98                   | 10.46   | 26.45            | 62.11        | 0.00       |
| Business by Geography  | 88,370    | 2.88                   | 7.94  | 22.33            | 66.83        | 0.02       |
| Farms by Geography   | 2,454     | 0.69                   | 3.59  | 19.32            | 76.41        | 0.00       |
| Family Distribution by Income Level  | 326,870   | 14.25                  | 14.02   | 17.81            | 53.92        | 0.00       |
| Distribution of Low and Moderate Income Families throughout AA Geographies                           | 92,429    | 6.72                   | 19.72   | 33.17            | 40.38        | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2014<br>Households Below Poverty Level |           | 68,006<br>68,900<br>7% | Median Housing Value<br>Unemployment Rate<br>(2010 US Census) | 399,100<br>3.61% |              |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2014 HUD updated MFI

OFB's operations, within the New York-Jersey City -White Plains NY, NJ MD and New York – Newark- Jersey City NY, NJ, PA MSA are in the county of Ocean, where the bank's headquarters is located, Monmouth and portions of Middlesex. This AA contains 25 branches and 100 percent of the bank's total deposits. The AA is comprised of 278 census tracts. There was a change in census tract geographies in 2014. Between January 1, 2012 through December 31, 2013, there are 24 low-income tracts (8.6 percent), 59 moderate-income tracts (21.2 percent), 135 middle-income tracts (48.5 percent) and 57 upper-income tracts (20.5 percent). Between January 1, 2014 through December 31, 2014, there are 10 low-income tracts (3.6 percent), 29 moderate-income tracts (10.4 percent), 76 middle-income tracts (27.3 percent) and 160 upper-income tracts (57.5 percent). The 2010 U.S. Census Data shows no change in the number of families in the AA; however, the percent of low- and moderate-income families changed between January 1, 2012 through December 31, 2013 and January 1, 2014 through December 31, 2014. There are 41 percent and 28.2 percent of the families in the AA considered low- or moderate-income for the two time-periods above, respectively. Approximately 7 percent of the households are below the poverty level for the entire evaluation period.

Competition within the AA is strong with the market dominated by large regional and national financial institutions. The Federal Deposit Corporation's Institutions Deposit Market Share Report, as of June 30, 2015, indicates 21 institutions operating within Ocean County and 28 institutions operating within Monmouth County. OFB ranks 4<sup>th</sup> with deposit market share in Ocean County of 9.8 percent and 16<sup>th</sup> in Monmouth County of 1 percent of the deposit market share. The bank ranks 35<sup>th</sup> of 47 institutions in Middlesex County with a 0.18 percent market share. Primary competitors include Wells Fargo Bank National Association, TD Bank National Association, and Hudson City Savings Bank.

Economic indicators reveal that the state is still struggling to recover. Employment is still 2 percent below the prerecession peak and job growth. Based on data from the U.S. Bureau of Labor Statistics, as of June 2015, the unemployment rate for the state of New Jersey (seasonally adjusted) was 5.6 percent, and the unemployment rate for the bank's AA was 3.61 percent, compared to the national rate of 5.3 percent. Major employers in the state include Wakefern Food Corp, Saint Barnabas Health Care System, Verizon Communication Systems, and Wal-Mart Stores.

The housing market in the area remains expensive, with AA house prices averaged at \$399 thousand. The average median household income is high at \$74 thousand. Affordable housing opportunities for low-and moderate-income families are limited. There are only 79 thousand housing units in low- and moderate-income tracts, which represents 14.2 percent of total housing units in the AA.

We contacted one non-profit community organization in Ocean County that provides services related to affordable housing opportunities in the county for low- and moderate-income households. The contact identified affordable housing as a primary need in the community. Needs of the area include financial assistance programs available for homebuyers, mortgage counseling and seminars to educate prospective homebuyers. This community organization has been working to increase owner-occupied housing in the area to create long-term affordable housing. The community contact stated that a variety of opportunities also exist for community development lending, investments, and services. The contact stated that local financial institutions, including OFB, have been supportive in recent years by providing financing opportunities, technical assistance and donations.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and percent Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - This table is not applicable and not included.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - This table is not applicable and not included.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not

available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - This table is not applicable and not included.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - This table is not applicable and not included.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: OCEANFIRST BANK

**Table 1. Lending Volume**

| LENDING VOLUME          |                                    | Geography: OFB NY NJ |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |            |                               |            |                      |            |                                      |
|-------------------------|------------------------------------|----------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|
| Assessment Area (2013): | % of Rated Area Loans (#) in MA/AA | Home Mortgage        |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA*** |
|                         |                                    | #                    | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                      |
| <b>Full Review:</b>     |                                    |                      |            |                           |            |   |            |                               |            |                      |            |                                      |
| 2012 2013 OFB NY NJ AA  | 100.00                             | 2,315                | 484,629    | 298                       | 62,366     | 0   | 0          | 0                             | 0          | 2,613                | 546,995    | 100.00                               |
| 2014 OFB NY-NJ AA       | 100.00                             | 737                  | 180,309    | 236                       | 61,997     | 0   | 0          | 13                            | 16,186     | 973                  | 242,306    | 100.00                               |

\* Loan Data as of December 31, 2013 and December 31, 2014. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from May 29, 2012 to October 13, 2015.

