

OceanFirst Financial Corp.

3Q 2024 Earnings Release Supplement¹

October 2024

¹ The 3Q 2024 Earnings Release Supplement should be read in conjunction with the Earnings Release furnished as Exhibit 99.1 to Form 8-K filed with the SEC on October 17, 2024.



Legal Disclaimer

FORWARD LOOKING STATEMENTS.

In addition to historical information, this news release 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, inflation, general economic conditions, potential recessionary conditions, levels of unemployment in the Company’s lending area, real estate market values in the Company’s lending area, potential goodwill impairment, natural disasters, potential increases to flood insurance premiums, the current or anticipated impact of military conflict, terrorism or other geopolitical events, 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, the availability of low-cost funding, changes in liquidity, including the size and composition of the Company’s deposit portfolio, and the percentage of uninsured deposits in the portfolio, changes in capital management and balance sheet strategies and the ability to successfully implement such strategies, competition, demand for financial services in the Company’s market area, changes in consumer spending, borrowing and saving habits, changes in accounting principles, a failure in or breach of the Company’s operational or security systems or infrastructure, including cyberattacks, the failure to maintain current technologies, failure to retain or attract employees, the effect of the Company’s rating under the Community Reinvestment Act, the impact of pandemics on our operations and financial results and those of our customers 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, 2023, 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.

NON-GAAP FINANCIAL INFORMATION.

This presentation contains certain non-GAAP (generally accepted accounting principles) measures. These non-GAAP measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP measures are not measures of financial performance or liquidity under GAAP and should not be considered alternatives to the Company’s other financial information determined under GAAP. See reconciliations of certain non-GAAP measures included in the Company’s Earnings Release furnished as Exhibit 99.1 to Form 8-K as filed with the SEC on October 17, 2024.

MARKET AND INDUSTRY DATA.

This presentation references certain market, industry and demographic data, forecasts and other statistical information. We have obtained this data, forecasts and information from various independent, third-party industry sources and publications. Nothing in the data, forecasts or information used or derived from third party sources should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of industry publications and surveys and independent sources. We believe that these sources and estimates are reliable but have not independently verified them. Statements as to our market position are based on market data currently available to us. These estimates involve inherent risks and uncertainties and are based on assumptions that are subject to change.

Q3-24 Financial Highlights

Financial Highlights

\$0.39

Core Diluted EPS ⁽¹⁾

\$82 million

Net Interest Income

0.69%

Core ROAA ⁽¹⁾

8.24%

Core ROTCE ⁽¹⁾

\$0.53

Core PTPP Diluted EPS ⁽¹⁾

11.3%

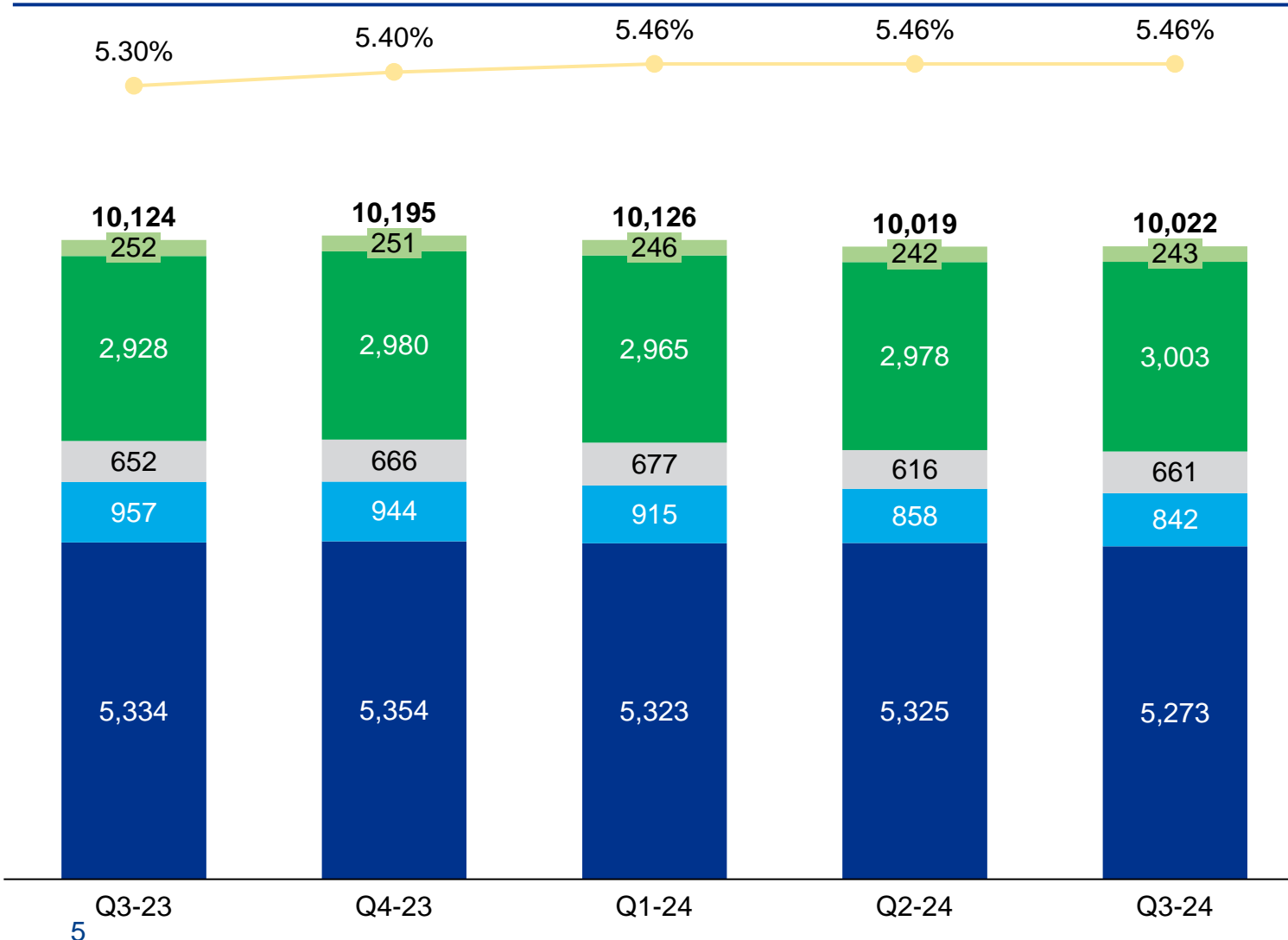
CET1 Ratio ⁽²⁾

- NII hit an inflection point at quarter-end with stabilization or expansion expected in the next quarter.
- Increasing run-rate in operating expenses is related to two non-bank tactical acquisitions that will augment gain on sale revenue and go-forward loan growth.
- Asset quality metrics remain strong. Non-performing loans and loans 30 to 89 days past due as a percent of total loans were 0.25%⁽³⁾ and 0.15%, respectively.
- Expanded funding for future loan growth through increased deposits (excluding brokered CDs) of \$323MM and maintaining a loan-to-deposit ratio <100%.

Quarterly Earnings Update

Loan Portfolio Trends

Moderated Loan Growth in the Portfolio (\$'millions)



- Loan growth has moderated with the expectation of low to mid-single digit annualized growth by Q4-24.
- Loan yields plateaued for Q3-24 and may contract slightly as our existing portfolio reprices with rate cuts.



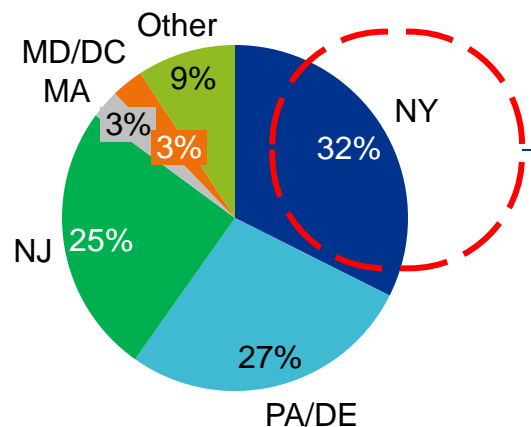
Diversified CRE Portfolio with Conservative Risk Profile

CRE Investor Owned - Collateral Details

\$'millions	CRE: Investor Owned	% of Total	WA LTV	WA DSCR
Office	1,076	23.3%	56.8	1.75
Retail	1,072	23.2%	53.7	1.97
Multi-Family	886	19.2%	62.8	1.67
Industrial / Warehouse	700	15.2%	49.2	2.05
Hospitality	173	3.7%	48.0	1.99
Other ⁽¹⁾	703	15.3%	44.8	1.86
CRE: Investor Owned	4,611	100.0%	53.9	1.86
Construction	662			
CRE IO and Construction Total	5,273			

- **Underlying collateral is diversified.**
- **Low concentration in the Multi-Family portfolio**, which represents 7% of total assets.
- **Maturity wall is modest and has a minimal impact:** Our CRE investor owned maturity wall, totaling \$820 million (or 8% of total loans), is set to mature in Q4-24 and 2025 with weighted average rates of 5.74% and 4.81%, for each respective cohort.
 - A repricing analysis⁽²⁾ was performed on the vast majority of the CRE Investor and Construction portfolio. Results indicated the borrowers continue to service debt without unusual stress.
- The weighted average DSCR of loans after stressing the portfolio at an interest rate of 7% is 1.21x.

