

OCEANFIRST FINANCIAL CORP

FORM 10-Q (Quarterly Report)

Filed 5/15/1997 For Period Ending 3/31/1997

Address	975 HOOPER AVE TOMS RIVER, New Jersey 08753-8396
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Industry	S&Ls/Savings Banks
Sector	Financial
Fiscal Year	12/31

**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 March 31, 1997

**[] 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 0-27428*

OCEAN FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Delaware

22-3412577

(State of other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

975 Hooper Avenue, Toms River, NJ

08753

(Address of principal executive
offices)

(Zip Code)

Registrant's telephone number, including area code: (908)240-4500

74 Brick Boulevard, Brick, NJ 08723

(Former name, former address and formal fiscal year, if changed since
last report)

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 X NO ____.

As of May 12, 1997, there were 8,974,124 shares of the Registrant's Common Stock, par value \$.01 per share, outstanding.

OCEAN FINANCIAL CORP.

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OCEAN FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except per share amounts)

	March 31, 1997	December 31, 1996
	----- (Unaudited)	-----
ASSETS		
- - - - -		
Cash and due from banks	\$ 5,787	\$ 5,372
Investment securities available for sale	193,525	174,028
Federal Home Loan Bank of New York stock, at cost	10,392	8,457
Mortgage-backed securities available for sale	436,259	395,542
Loans receivable, net	698,859	678,728
Mortgage loans held for sale	-	727
Interest and dividends receivable	10,811	9,757
Real estate owned, net	1,384	1,555
Premises and equipment, net	14,822	14,100
Servicing asset	1,705	1,743
Other assets	14,292	13,856
	-----	-----
Total assets	\$1,387,836	\$1,303,865
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
- - - - -		
Deposits	\$ 945,661	\$ 934,730
Federal Home Loan Bank borrowings	3,500	8,800
Securities sold under agreements to repurchase	171,812	99,322
Advances by borrowers for taxes and insurance	4,234	3,832
Other liabilities	15,332	4,392
	-----	-----
Total liabilities	1,140,539	1,051,076
	-----	-----
Stockholders' Equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, no shares issued	-	-
Common stock, \$.01 par value, 55,000,000 shares authorized, 9,059,124 shares issued and outstanding	91	91
Additional paid-in capital	176,977	176,812
Retained earnings-substantially restricted	91,941	88,552
Net unrealized loss on securities available for sale, net of tax	(374)	(335)
Less: Unallocated common stock held by Employee Stock Ownership Plan	(11,974)	(12,331)
Unearned Incentive Awards	(9,364)	-
	-----	-----
Total stockholders' equity	247,297	252,789
	-----	-----
Total liabilities and stockholders' equity	\$1,387,836	\$1,303,865
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

OCEAN FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share amounts)

	For the three months ended March 31,	
	1997	1996
	(Unaudited)	
Interest income:		
Loans	\$13,594	\$12,142
Mortgage-backed securities	5,730	4,574
Investment securities and other	3,221	2,272
	-----	-----
Total interest income	22,545	18,988
	-----	-----
Interest expense:		
Deposits	10,295	10,412
Borrowed funds	1,738	796
	-----	-----
Total interest expense	12,033	11,208
	-----	-----
Net interest income	10,512	7,780
Provision for loan losses	225	125
	-----	-----
Net interest income after provision for loan losses	10,287	7,655
	-----	-----
Other income:		
Fees and service charges	502	483
Net gain (loss) on sales of loans available for sale	(1)	175
Net income from (cost of) other real estate operations	5	(36)
Other	80	74
	-----	-----
Total other income	586	696
	-----	-----
Operating expenses:		
Compensation and employee benefits	3,304	2,183
Occupancy	499	461
Equipment	313	144
Marketing	121	122
Federal deposit insurance	88	569
Data processing	378	221
General and administrative	757	760
	-----	-----
Total operating expenses	5,460	4,460
	-----	-----
Income before income taxes	5,413	3,891
Provision for income taxes	2,024	1,480
	-----	-----
Net income	\$ 3,389	\$ 2,411
	=====	=====
Earnings per share	\$.40	N/A
	=====	=====
Weighted average shares outstanding	8,453	N/A
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

