

OCEANFIRST FINANCIAL CORP

Form 10-Q

August 10, 2009

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission file number 001-11713

**OceanFirst Financial Corp.**

(Exact name of registrant as specified in its charter)

Edgar Filing: OCEANFIRST FINANCIAL CORP - Form 10-Q

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>22-3412577</b> (I.R.S. Employer Identification No.)
<b>975 Hooper Avenue, Toms River, NJ</b> (Address of principal executive offices)	<b>08754-2009</b> (Zip Code)
<b>Registrant's telephone number, including area code: (732) 240-4500</b>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO .

As of August 5, 2009, there were 12,371,768 shares of the Registrant's Common Stock, par value \$.01 per share, outstanding.

**Table of Contents**

**OceanFirst Financial Corp.**

INDEX TO FORM 10-Q

	<b>PAGE</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1. Consolidated Financial Statements (Unaudited)	
<u>Consolidated Statements of Financial Condition as of June 30, 2009 and December 31, 2008</u>	1
<u>Consolidated Statements of Income for the three and six months ended June 30, 2009 and 2008</u>	2
<u>Consolidated Statements of Changes in Stockholders' Equity for the six months ended June 30, 2009 and 2008</u>	3
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2009 and 2008</u>	4
<u>Notes to Unaudited Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	19
Item 4. <u>Controls and Procedures</u>	20
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	20
Item 1A. <u>Risk Factors</u>	20
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
Item 3. <u>Defaults Upon Senior Securities</u>	22
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	22
Item 5. <u>Other Information</u>	22
Item 6. <u>Exhibits</u>	22
<u>Signatures</u>	23

**Table of Contents****OceanFirst Financial Corp.****Consolidated Statements of Financial Condition**

(dollars in thousands, except per share amounts)

	<b>June 30, 2009 (Unaudited)</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 22,423	\$ 18,475
Investment securities available for sale	31,890	34,364
Federal Home Loan Bank of New York stock, at cost	16,188	20,910
Mortgage-backed securities available for sale	89,436	40,801
Loans receivable, net	1,643,704	1,648,378
Mortgage loans held for sale	13,475	3,903
Interest and dividends receivable	6,411	6,298
Real estate owned, net	1,348	1,141
Premises and equipment, net	21,216	21,336
Servicing asset	6,817	7,229
Bank Owned Life Insurance	39,566	39,135
Other assets	17,111	15,976
Total assets	\$ 1,909,585	\$ 1,857,946
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$ 1,364,570	\$ 1,274,132
Securities sold under agreements to repurchase with retail customers	77,246	62,422
Federal Home Loan Bank advances	258,000	359,900
Other borrowings	27,500	27,500
Advances by borrowers for taxes and insurance	8,716	7,581
Other liabilities	11,644	6,628
Total liabilities	1,747,676	1,738,163
Stockholders' equity:		
Preferred stock, \$.01 par value, \$1,000 liquidation preference, 5,000,000 shares authorized, 38,263 shares issued at June 30, 2009	37,285	
Common stock, \$.01 par value, 55,000,000 shares authorized, 27,177,372 shares issued and 12,371,768 and 12,364,573 shares outstanding at June 30, 2009 and December 31, 2008, respectively	272	272
Additional paid-in capital	205,949	204,298
Retained earnings	162,088	160,267
Accumulated other comprehensive loss	(13,356)	(14,462)
Less: Unallocated common stock held by Employee Stock Ownership Plan	(4,923)	(5,069)
Treasury stock, 14,805,604 and 14,812,799 shares at June 30, 2009 and December 31, 2008, respectively	(225,406)	(225,523)
Common stock acquired by Deferred Compensation Plan	970	981
Deferred Compensation Plan Liability	(970)	(981)
Total stockholders' equity	161,909	119,783

Edgar Filing: OCEANFIRST FINANCIAL CORP - Form 10-Q

Total liabilities and stockholders' equity	\$ 1,909,585	\$ 1,857,946
--	--------------	--------------

See accompanying Notes to Unaudited Consolidated Financial Statements.