CRE Investor Owned Portfolio by Geography



De minimis underlying concentrations:

- NYC rent-regulated³ multi-family: \$33.2 million
- NYC Office Central Business District (CBD): \$7.0 million

CRE Investor Owned - Maturity Wall

Maturity Year	Balance (\$'millions)	Weighted Average			% of Loans
		Rate	LTV	DSCR	
Q4-24	182	5.74	63.43	1.46	1.82%
2025	638	4.81	55.84	1.74	6.37%
Total	820	5.02	57.53	1.68	8.18%

Notes:

- All data represents CRE Investor balances, excluding purchase accounting marks and Construction as of September 30, 2024, unless otherwise noted.
- WA LTV represents the weighted average of loan balances as of September 30, 2024 divided by their most recent appraisal value, which is generally obtained at the time of origination.
- WA DSCR represents the weighted average of net operating income on the property before debt service divided by the loan's respective annual debt service based on the most recent credit review of the borrower.
- WA rate includes borrower fixed rate exposure for loans with swap contracts and excludes any benefit from back-to-back rate swaps.

Footnotes:

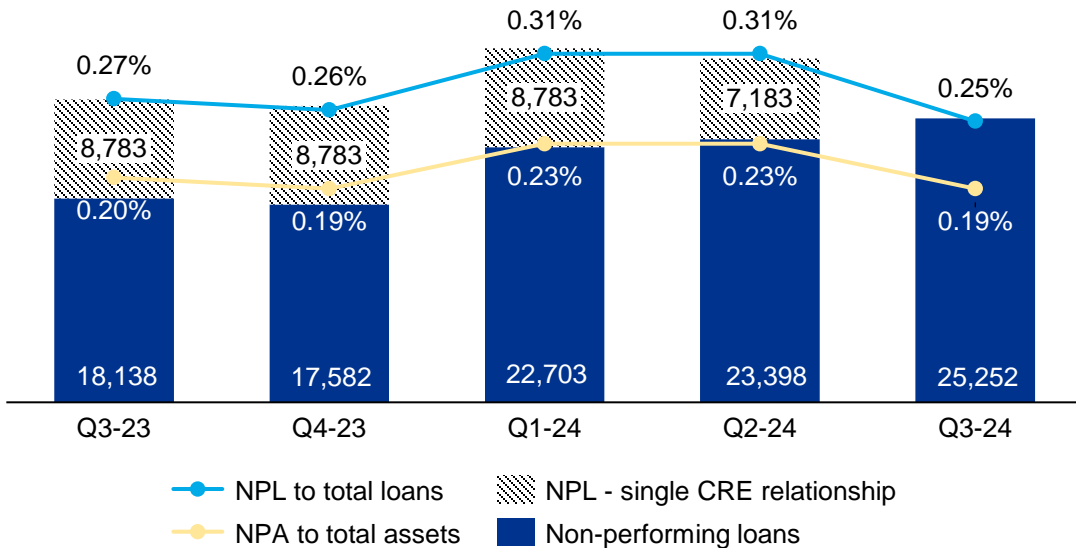
- (1) Other includes underlying co-operatives, single purpose, stores and some living units / mixed use, investor owned 1-4 family, land / development, and other.
- (2) Repricing analysis as of Q1-23 included stressing portfolio with an increase to 7% interest rates while keeping underwritten rents constant. We actively track CRE loan underlying cash flows and noted no material change from Q1-23. As such, we have deemed the results from the repricing analysis to be relevant for the current quarter.
- (3) Rent-regulated multi-family is defined as buildings with >50% rent-regulated units.

Quarterly Credit Trends (1 of 2)

Strong asset quality trends driven by prudent loan growth and credit decisioning.

Non-Performing Loans and Assets (\$'000)⁽¹⁾

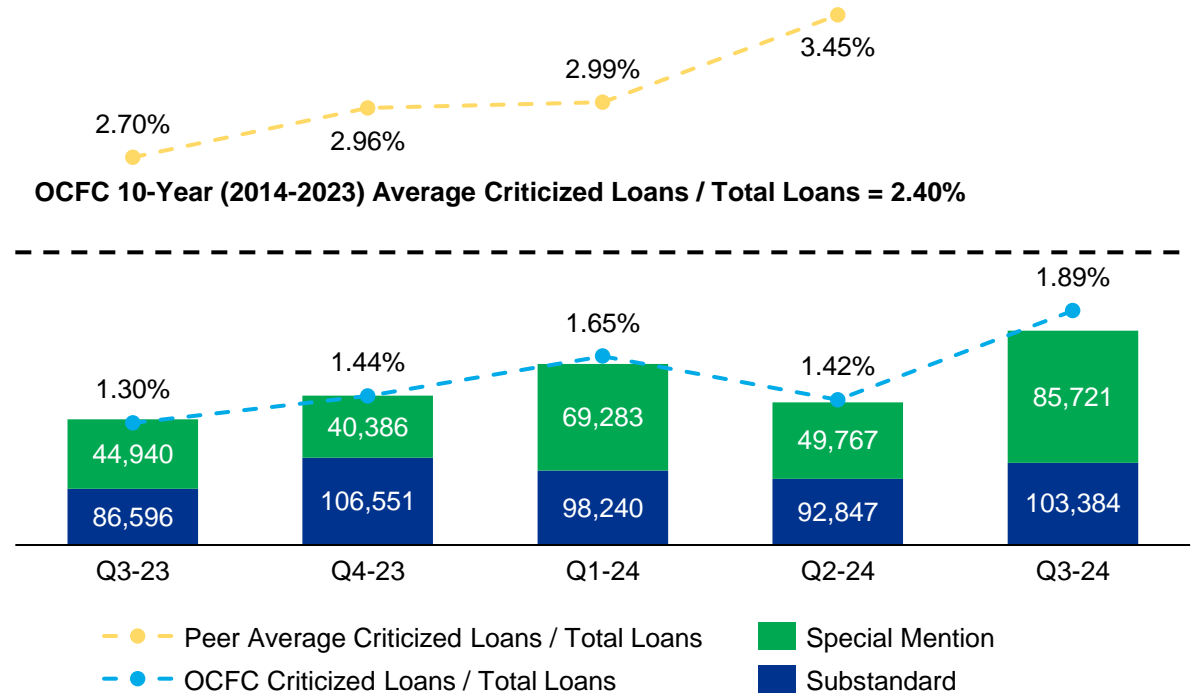
In Q3-23, the Bank charged-off \$8 million on a single CRE credit relationship. In Q2-24, the Bank charged off an additional \$1.6 million relating to the same relationship. The remaining value of the underlying property for this credit was liquidated in Q3-24.



(1) PCD loans are not included in these metrics. Refer to Asset Quality section in the Earnings Release for additional information.

Special Mention and Substandard Loans (\$'000)

Criticized loans as a % of total loans remain low at 1.89% as of Q3-24 compared to 2.06% as of Q4-19 (pre-pandemic).