OCEAN FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	For the three months ended March 31,	
	1997	1996
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 3,389	\$ 2,411
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of ESOP	357	-
ESOP adjustment	165	-
Amortization of Incentive Awards	306	-
Depreciation and amortization of premises and equipment	317	176
Amortization of servicing asset	42	56
Net premium amortization in excess of discount accretion on securities	987	260
Net accretion of deferred fees and discounts in excess of premium amortization on loans	(86)	(103)
Provision for loan losses	225	125
Net gain on sales of real estate owned	(46)	(26)
Net loss (gain) on sales of loans available for sale	1	(175)
Proceeds from sales of mortgage loans held for sale	703	8,977
Mortgage loans originated for sale	-	(12,536)
Increase in interest and dividends receivable	(1,054)	(1,033)
(Increase) decrease in other assets	(413)	371
Increase in other liabilities	1,270	683
Total adjustments	2,774	(3,225)
Net cash provided by (used in) operating activities	6,163	(814)
Cash flows from investing activities:		
Net increase in loans receivable	(20,662)	(3,276)
Purchase of investment securities available for sale	(25,000)	(50,000)
Purchase of mortgage-backed securities available for sale	(88,753)	(102,720)
Proceeds from maturities of investment securities available for sale	5,250	34,000
Principal payments on mortgage-backed securities available for sale	47,239	22,439
Purchases of Federal Home Loan Bank of New York stock	(1,935)	(734)
Proceeds from sales of real estate owned	628	443
Purchases of premises and equipment	(1,039)	(395)
Net cash used in investing activities	(84,272)	(100,243)

Continued

OCEAN FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS - (continued)
(dollars in thousands)

	For the three months ended March 31,	
	1997	1996
	(Unaudited)	
Cash flows from financing activities:		
Increase in deposits	\$ 10,931	\$ 4,715
(Decrease) increase in Federal Home Loan Bank borrowings	(5,300)	88,400
Increase in securities sold under agreements to repurchase	72,490	-
Increase in advances by borrowers for taxes and insurance	403	221
	-----	-----
Net cash provided by financing activities	78,524	93,336
	-----	-----
Net increase (decrease) in cash and due from banks	415	(7,721)
Cash and due from banks at beginning of period	5,372	8,022
	-----	-----
Cash and due from banks at end of period	\$ 5,787	\$ 301
	=====	=====
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 11,812	\$ 11,175
Income taxes	-	331
Noncash investing activities:		
Transfer of loans receivable to real estate owned	411	160
Mortgage loans securitized into mortgage-backed securities	-	9,108
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

OCEAN FINANCIAL CORP. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Ocean Financial Corp. (the "Company") and its wholly-owned subsidiary, Ocean Federal Savings Bank (the "Bank") and its inactive wholly-owned subsidiary, Dome Financial Services, Inc.

The interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. The results of operations for the three months ended March 31, 1997 are not necessarily indicative of the results of operations that may be expected for all of 1997.

Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report to Stockholders on Form 10-K for the year ended December 31, 1996.

Note 2. Impact of Recent Accounting Pronouncements

In February 1997, the FASB issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS 128). SFAS 128 supersedes APB Opinion No. 15, "Earnings Per Share," and specifies the computation, presentation, and disclosure requirements for earnings per share (EPS) for entities with publicly held common stock. SFAS 128 replaces Primary EPS and Fully Diluted EPS with Basic EPS and Diluted EPS, respectively. SFAS 128 also requires dual presentation of Basic and Diluted EPS on the face of the income statement for entities with complex capital structures and a reconciliation of the information utilized to calculate Basic EPS to that used to calculate Diluted EPS.

SFAS 128 is effective for financial statement periods ending after December 15, 1997. Earlier application is not permitted. After adoption, all prior period EPS is required to be restated to conform with SFAS 128. The Company expects that the adoption of SFAS 128 will result in Basic EPS being higher than Primary EPS and Diluted EPS will be approximately the same as Fully Diluted EPS.

Statement of Financial Accounting Standards No. 129, "Disclosure of Information about Capital Structure" (SFAS 129) was issued in February 1997. SFAS 129 is effective for periods ending after December 15, 1997. SFAS 129 lists required disclosures about capital structure that had been included in a number of separate statements and opinions of authoritative accounting literature. As such, the adoption of SFAS 129 is not expected to have a significant impact on the disclosures in financial statements of the Company.