\*\*\* Deposit Data as of October 08, 2015. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: OCEANFIRST BANK

**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                           |              | Geography: OFB NY NJ   |                  |                             |              | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |              |                          |              |  |       |       |       |
|--|---------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|--|-------|-------|-------|
| Assessment Area:                       | Total Home Purchase Loans |              | Low-Income Geographies |                  | Moderate-Income Geographies |              | Middle-Income Geographies                               |              | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income |       |       |       |
|  | #                         | % of Total** | % Owner Occ Units***   | % BANK Loans**** | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***                                    | % BANK Loans | % Owner Occ Units***     | % BANK Loans | Low  | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                    |                           |              |                        |                  |                             |              |   |              |                          |              |  |       |       |       |
| 2012 2013 OFB NY NJ AA                 | 619                       | 100.00       | 5.91                   | 5.49             | 21.47                       | 33.93        | 49.41   | 50.57        | 23.21                    | 10.02        | 4.81                                       | 21.30 | 47.99 | 25.90 |
| 2014 OFB NY-NJ AA                      | 359                       | 100.00       | 5.91                   | 5.29             | 21.47                       | 31.48        | 49.41   | 56.27        | 23.21                    | 6.96         | 2.11                                       | 10.44 | 24.67 | 62.78 |

\* Based on 2013 and 2014 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner-Occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 3. Geographic Distribution of Home Improvement Loans**

| Geographic Distribution: HOME IMPROVEMENT |                              | Geography: OFB NY NJ     |                                  |                              |                                  |              |                                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |                                  |              |   |       |       |       |  |
|---|------------------------------|--------------------------|----------------------------------|------------------------------|----------------------------------|--------------|----------------------------------|---|----------------------------------|--------------|---|-------|-------|-------|--|
| Assessment Area:                          | Total Home Improvement Loans |                          | Low-Income Geographies           |                              | Moderate-Income Geographies      |              | Middle-Income Geographies        |   | Upper-Income Geographies         |              | Aggregate HMDA Lending (%) by Tract Income <sup>6</sup> |       |       |       |  |
|   | #                            | % of Total <sup>**</sup> | % Owner Occ Units <sup>***</sup> | % BANK Loans <sup>****</sup> | % Owner Occ Units <sup>***</sup> | % BANK Loans | % Owner Occ Units <sup>***</sup> | % BANK Loans  | % Owner Occ Units <sup>***</sup> | % BANK Loans | Low   | Mod   | Mid   | Upp   |  |
| <b>Full Review:</b>                       |                              |                          |                                  |                              |                                  |              |                                  |   |                                  |              |   |       |       |       |  |
| 2012 2013 OFB NY NJ AA                    | 218                          | 100.00                   | 5.91                             | 5.50                         | 21.47                            | 23.39        | 49.41                            | 66.06   | 23.21                            | 5.05         | 3.85  | 18.06 | 49.77 | 28.32 |  |
| 2014 OFB NY-NJ AA                         | 97                           | 100.00                   | 5.91                             | 8.25                         | 21.47                            | 27.84        | 49.41                            | 57.73   | 23.21                            | 6.19         | 0.88  | 5.76  | 23.94 | 69.41 |  |

<sup>6</sup> Based on 2013 and 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner-Occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

| Geographic Distribution: HOME MORTGAGE REFINANCE |                                     |              | Geography: OFB NY NJ   |                  |                             |              | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |              |                          |              |  |       |       |       |
|--|-------------------------------------|--------------|------------------------|------------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|--|-------|-------|-------|
| Assessment Area:                                 | Total Home Mortgage Refinance Loans |              | Low-Income Geographies |                  | Moderate-Income Geographies |              | Middle-Income Geographies                               |              | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income |       |       |       |
|  | #                                   | % of Total** | % Owner Occ Units***   | % BANK Loans**** | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***                                    | % BANK Loans | % Owner Occ Units***     | % BANK Loans | Low  | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                              |                                     |              |                        |                  |                             |              |   |              |                          |              |  |       |       |       |
| 2012 2013 OFB NY NJ AA                           | 1,476                               | 100.00       | 5.91                   | 4.47             | 21.47                       | 22.63        | 49.41   | 62.87        | 23.21                    | 10.03        | 3.57                                       | 16.31 | 50.92 | 29.20 |
| 2014 OFB NY-NJ AA                                | 279                                 | 100.00       | 5.91                   | 6.45             | 21.47                       | 20.79        | 49.41   | 61.65        | 23.21                    | 11.11        | 1.51                                       | 6.48  | 24.91 | 67.10 |