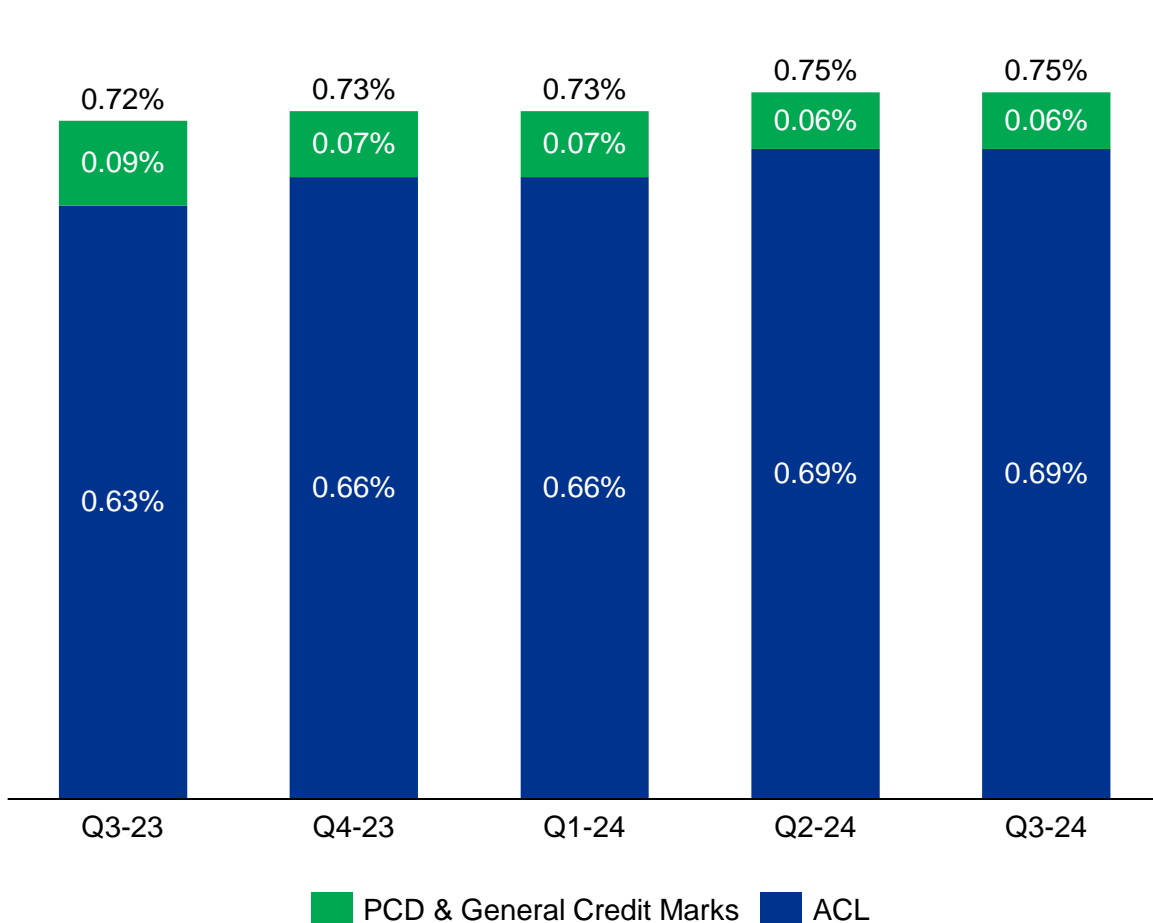


Note #1: At September 30, 2024, of the Special Mention loans and Substandard loans represented above, 91.4% and 81.5% were current on payments, respectively.

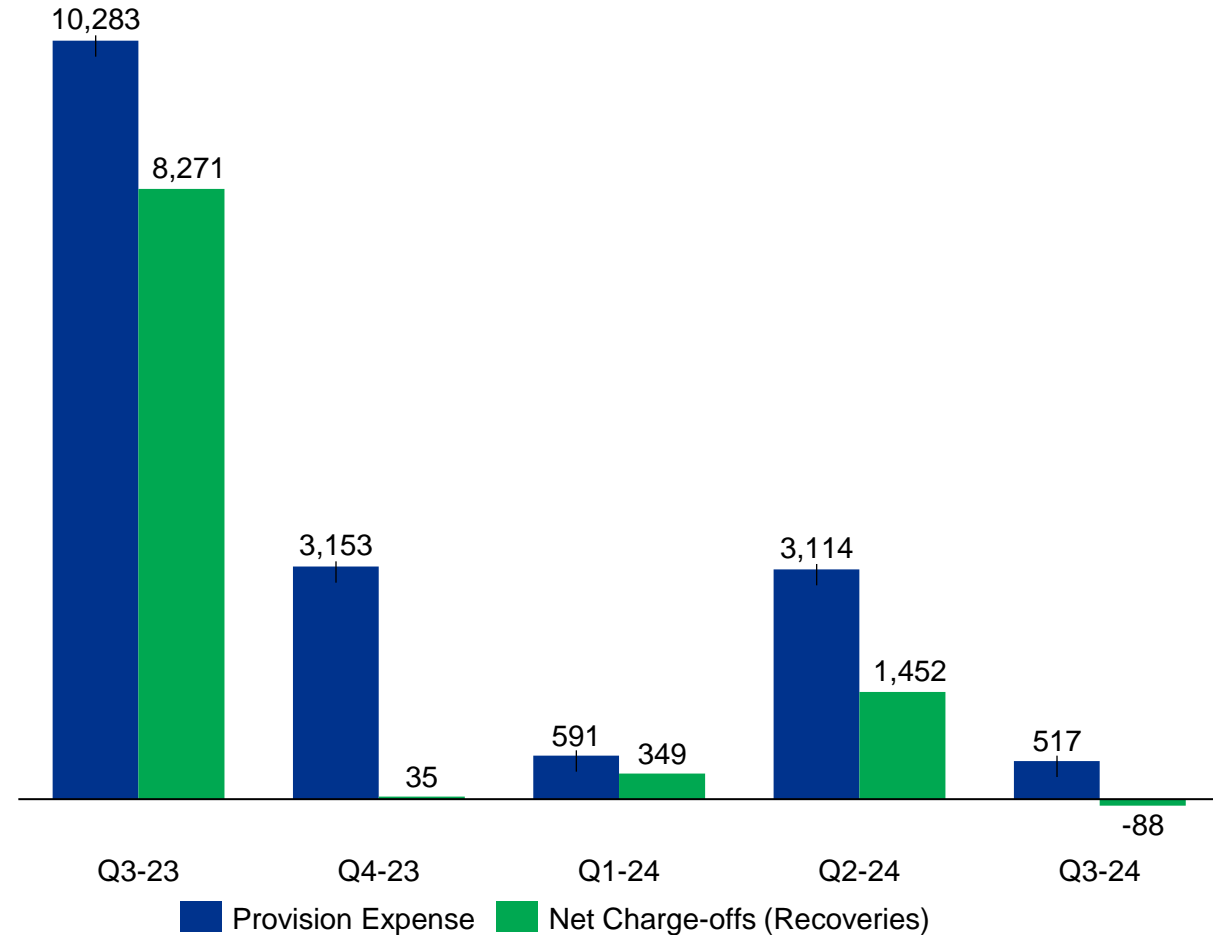
Note #2: Peer data is on a one quarter lag.

Quarterly Credit Trends (2 of 2)

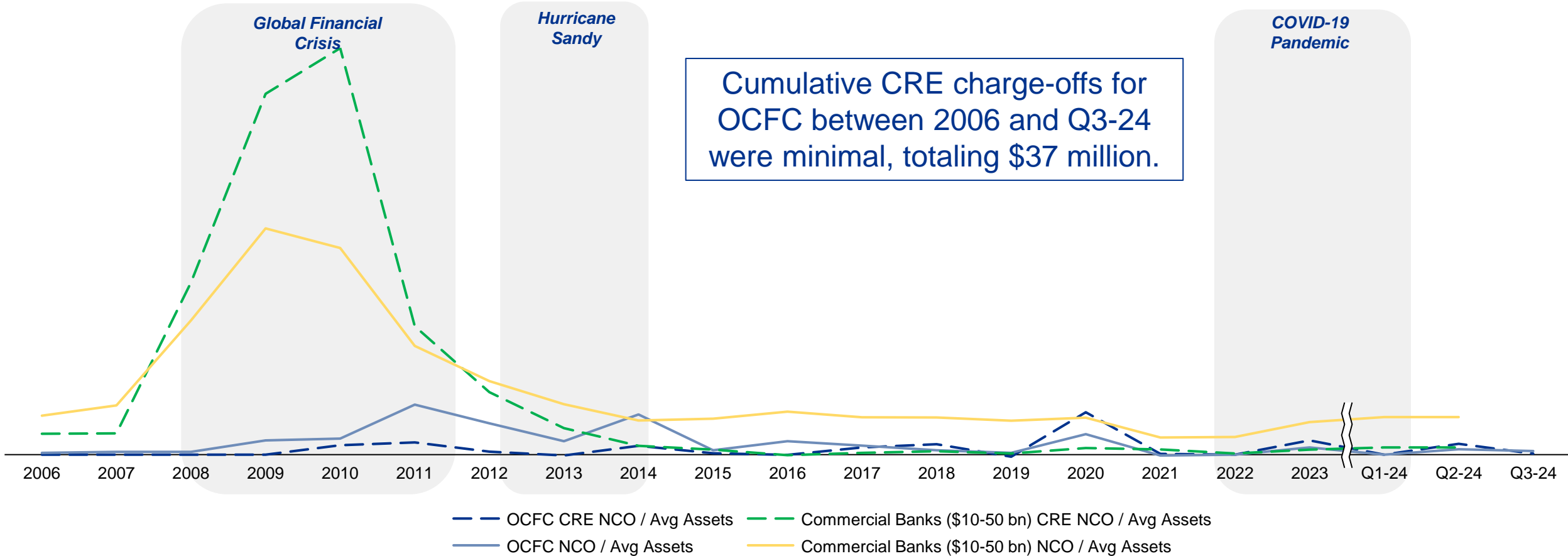
Loan Allowance for Credit Losses (ACL) Plus PCD & General Credit Marks / Total Loans