Note 3. Conversion to Capital Stock Form of Ownership

On August 17, 1995, the Board of Directors of the Bank adopted a Plan of Conversion, as amended, to convert from a federally chartered mutual savings bank to a federally chartered capital stock savings bank with the concurrent formation of a holding company ("the Conversion").

The Conversion was completed on July 2, 1996 with the issuance by the Company of 8,388,078 shares of its common stock in a public offering to the Bank's eligible depositors and the Bank's employee stock ownership plan (the "ESOP"). The purchase of 671,046 shares of common stock (8% of the total shares offered) by the ESOP was funded by a loan of \$13.4 million from the Company.

In exchange for 50% of the net conversion proceeds (\$81.6 million), the Company acquired 100% of the stock of the Bank and retained the remaining net conversion proceeds at the holding company level.

Concurrent with the close of the Conversion, an additional 671,046 shares of common stock (8% of the offering) were issued and donated by the Company to the Ocean Federal Foundation (the "Foundation"), a private foundation dedicated to charitable purposes within Ocean County, New Jersey and its neighboring communities. The fair market value of the contribution of \$13.4 million was reflected as an expense in the Company's third quarter operating results and as an increase to capital stock and paid in capital for the same amount. The Company also recorded a related tax benefit of \$3.7 million with a corresponding increase to the Company's deferred tax assets. During the first quarter of 1997 the Company received notification from the Internal Revenue Service that it will recognize the Ocean Federal Foundation as a Section 501(c)(3) exempt organization. The notification confirms the Company's ability to recognize a tax benefit on the \$13.4 million charitable donation made in connection with the Conversion on July 2, 1996.

Note 4. Loans Receivable, Net

Loans receivable at March 31, 1997 and December 31, 1996 consisted of the following (in thousands):

	March 31, 1997 ----- (Unaudited)	December 31, 1996 -----
Real estate:		
One- to four-family	\$642,357	\$628,525
Commercial real estate, multi-family and land	15,948	15,634
Construction	10,959	9,287
Consumer	40,002	36,860
Commercial	1,832	-
	-----	-----
Total loans	711,098	690,306
Less:		
Undisbursed loan funds	4,612	3,517
Unamortized discounts, net	10	11
Deferred loan fees	1,430	1,302
Allowance for loan losses	6,187	6,021
	-----	-----
Total loans, net	698,859	679,455
Less: mortgage loans held for sale	-	727
	-----	-----
Loans receivable, net	\$698,859	\$678,728
	=====	=====

Note 5. Deposits

The major types of deposits at March 31, 1997 and December 31, 1996 were as follows (in thousands):

Type of Account -----	March 31, 1997 ----- (Unaudited)	December 31, 1996 -----
NOW	\$ 79,063	\$ 77,522
Money Market deposit	70,060	70,021
Savings	170,388	169,527
Time deposits	626,150	617,660
	-----	-----
	\$945,661	\$934,730
	=====	=====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Total assets at March 31, 1997 were \$1.388 billion, an increase of \$84.0 million, or 6.4%, compared to \$1.304 billion at December 31, 1996.

Investment securities available for sale increased by \$19.5 million, to a balance of \$193.5 million at March 31, 1997, compared to a balance of \$174.0 million at December 31, 1996, and mortgage-backed securities available for sale increased by \$40.7 million, to \$436.3 million at March 31, 1997, from \$395.5 million at December 31, 1996. The increase in investment and mortgage-backed securities is due to the continued deployment of a wholesale leverage strategy, adopted in late 1996, designed to improve returns on invested capital. Wholesale leverage growth was funded through securities sold under agreements to repurchase, which increased to \$171.8 million at March 31, 1997 from \$99.3 at December 31, 1996. The strategy involves the purchase of adjustable-rate mortgage-backed securities funded by short-term repurchase agreements and the purchase of medium-term callable agency securities funded by repurchase agreements with maturities through the call date. Loans receivable, net, increased by \$20.1 million, or 3.0%, to a balance of \$698.9 million at March 31, 1997, compared to a balance of \$678.7 million at December 31, 1996.