\* Based on 2013 and 2014 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner-Occupied Units is the number of owner-occupied units in a particular geography divided by the number of owner-occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 6. Geographic Distribution of Small Loans to Businesses**

| Geographic Distribution: SMALL LOANS TO BUSINESSES |                            |              | Geography: OFB NY NJ   |              |                             |              | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |              |                          |              |                                       |       |       |       |
|--|----------------------------|--------------|------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|---------------------------------------|-------|-------|-------|
| Assessment Area:                                   | Total Small Business Loans |              | Low-Income Geographies |              | Moderate-Income Geographies |              | Middle-Income Geographies                               |              | Upper-Income Geographies |              | Aggregate Lending (%) by Tract Income |       |       |       |
|  | #                          | % of Total** | % of Businesses***     | % BANK Loans | % of Businesses**           | % BANK Loans | % of Businesses***                                      | % BANK Loans | % of Businesses***       | % BANK Loans | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                                |                            |              |                        |              |                             |              |   |              |                          |              |                                       |       |       |       |
| 2012 2013 OFB NY NJ AA                             | 298                        | 100.00       | 5.64                   | 3.02         | 17.98                       | 28.19        | 48.89   | 59.06        | 27.43                    | 9.73         | 10.45                                 | 19.23 | 44.08 | 26.24 |
| 2014 OFB NY-NJ AA                                  | 236                        | 100.00       | 5.83                   | 2.54         | 18.17                       | 19.92        | 48.70   | 55.08        | 27.28                    | 22.46        | 5.70                                  | 16.86 | 16.27 | 61.17 |

\* Based on 2014 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2013 and 2015).

Institution ID: OCEANFIRST BANK

**Table 8. Borrower Distribution of Home Purchase Loans**

| Borrower Distribution: HOME PURCHASE |                           | Geography: OFB NY NJ |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |                        |                  |                        |       |       |       |
|--------------------------------------|---------------------------|----------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|-------|-------|-------|
| Assessment Area:                     | Total Home Purchase Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |       |       |       |
|                                      | #                         | % of Total**         | % Families***        | % BANK Loans**** | % Families <sup>1</sup>   | % BANK Loans**** | % Families*             | % BANK Loans****  | % Families*            | % BANK Loans**** | Low                    | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                  |                           |                      |                      |                  |                           |                  |                         |   |                        |                  |                        |       |       |       |
| 2012 2013 OFB NY NJ AA               | 619                       | 100.00               | 22.43                | 14.33            | 18.64                     | 19.67            | 21.73                   | 21.00   | 37.19                  | 45.00            | 10.10                  | 25.59 | 24.16 | 40.14 |
| 2014 OFB NY-NJ AA                    | 359                       | 100.00               | 22.43                | 3.47             | 18.64                     | 12.72            | 21.73                   | 13.87   | 37.19                  | 69.94            | 2.89                   | 13.27 | 21.84 | 62.00 |

\* Based on 2013 and 2014 Peer Mortgage Data -- US and PR

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.1% of loans originated and purchased by BANK.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 9. Borrower Distribution of Home Improvement Loans**

| Borrower Distribution: HOME IMPROVEMENT |                              | Geography: OFB NY NJ |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |                        |                  |                        |       |       |       |
|---|------------------------------|----------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|-------|-------|-------|
| Assessment Area:                        | Total Home Improvement Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |       |       |       |
|   | #                            | % of Total**         | % Families**         | % BANK Loans**** | % Families <sub>2</sub>   | % BANK Loans**** | % Families*<br>**       | % BANK Loans****  | % Families*<br>**      | % BANK Loans**** | Low                    | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                     |                              |                      |                      |                  |                           |                  |                         |   |                        |                  |                        |       |       |       |
| 2012 2013 OFB NY NJ AA                  | 218                          | 100.00               | 22.43                | 23.96            | 18.64                     | 29.49            | 21.73                   | 22.58   | 37.19                  | 23.96            | 12.32                  | 21.22 | 24.20 | 42.27 |
| 2014 OFB NY-NJ AA                       | 97                           | 100.00               | 22.43                | 12.50            | 18.64                     | 16.67            | 21.73                   | 25.00   | 37.19                  | 45.83            | 5.95                   | 10.11 | 20.56 | 63.38 |