NCOs / (Recoveries) and Provision for Credit Loss Expense (\$'000)



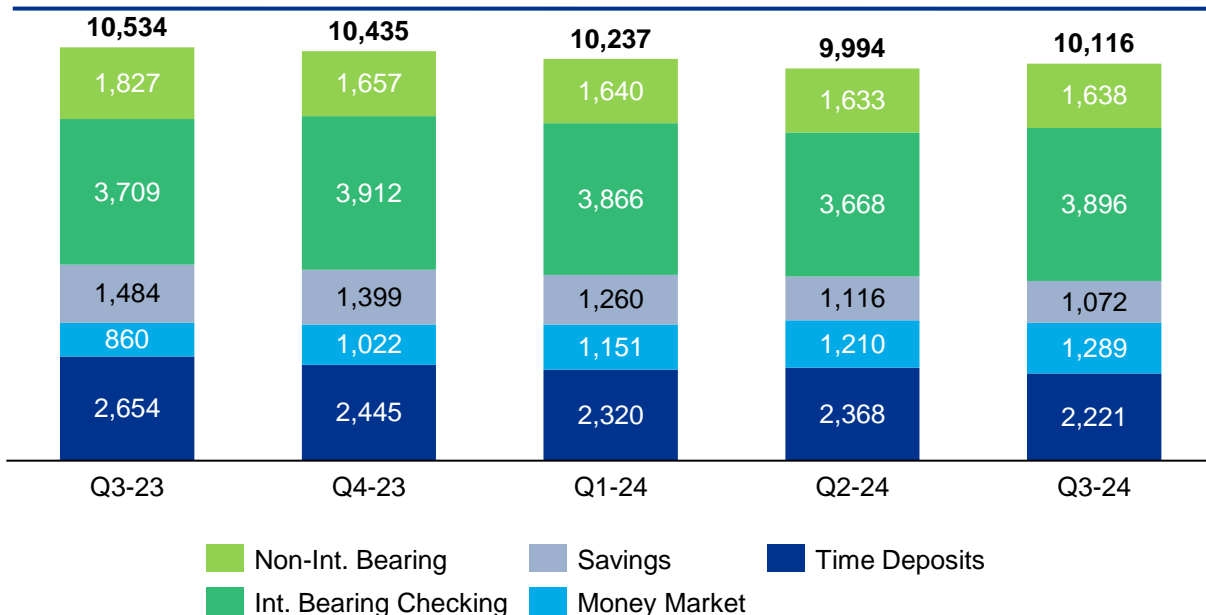
Track Record of Strong Credit Performance



- From 2006 to Q3-24, inclusive of the Global Financial Crisis, Hurricane Sandy, and the COVID-19 Pandemic, OCFC's CRE NCO to average CRE loans totaled 7 bps per year compared to 70 bps for all commercial banks between \$10 - \$50 billion in assets.
- From 2006 to Q3-24, peak CRE net charge-offs to average CRE loans for OCFC totaled 47 bps in 2020, related to proactively de-risking our balance sheet. Peak CRE charge-offs for commercial banks between \$10 - \$50 billion in assets were 455 bps in 2010.

Deposit Trends

Shift in Deposit Mix to Drive Retention (\$'millions)

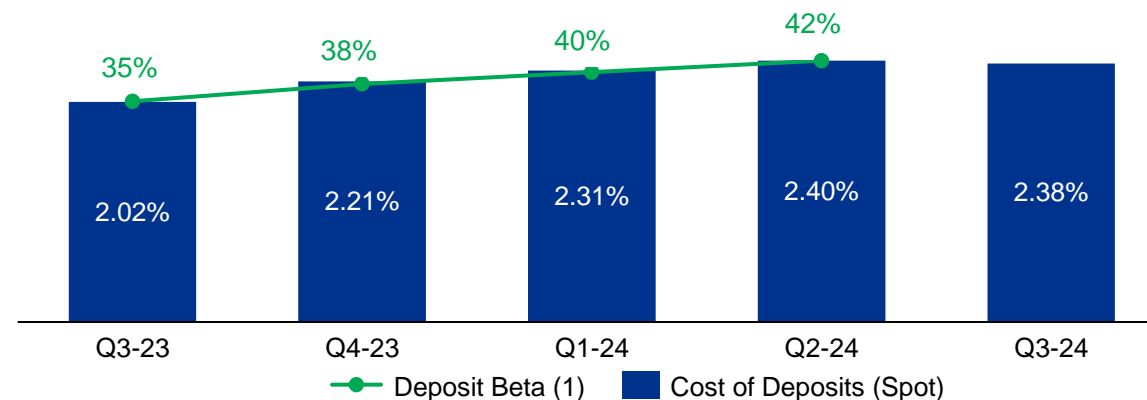


- Non-maturity deposits increased by \$269 million (or 3.5%) from the prior quarter.
- High yield savings declined by \$33 million from the previous quarter as this portfolio was repriced.
- The decrease in Q3-24 time deposits was primarily driven by brokered CD run-off of \$201MM, partly offset by retail CD growth of \$60MM.

Cost of Deposits

Type of Account	Q3-24 Avg.	Sep 30 Spot
Int. Bearing Checking	2.24%	2.27%
Money Market	3.63%	3.37%
Savings	0.81%	0.81%
Time Deposits	4.58%	4.47%
Total (incl. non-int. bearing)	2.44%	2.38%