Total deposits at March 31, 1997 were \$945.7 million, an increase of \$10.9 million, compared to \$934.7 million at December 31, 1996. Other liabilities increased by \$10.9 million from December 31, 1996 to March 31, 1997, \$9.7 million of which represents the Company's obligation to repurchase common stock for stock awards granted under the 1997 Incentive Plan approved by shareholders on February 4, 1997. Stockholders' equity at March 31, 1997 was \$247.3 million, compared to \$252.8 million at December 31, 1996. The reduction was due to the award of 335,523 shares of common stock under the 1997 Incentive Plan. The fair market value of the shares on February 4, 1997 (the date of shareholder approval) is initially recorded as a reduction to stockholders' equity and amortized to expense.

RESULTS OF OPERATIONS

General

Net income increased to \$3.4 million for the three months ended March 31, 1997, as compared to net income of \$2.4 million for three months ended March 31, 1996. The increase in net income is primarily due to investment earnings on the \$163.3 million raised from the conversion of Ocean Federal Savings Bank to the stock form of ownership on July 2, 1996.

Interest Income

Interest income for the three months ended March 31, 1997 was \$22.5 million, compared to \$19.0 million for the three months ended March 31, 1996, an increase of \$3.6 million, or 18.7%. The increase in interest income was the result of increases in the average size of the investment and mortgage-backed securities available for sale portfolios, which together increased \$142.3 million on average, due to 1996 purchases relating to the investment of net Conversion proceeds. Additionally, in 1997, wholesale borrowings were invested in investment and mortgage-backed securities. Also, the average balance of loans receivable increased \$71.8 million for the three months ended March 31, 1997 as compared to the same prior year period. The overall increase in interest-earning assets was partially offset by the effects of a lower average interest-earning asset yield which decreased to 7.02% for the three months ended March 31, 1997, as compared to 7.15% for the three months ended March 31, 1996.

Interest Expense

Interest expense for the three months ended March 31, 1997 was \$12.0 million, compared to \$11.2 million for the three months ended March 31, 1996, an increase of \$825,000, or 7.4%. The increase in interest expense was primarily the result of an increase in the average outstanding balance of total borrowings which increased to \$124.5 million for the three months ended March 31, 1997, from \$58.4 million for the same period in 1996.

Provision for Loan Losses

For the three months ended March 31, 1997, the Company's provision for loan losses was \$225,000, compared to \$125,000 for the same prior year period. The increase was partly due to overall loan growth and the introduction of commercial business loans which generally carry greater credit risk than the 1-4 family mortgage loans which have been the Bank's historical focus.

Other Income

Other income was \$586,000 for the three months ended March 31, 1997, a decrease of \$110,000, or 15.8%, compared to the same prior year period. Income from the net gain on sales of loans available for sale decreased \$176,000 for the three months ended March 31, 1997, compared to the same prior year period. The decrease was primarily due to a reduction in the sale of 30-year fixed rate mortgage loans, which totalled \$703,000 in 1997, as compared to \$9.0 million in 1996. Management determined that the significant capital position of the Company mitigated the additional interest rate risk associated with retaining these mortgages. For the three months ended March 31, 1997, the Company retained \$8.5 million in conforming 30 year fixed rate loans which previously would have been sold.

Operating Expenses

Operating expenses were \$5.5 million for the three months ended March 31, 1997, an increase of \$1.0 million compared to the same prior year period. The increase in compensation and employee benefits expense of \$1.1 million for the three months ended March 31, 1997, as compared to the same prior year period, was due to the expense associated with the adoption of the ESOP and the amortization, beginning in February 1997, of incentive stock awards. The ESOP expense was partly offset by freezing the future accrual of benefits under the Bank's defined benefit pension plan and by reducing matching contributions under the Bank's 401K Plan.

Federal deposit insurance expense declined to \$88,000 for the three months ended March 31, 1997 from \$569,000 for the same prior year period due to the reduced premiums charged subsequent to the Savings Association Insurance Fund recapitalization during the third quarter of 1996.