\* Based on 2013 and 2014 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.5% of loans originated and purchased by BANK.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

| Borrower Distribution: HOME MORTGAGE REFINANCE |                                     | Geography: OFB NY NJ |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |                        |                  |                        |       |       |       |
|--|-------------------------------------|----------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|-------|-------|-------|
| Assessment Area:                               | Total Home Mortgage Refinance Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |       |       |       |
|  | #                                   | % of Total**         | % Families***        | % BANK Loans**** | % Families <sub>3</sub>   | % BANK Loans**** | % Families*<br>**       | % BANK Loans****  | % Families*<br>**      | % BANK Loans**** | Low                    | Mod   | Mid   | Upp   |
| <b>Full Review:</b>                            |                                     |                      |                      |                  |                           |                  |                         |   |                        |                  |                        |       |       |       |
| 2012 2013 OFB NY NJ AA                         | 1,476                               | 100.00               | 22.43                | 14.94            | 18.64                     | 23.49            | 21.73                   | 25.30   | 37.19                  | 36.28            | 9.54                   | 18.83 | 25.59 | 46.04 |
| 2014 OFB NY-NJ AA                              | 279                                 | 100.00               | 22.43                | 6.44             | 18.64                     | 16.29            | 21.73                   | 23.48   | 37.19                  | 53.79            | 4.25                   | 10.66 | 19.69 | 65.41 |

\* Based on 2013 and 2014 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.5% of loans originated and purchased by BANK.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: OCEANFIRST BANK

**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES |                                 | Geography: OFB NY NJ |   |                   | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014 |                         |                           |                        |                         |
|--|---------------------------------|----------------------|---|-------------------|---|-------------------------|---------------------------|------------------------|-------------------------|
| Assessment Area:                                 | Total Small Loans to Businesses |                      | Businesses With Revenues of \$1 million or less |                   | Loans by Original Amount Regardless of Business Size    |                         |                           | Aggregate Lending Data |                         |
|  | #                               | % of Total**         | % of Businesses ***                             | % BANK Loans **** | \$100,000 or less                                       | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                    | Rev\$ 1 Million or Less |
| <b>Full Review:</b>                              |                                 |                      |   |                   |   |                         |                           |                        |                         |
| 2012 2013 OFB NY NJ AA                           | 298                             | 100.00               | 75.49   | 61.07             | 50.34   | 24.50                   | 25.17                     | 58,454                 | 28,356                  |
| 2014 OFB NY-NJ AA                                | 236                             | 100.00               | 81.19   | 60.17             | 32.63   | 32.63                   | 34.75                     | 58,454                 | 28,356                  |

\* Based on 2014 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B – 2013 and 2015).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Institution ID: OCEANFIRST BANK

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS |                           | Geography: 2014 OFB NY-NJ AA |                            |           |                   | Evaluation Period: MAY 29, 2012 TO OCTOBER 12, 2015 |            |                        |           |
|-----------------------|---------------------------|------------------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| Assessment Area:      | Prior Period Investments* |                              | Current Period Investments |           | Total Investments |   |            | Unfunded Commitments** |           |
|                       | #                         | \$(000's)                    | #                          | \$(000's) | #                 | \$(000's)   | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>   |                           |                              |                            |           |                   |   |            |                        |           |
| 2014 OFB NY-NJ AA     | 0                         | 0                            | 168                        | 1,098     | 168               | 1,098   | 100.00     | 0                      | 0         |

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Institution ID: OCEANFIRST BANK

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                |                    |                                |   |      |       |       |                          |                      |   |     |     |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|-------|-------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|-------|
| Geography: 2014 OFB NY-NJ AA  |                                |                    |                                |   |      |       |       |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015                 |                                |                    |                                |   |      |       |       |                          |                      |   |     |     |     |                                       |       |       |       |
| Assessment Area:  | Deposits                       | Branches           |                                |   |      |       |       | Branch Openings/Closings |                      |   |     |     |     | Population                            |       |       |       |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |      |       |       | # of Branch Openings     | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |
|   |                                |                    |                                | Low   | Mod  | Mid   | Upp   |                          |                      | Low   | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |       |       |                          |                      |   |     |     |     |                                       |       |       |       |
| 2014 OFB NY-NJ AA   | 100.00                         | 25                 | 100.00                         | 4.00  | 8.00 | 40.00 | 48.00 | 3                        | 2                    | -1  | +1  | 0   | +1  | 3.67                                  | 10.69 | 25.84 | 59.78 |