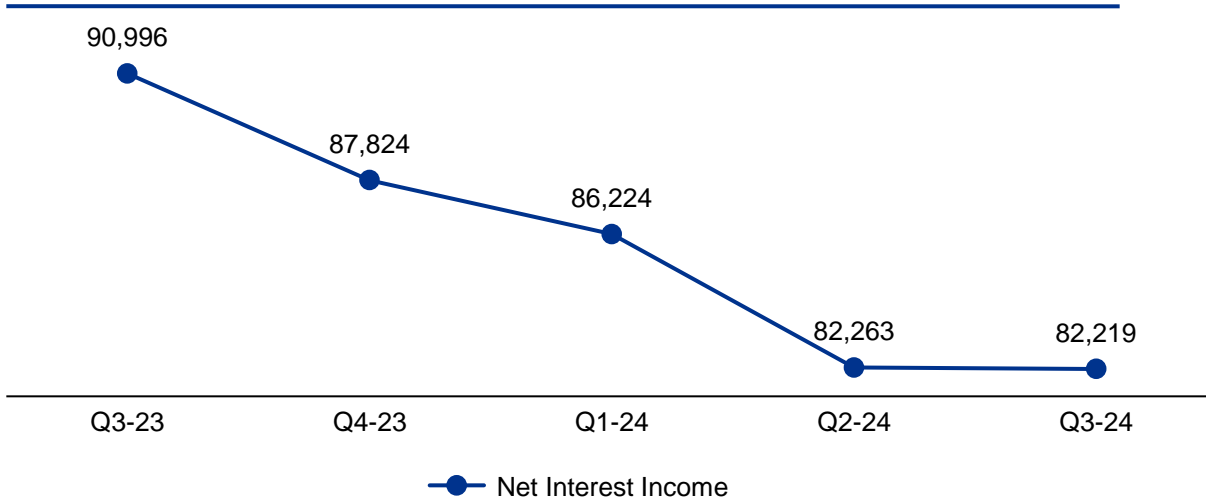
Deposit Beta and Cost Trend



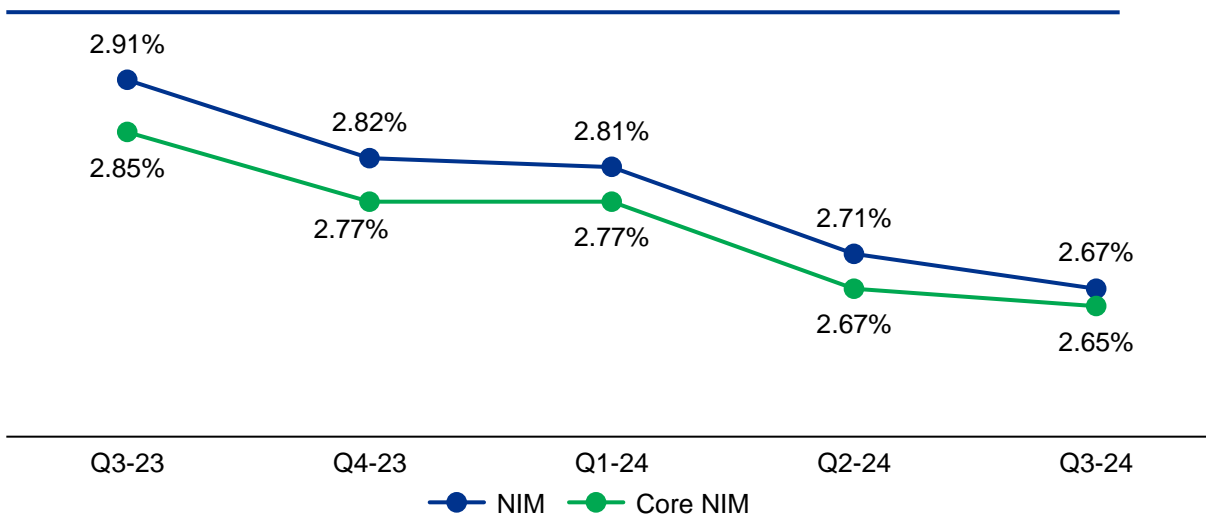
(1) Deposit beta is calculated as the increase in rate paid on total deposits per quarter divided by the incremental increase in the fed funds rate since January 1, 2022.

Net Interest Income and Net Interest Margin Trends

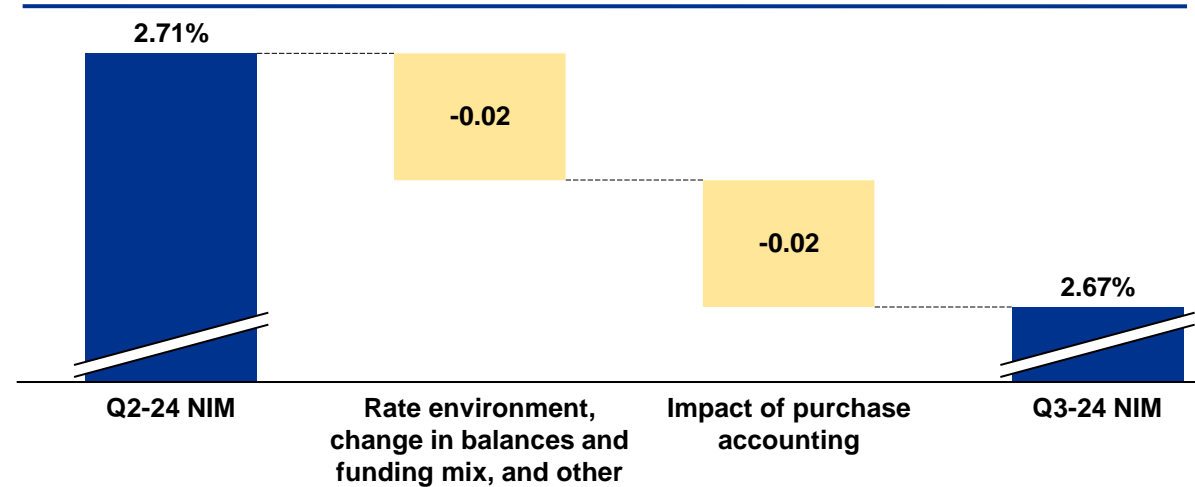
Net Interest Income (\$'000)



Core NIM¹ vs NIM



NIM Bridge



Tailwinds

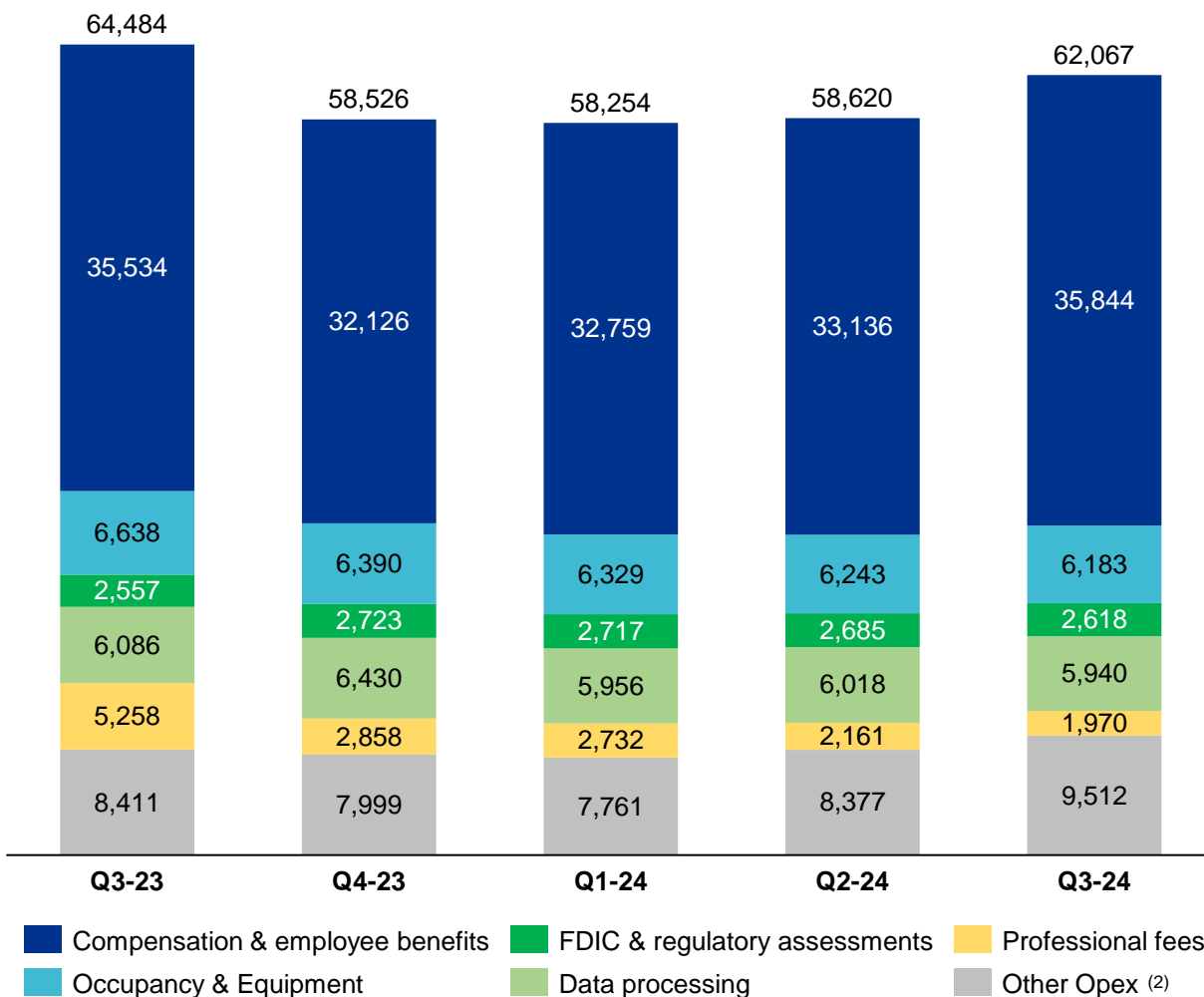
- Deposit rate pressure easing with 9/30/24 spot rates lower than our quarterly average.