Provision for Income Taxes

Income tax expense was \$2.0 million for the three months ended March 31, 1997, compared to \$1.5 million for the three months ended March 31, 1996. The effective tax rate was relatively stable at 37.4% for the three months ended March 31, 1997, as compared to 38.0% for the same prior year period.

Liquidity and Capital Resources

The Company's primary sources of funds are deposits, principal and interest payments on loans, FHLB and other borrowings and, to a lesser extent, investment maturities and proceeds from the sale of loans. While scheduled amortization of loans are predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company has other sources of liquidity if a need for additional funds arises, including an overnight line of credit and advances from the FHLB.

At March 31, 1997, the Company had \$3.5 million of outstanding overnight borrowings from the FHLB, representing a decrease from \$8.8 million at December 31, 1996. The Company utilizes the overnight line from time to time to fund short-term liquidity needs. The Company also borrowed \$171.8 million at March 31, 1997 through securities sold under agreements to repurchase, an increase from \$99.3 million at December 31, 1996. These borrowings were used to fund a wholesale leverage strategy designed to improve returns on invested capital.

The Company's cash needs for the three months ended March 31, 1997, were principally provided by principal payments on loans and mortgage-backed securities and borrowings through securities sold under agreements to repurchase. The cash provided was principally used for investing activities, which included the purchase of investment and mortgage-backed securities and the origination of loans. For the three months ended March 31, 1996, the cash needs of the Company were primarily satisfied by investment maturities, principal payments on loans and mortgage-backed securities and FHLB borrowings. The cash was principally utilized for loan originations and purchases of investment and mortgage-backed securities.

Federal regulations require the Bank to maintain minimum levels of liquid assets. The required percentage has varied from time to time based upon economic conditions and savings flows and is currently 5% of net withdrawable savings deposits and borrowings payable on demand or in one year or less during the preceding calendar month. Liquid assets for purposes of this ratio include cash, accrued interest receivable, certain time deposits, U.S. Treasury and Government agencies and other securities and obligations generally having remaining maturities of less than five years. The levels of these assets are dependent on the Bank's operating, financing, lending and investing activities during any given period. As of March 31, 1997 and December 31, 1996, the Bank's liquidity ratios were 12.9% and 17.5%, respectively, both in excess of the 5% minimum regulatory requirement.

At March 31, 1997, the Bank exceeded all of its regulatory capital requirements with tangible capital of \$168.2 million, or 12.8%, of total adjusted assets, which is above the required level of \$19.8 million or 1.5%; core capital of \$168.2 million or 12.8% of total adjusted assets, which is above the required level of \$39.5 million, or 3.0%; and risk-based capital of \$173.9 million, or 31.8% of risk-weighted assets, which is above the required level of \$43.8 million or 8.0%. The Bank is considered a "well capitalized" institution under the Office of Thrift Supervision's prompt corrective action regulations.

Non-Performing Assets

The following table sets forth information regarding the Company's nonperforming assets consisting of non-accrual loans and Real Estate Owned (REO). The Company had no troubled-debt restructured loans within the meaning of SFAS 15 at March 31, 1997 or December 31, 1996. It is the policy of the Company to cease accruing interest on loans 90 days or more past due or in the process of foreclosure.

	March 31 1997	December 31, 1996
	-----	-----
	(Dollars in thousands)	
Non-accrual loans:		
Real estate:		
One-to four-family	\$6,841	\$7,148
Commercial real estate,		
multi-family and land	262	122
Construction	316	314
Consumer	148	113
	-----	-----
Total	7,567	7,697
REO, net	1,384	1,555
	-----	-----
Total non-performing assets	\$8,951	\$9,252
	=====	=====
Allowance for loan losses as a percent of total loans receivable	.87%	.88%
Allowance for loan losses as percent of total non-performing loans	81.76%	78.23%
Non-performing loans as a percent of total loans receivable	1.07%	1.12%
Non-performing assets as a percent of total assets	.65%	.71%

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not engaged in any legal proceedings of a material nature at the present time. From time to time, the Company is a party to routine legal proceedings within the normal course of business. Such routine legal proceedings in the aggregate are believed by management to be immaterial to the Company's financial condition or results of operations.