**Table of Contents****OceanFirst Financial Corp.****Consolidated Statements of Income**

(in thousands, except per share amounts)

	For the three months ended June 30, 2009      2008 (Unaudited)		For the six months ended June 30, 2009      2008 (Unaudited)	
<b>Interest income:</b>				
Loans	\$ 22,791	\$ 24,103	\$ 45,963	\$ 49,105
Mortgage-backed securities	873	573	1,641	1,184
Investment securities and other	552	991	1,002	2,900
<b>Total interest income</b>	<b>24,216</b>	<b>25,667</b>	<b>48,606</b>	<b>53,189</b>
<b>Interest expense:</b>				
Deposits	4,777	6,707	9,873	14,571
Borrowed funds	3,285	4,698	6,918	10,120
<b>Total interest expense</b>	<b>8,062</b>	<b>11,405</b>	<b>16,791</b>	<b>24,691</b>
<b>Net interest income</b>	<b>16,154</b>	<b>14,262</b>	<b>31,815</b>	<b>28,498</b>
<b>Provision for loan losses</b>	<b>1,200</b>	<b>400</b>	<b>2,000</b>	<b>775</b>
<b>Net interest income after provision for loan losses</b>	<b>14,954</b>	<b>13,862</b>	<b>29,815</b>	<b>27,723</b>
<b>Other income:</b>				
Loan servicing (loss) income	9	81	(221)	172
Fees and service charges	2,585	2,900	5,103	5,668
Net gain (loss) on sales of loans and securities available for sale	1,352	(718)	2,025	(122)
Net gain from other real estate operations	6	39	5	18
Income from Bank Owned Life Insurance	201	309	431	642
Other	2	9	6	11
<b>Total other income</b>	<b>4,155</b>	<b>2,620</b>	<b>7,349</b>	<b>6,389</b>
<b>Operating expenses:</b>				
Compensation and employee benefits	5,738	5,806	11,565	11,740
Occupancy	1,814	1,195	3,289	2,396
Equipment	501	454	950	965
Marketing	380	453	704	847
Federal deposit insurance	1,405	341	1,907	651
Data processing	858	748	1,693	1,597
Legal	520	524	1,097	1,072
Check card processing	254	247	505	499
Accounting and audit	171	290	331	539
General and administrative	1,599	1,310	2,982	2,697
<b>Total operating expenses</b>	<b>13,240</b>	<b>11,368</b>	<b>25,023</b>	<b>23,003</b>

Edgar Filing: OCEANFIRST FINANCIAL CORP - Form 10-Q

Income before provision for income taxes	5,869	5,114	12,141	11,109
Provision for income taxes	2,270	1,579	4,589	3,568
Net income	3,599	3,535	7,552	7,541
Dividends on preferred stock and warrant accretion	538		996	
Net income available to common stockholders	\$ 3,061	\$ 3,535	\$ 6,556	\$ 7,541
Basic earnings per share	\$ 0.26	\$ 0.30	\$ 0.56	\$ 0.65
Diluted earnings per share	\$ 0.26	\$ 0.30	\$ 0.56	\$ 0.64
Average basic shares outstanding	11,710	11,666	11,703	11,653
Average diluted shares outstanding	11,757	11,740	11,750	11,709

See accompanying Notes to Unaudited Consolidated Financial Statements.

**Table of Contents**

**OceanFirst Financial Corp.**

**Consolidated Statements of**

**Changes in Stockholders' Equity (Unaudited)**

(in thousands, except per share amounts)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Employee Stock Ownership Plan	Treasurer Stock	Common Stock Acquired by Deferred Compensation Plan	Deferred Compensation Plan Liability	Total
Balance at December 31, 2007	\$	\$ 272	\$ 203,532	\$ 154,929						