Headwinds

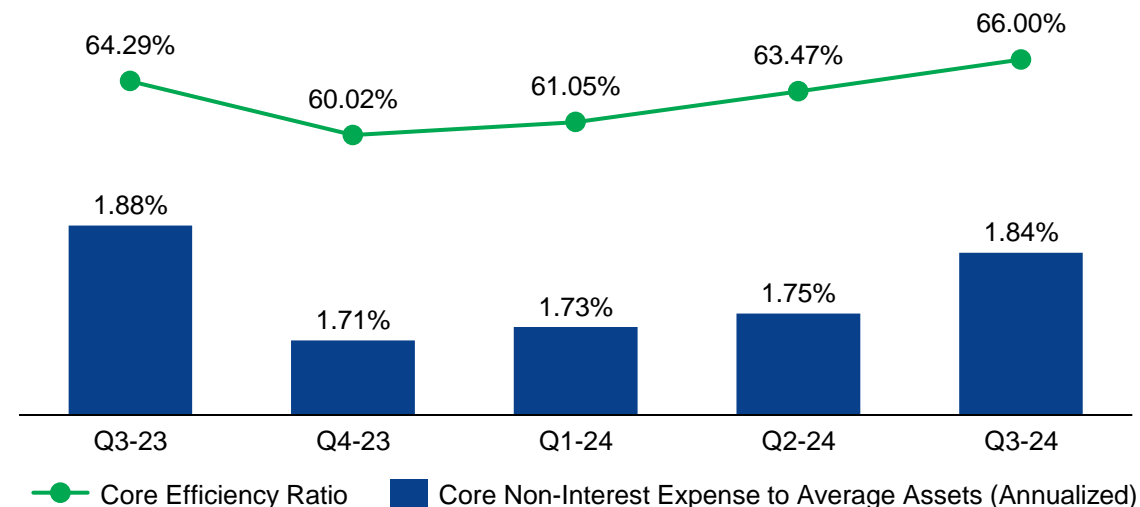
- Competitive market environment as peers compete on rate for quality credit.
- Remaining disciplined on deposit pricing and managing funding costs.

Expense Discipline and Focused Investment

Core Non-Interest Expense ⁽¹⁾ (\$'000)



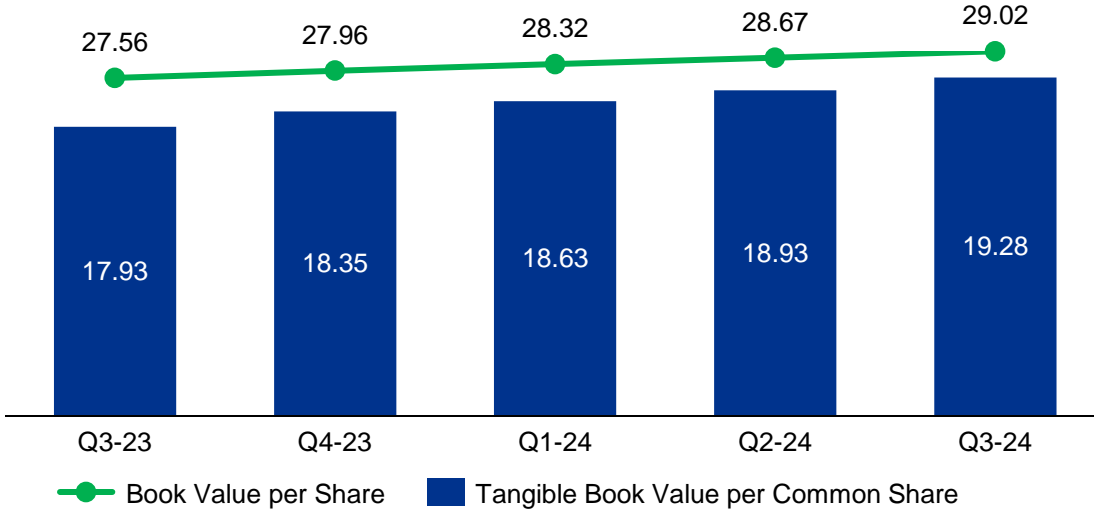
Core Efficiency Ratio¹



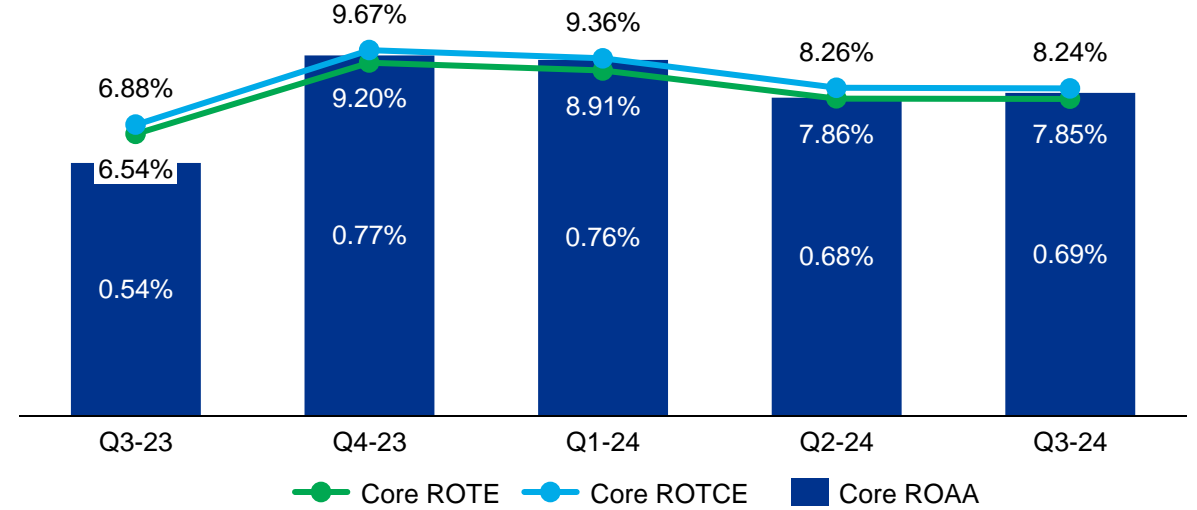
- Q3-24 core non-interest expenses increased by \$3.4 million (or 5.9%) from the prior quarter to \$62.1MM. Of this, \$1.6 million related to new strategic investments.
- We expect an increase in operating expenses in Q4-24 of ~\$5MM driven by two tactical non-bank acquisitions.

Generating Consistent Returns

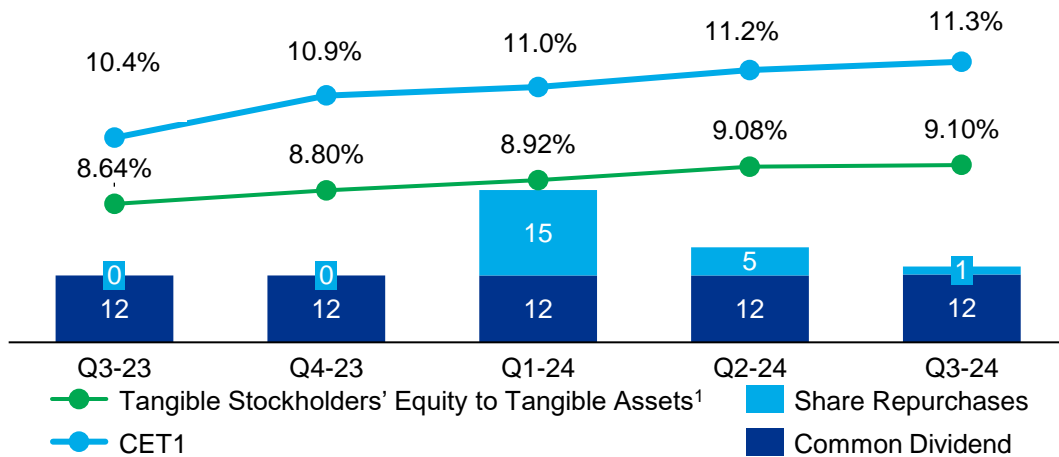
Book Value and Tangible Book Value per Common Share (\$)¹,²



Core ROAA¹, ROTE¹, and ROTCE¹



Capital Management (\$'millions)