Item 2. Changes in Securities

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to Vote of Security Holders

A special meeting of stockholders was held on February 4, 1997 to vote on the following proposal:

	For ---	Against -----	Abstain -----
1) Approval of the Ocean Financial Corp. 1997 Incentive Plan	5,294,506	1,097,302	51,745

The annual meeting of stockholders was held on April 24, 1997. The following directors were elected for terms of three years: Carl Feltz, Jr., Robert E. Knemoller and Diane F. Rhine. The following proposals were voted on by the stockholders:

	Proposal -----	For ---	Withheld/ Abstain -----	Broker Non-Votes -----	
1)	Election of Directors: Carl Feltz, Jr. Robert E. Knemoller Diane F. Rhine	8,090,864 8,090,864 8,090,114	66,318 65,518 66,268	0 0 0	
		For ---	Against -----	Withheld/ Abstain -----	Broker Non-Votes -----
2)	Ratification of KPMG Peat Marwick LLP as independent auditors for the Company for the year ending December 31, 1997.	8,091,603	54,430	10,349	0

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits:

3.1 Certificate of Incorporation of Ocean Financial Corp.*

3.2 Bylaws of Ocean Financial Corp.*

4.0 Stock Certificate of Ocean Financial Corp.*

11 Computation of earnings per share

27 Financial Data Schedule (filed herewith)

b) There were no reports on Form 8-K filed during the three months ended March 31, 1997.

* Incorporated herein by reference into this document from the Exhibits to Form S-1, Registration Statement, filed on December 7, 1995, as amended, Registration No. 33-80123.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ocean Financial Corp.
Registrant

DATE: May 12, 1997

/s/ John R. Garbarino

Chairman of the Board, President
and Chief Executive Officer

DATE: May 12, 1997

/s/ Michael Fitzpatrick

Executive Vice President and
Chief Financial Officer

Exhibit 11

OCEAN FINANCIAL CORP.

STATEMENT REGARDING COMPUTATION OF EARNINGS PER SHARE

THREE MONTHS ENDED MARCH 31, 1997 AND 1996

(dollars in thousands, except per share amounts)

	Three Months Ended	
	March 31	
	1997	1996
Net income	\$ 3,389	2,411
Weighted average shares outstanding:		
Weighted average shares issued	9,059,124	-
Less: Unallocated shares held by the ESOP	(615,314)	-
Plus: ESOP shares released or committed to be released during the fiscal year	8,922	-
Weighted average shares outstanding	8,452,732	N/A
Earnings per share	\$.40	N/A

ARTICLE 9

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	MAR 31 1997
CASH	5,787
INT BEARING DEPOSITS	0
FED FUNDS SOLD	0
TRADING ASSETS	0
INVESTMENTS HELD FOR SALE	629,784
INVESTMENTS CARRYING	0
INVESTMENTS MARKET	0
LOANS	698,859
ALLOWANCE	6,187
TOTAL ASSETS	1,387,836
DEPOSITS	945,661
SHORT TERM	175,812
LIABILITIES OTHER	19,566
LONG TERM	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	91
OTHER SE	247,206
TOTAL LIABILITIES AND EQUITY	1,387,836
INTEREST LOAN	13,594
INTEREST INVEST	8,951
INTEREST OTHER	0
INTEREST TOTAL	22,545
INTEREST DEPOSIT	10,295
INTEREST EXPENSE	12,033
INTEREST INCOME NET	10,512
LOAN LOSSES	225
SECURITIES GAINS	0
EXPENSE OTHER	5,460
INCOME PRETAX	5,413
INCOME PRE EXTRAORDINARY	5,413
EXTRAORDINARY	0
CHANGES	0
NET INCOME	3,389
EPS PRIMARY	.40
EPS DILUTED	.40
YIELD ACTUAL	7.02
LOANS NON	7,567
LOANS PAST	0
LOANS TROUBLED	0
LOANS PROBLEM	0
ALLOWANCE OPEN	6,021
CHARGE OFFS	0 ¹
RECOVERIES	0 ¹
ALLOWANCE CLOSE	6,187
ALLOWANCE DOMESTIC	0 ¹
ALLOWANCE FOREIGN	0 ¹
ALLOWANCE UNALLOCATED	0 ¹

¹ Information not disclosed in 10 Q.

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