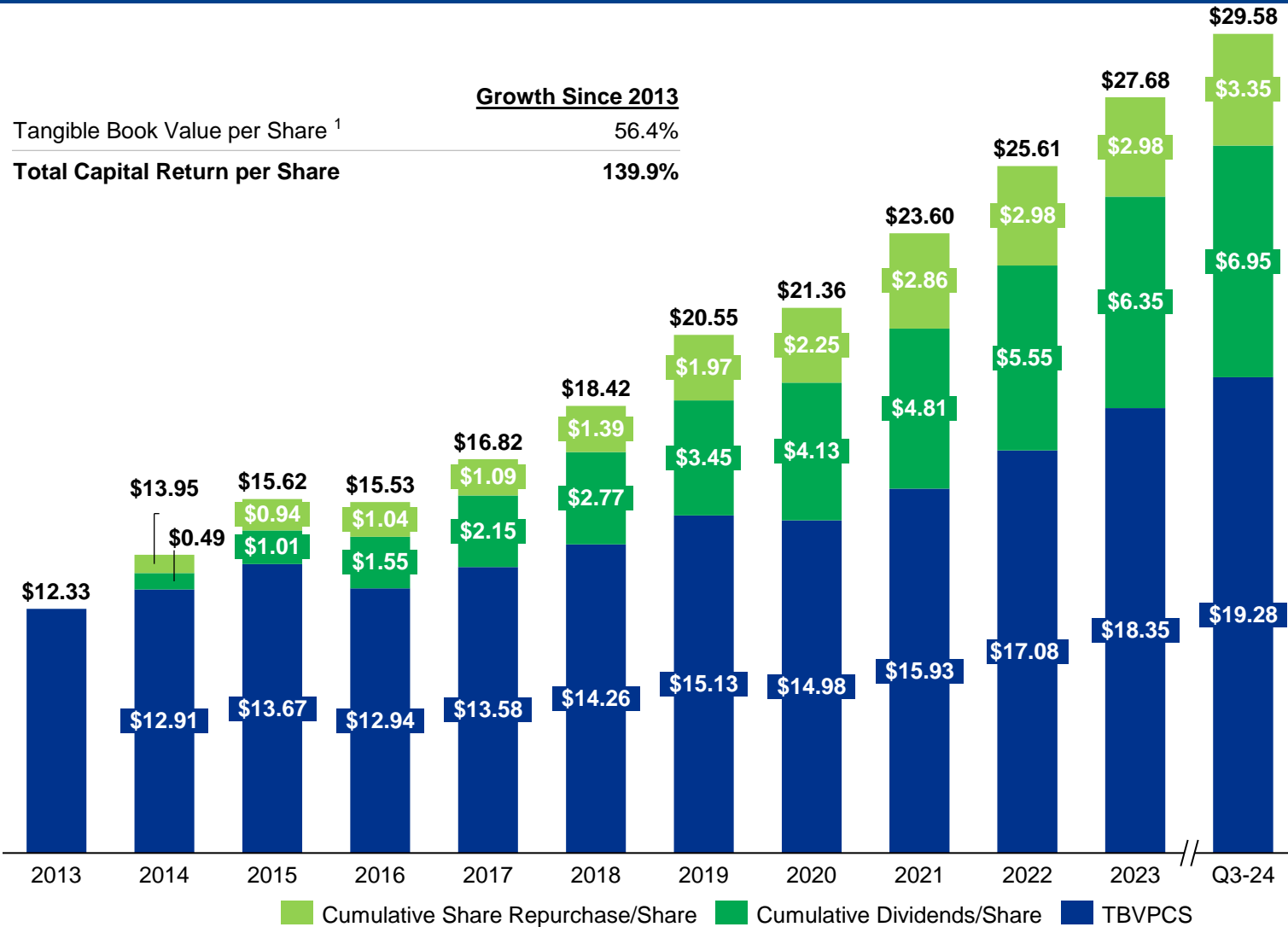


- Tangible book value per common share increased by \$1.35 (or 8%) compared to the same quarter last year.
- Capital remains strong and above “well capitalized” levels.
- Repurchased 87,324 shares in the quarter totaled \$1.4MM.
- Share repurchase authorization totaling 1.6 million shares outstanding.

13 (1) For non-GAAP financial measures, please refer to the 'Non-GAAP Reconciliations' in the Appendices for a reconciliation to GAAP financial information.

(2) CET1 ratio represents an estimate as of Q3-24.

Business Model Strength Driving Significant Capital Return



The growth in TBV per common share (TBVPCS¹) is attributed to:

- Minimally dilutive and strategic acquisitions in critical new markets
- Stable and competitive dividend
 - 111th consecutive quarter
 - Historical Payout Ratio of 30% to 40%
- Repurchased 87,324 shares in Q3-24
 - 1.6 million shares available to be repurchased
- Total repurchases of 1,383,238 shares in YTD Sep-24.

⁽¹⁾ For non-GAAP financial measures, please refer to the 'Non-GAAP Reconciliations' in the Appendices for a reconciliation to GAAP financial information.

Management 2024 Outlook

Guidance

Loans	Low to mid-single digit annualized growth in Q4-24
Deposits	Growth consistent with loan growth
Net Interest Income	Stabilization / inflection upward in Q4-24
Other Income	Growth in Q4-24
Operating Expenses	Increase to run-rate
Capital	Robust CET1 ratio (>10%)

Key Assumptions / Commentary

- We expect low to mid-single digit annualized growth in Q4-24.
- Maintain loan-to-deposit ratio ~100% for the entire year.
- Continued mix shift may pressure funding costs.
- Stabilization is subject to interest rates, loan growth, and funding trends.
- Stable to modest improvement subject to expected growth and interest rate trends.
- Growth subject to production volumes and gain on sale in mortgage banking, resulting from \$2-3MM increased quarterly expenses related to one acquisition.
- Increase of approximately \$5MM per quarter from two tactical non-bank acquisitions.
- Both acquisitions expected to be accretive to earnings no later than Q1-25 with minimal TBV dilution.
- We expect to maintain our common equity tier 1 ratio above 10%.
- Further share repurchases dependent on other capital deployment opportunities.

Appendix

Conservative Risk Profile of CRE IO Office & Construction

CRE Investor Owned: Office + Construction

\$'millions	Balance	% of Office	% of Total Loans	WA LTV	WA DSCR
General Office	533	49.5%	5.3%	51.9	1.84
Life Sciences & Medical	284	26.4%	2.8%	56.8	1.81
Credit Tenant	260	24.1%	2.6%	67.1	1.51
Office	1,076	100.0%	10.7%	56.8	1.75
Construction (all property segments)	662		6.6%		
Office + Construction	1,738		17.3%		

CRE Investor Owned: Office + Construction CBD Bifurcation

\$'millions	Balance	% of Total	% of CBD
MA	44	2.5%	37.6%
NJ	43	2.5%	37.2%
PA	22	1.3%	19.1%
NY	7	0.4%	6.0%
Central Business District	116	6.7%	100.0%
Non Central Business District	1,622	93.3%	
Office + Construction	1,738	100.0%	

Central Business District (CBD): Office + Construction

\$'millions	Balance	% of Total	WA LTV	WA DSCR
Credit Tenant	43	37.2%	60.3	1.86
General Office	32	28.0%	48.6	2.49
Life Sciences & Medical	40	34.8%	80.6	1.37
CBD - Office & Construction	116	100.0%	64.1	1.86

In the above tables, Construction consists of all property segments (e.g., co-op, hospitality, industrial / warehouse, etc).

Portfolio Highlights

- **96% of Office & Construction** loans are pass-rated (not classified or criticized).
- **93% of Office & Construction** loans are classified as non-Central Business District loans.
- CBD loans comprise <1% of total assets and have a weighted average LTV of 64.1 and weighted average DSCR of 1.86.
- Office portfolio is primarily secured by small properties with **>70% of the portfolio secured by properties of 300K SF or smaller.**
- The average loan size of the office portfolio is \$4.6 million with 49% of the portfolio under \$1 million and **80% under \$5 million.**

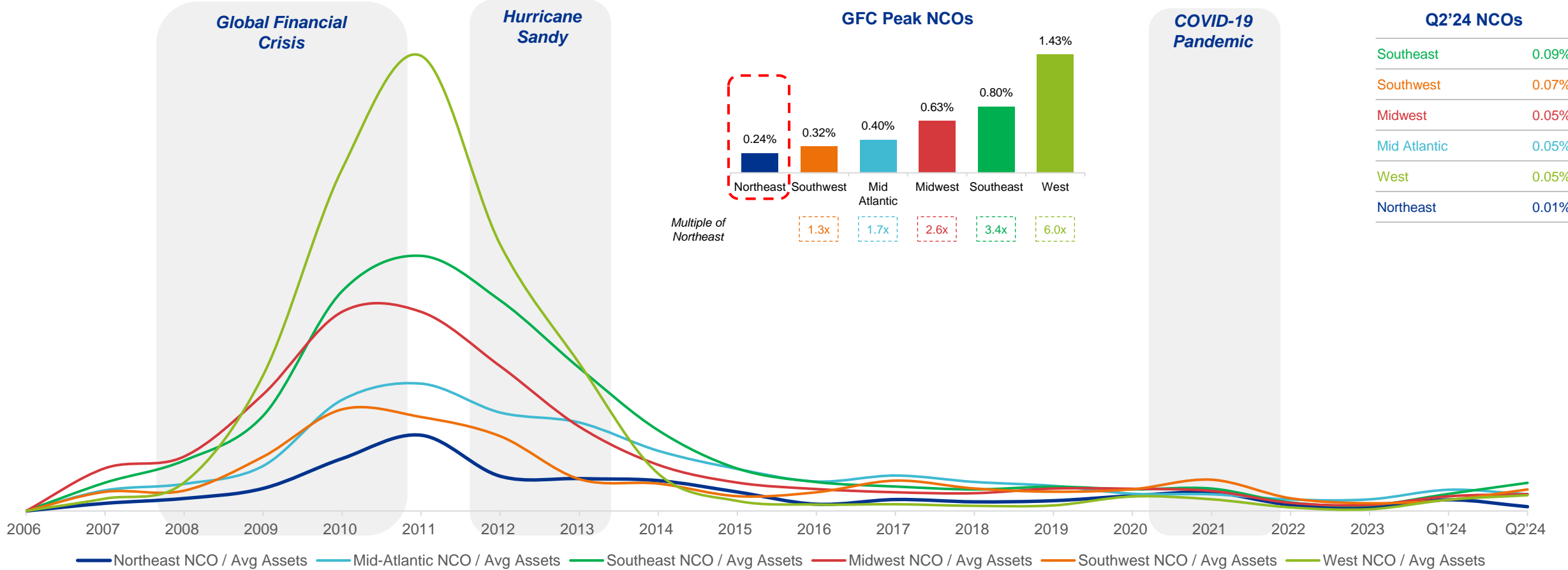
Notes:

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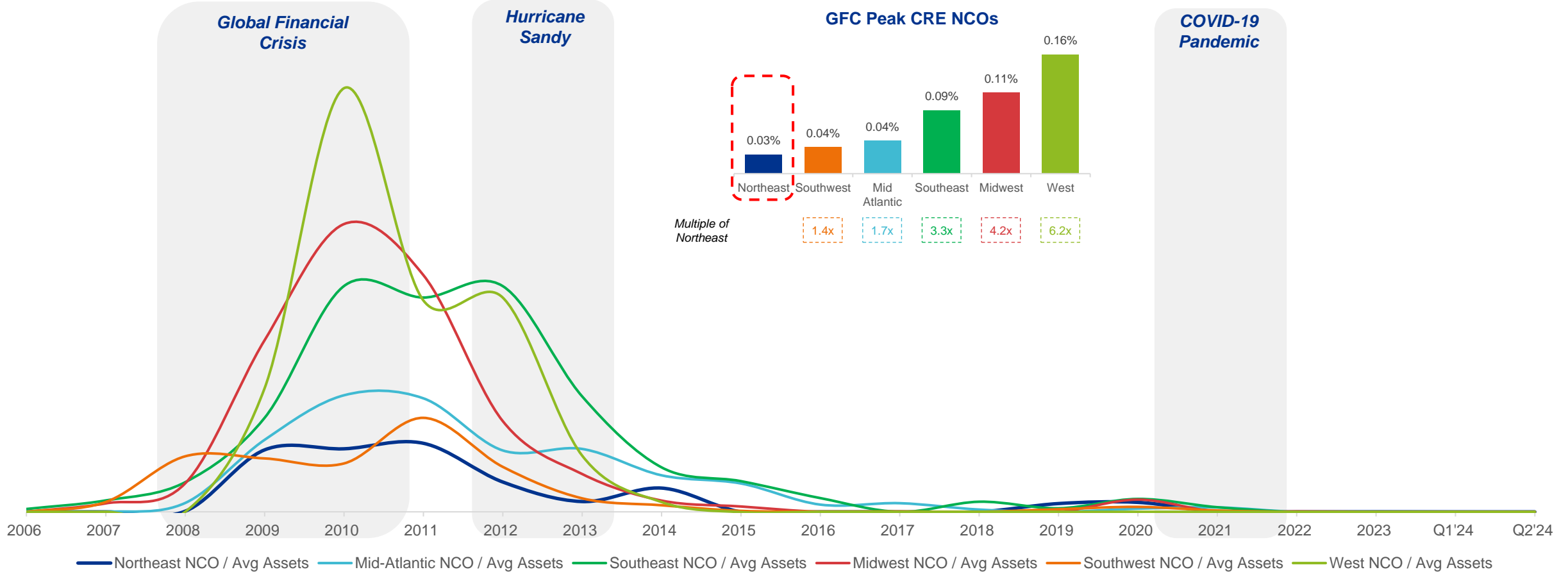


Northeast Outperforms Through Credit Cycles...



- Historically, net charge-offs for Northeastern headquartered banks have greatly outperformed major exchange traded U.S. banks headquartered in other regions
- Median net charge-offs / average assets for Northeastern banks averaged 15 bps during the Global Financial Crisis compared to 50 bps for other regions. In Q2-24, median NCOs / average assets totaled 1 bp for Northeastern banks versus 5 bps for other regions

...With a Similar Story in Commercial Real Estate Portfolios



- Northeastern banks' CRE portfolio net charge-offs have also historically outperformed major exchange traded banks in other regions
- Median CRE net charge-offs / average assets for Northeastern banks averaged 2 bps during the Global Financial Crisis compared to 6 bps for other regions

Non-GAAP Reconciliations (1 of 2)

Non-GAAP Reconciliation					
\$'000	For the Three Months Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Core Earnings:					
Net income available to common stockholders (GAAP)	24,112	23,369	27,663	26,678	19,663
Add (less) non-recurring and non-core items:					
Net gain on equity investments	(1,420)	(887)	(1,923)	(2,176)	(1,452)
Net gain on sale of trust business	(1,438)	-	(1,162)	-	-
FDIC special assessment	-	-	418	1,663	-
Merger related expenses	1,669	-	-	-	-
Income tax expense on items	270	188	642	129	351
Core earnings (Non-GAAP)	23,193	22,670	25,638	26,294	18,562
Income tax expense	7,464	7,082	10,637	8,591	6,459
Provision for credit losses	517	3,114	591	3,153	10,283
Less: income tax expense on non-core items	270	188	642	129	351
Core earnings PTPP (Non-GAAP)	30,904	32,678	36,224	37,909	34,953
Core earnings diluted earnings per share	0.39	0.39	0.44	0.45	0.32
Core earnings PTPP diluted earnings per share	0.53	0.56	0.62	0.65	0.59
Core Ratios (Annualized):					
Return on average assets	0.69	0.68	0.76	0.77	0.54
Return on average tangible stockholders' equity	7.85	7.86	8.91	9.20	6.54
Return on average tangible common equity	8.24	8.26	9.36	9.67	6.88
Efficiency ratio	66.00	63.47	61.05	60.02	64.29

Non-GAAP Reconciliations (2 of 2)

Non-GAAP Reconciliation					
\$'000	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Tangible Equity					
Total stockholders' equity	1,694,508	1,676,669	1,665,837	1,661,945	1,637,604
Less:					
Goodwill	506,146	506,146	506,146	506,146	506,146
Core deposit intangible	7,056	7,859	8,669	9,513	10,489
Tangible stockholders' equity	1,181,306	1,162,664	1,151,022	1,146,286	1,120,969
Less:					
Preferred Stock	55,527	55,527	55,527	55,527	55,527
Tangible common equity	1,125,779	1,107,137	1,095,495	1,090,759	1,065,442
Tangible Assets					
Total Assets	13,488,483	13,321,755	13,418,978	13,538,253	13,498,183
Less:					
Goodwill	506,146	506,146	506,146	506,146	506,146
Core deposit intangible	7,056	7,859	8,669	9,513	10,489
Tangible assets	12,975,281	12,807,750	12,904,163	13,022,594	12,981,548