

FEDERAL RESERVE SYSTEM

OceanFirst Financial Corp.
Toms River, New Jersey

Order Approving the Merger of Bank Holding Companies

OceanFirst Financial Corp. (“OceanFirst”), Toms River, New Jersey, a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to merge Flushing Financial Corporation (“Flushing”), a bank holding company, with and into OceanFirst, and thereby indirectly acquire Flushing’s subsidiary state nonmember bank, Flushing Bank, both of Uniondale, New York. Following the proposed transaction, Flushing Bank would be merged with and into OceanFirst’s subsidiary national bank, OceanFirst Bank, National Association (“OCF Bank”), Toms River, New Jersey, with OCF Bank as the surviving entity.³

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (91 *Federal Register* 4083 (January 30, 2026)), in accordance with the Board’s Rules of Procedure.⁴ The time for submitting comments has expired, and the Board received two adverse comments on the proposal. The Board has considered the proposal and the comments received in light of the factors set forth in section 3 of the BHC Act.

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842.

³ The merger of Flushing Bank with and into OCF Bank is subject to the approval of the Office of the Comptroller of the Currency (“OCC”) under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c). The OCC approved the bank merger application on April 6, 2026.

⁴ 12 CFR 262.3(i).

OceanFirst, with consolidated assets of approximately \$14.6 billion, is the 129th largest insured depository organization in the United States.⁵ OceanFirst controls approximately \$11 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁶ OceanFirst controls OCF Bank, which operates in New Jersey, New York, and Pennsylvania. In New York, the only state where OceanFirst and Flushing have overlapping operations, OCF Bank is the 95th largest insured depository institution, controlling deposits of approximately \$560 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.⁷

Flushing, with consolidated assets of approximately \$8.7 billion, is the 166th largest insured depository organization in the United States. Flushing controls approximately \$7.3 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Flushing controls Flushing Bank, which operates in New York. Flushing Bank is the 30th largest insured depository institution in New York, controlling deposits of approximately \$7.3 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, OceanFirst would become the 94th largest insured depository organization in the United States, with consolidated assets of approximately \$23.3 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. OceanFirst would control total consolidated deposits of approximately \$18.3 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the

⁵ Consolidated asset and national ranking data are as of December 31, 2025, unless otherwise noted.

⁶ Consolidated national deposit and market share data are as of December 31, 2025. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

⁷ State deposit and market share data are as of June 30, 2025.

United States. OCF Bank would become the 29th largest insured depository institution in New York, controlling deposits of approximately \$7.9 billion, which would represent less than 1 percent of the total deposits of insured depository institutions in that state.

Interstate Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.⁸ The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.⁹ When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")¹⁰ and the applicant's record of compliance with applicable state community reinvestment laws.¹¹ In addition, the Board may not approve an interstate application under this provision if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹²

⁸ 12 U.S.C. § 1842(d)(1)(A).

⁹ 12 U.S.C. § 1842(d)(1)(B).

¹⁰ 12 U.S.C. § 2901 *et seq.*

¹¹ 12 U.S.C. § 1842(d)(3).

¹² 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in

For purposes of this provision, the home state of OceanFirst is New Jersey.¹³ The home state of Flushing Bank is New York, and the bank is located in New York. OceanFirst is well capitalized and well managed under applicable law. OCF Bank has an “Outstanding” rating under the CRA.¹⁴ Flushing Bank has been in existence for more than five years.

On consummation of the proposed transaction, OceanFirst would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. The one state in which OceanFirst and Flushing have overlapping banking operations—New York—does not impose a percentage limit on the total amount of in-state deposits that a single banking organization may control. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁵ The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are

which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. *See* 12 U.S.C. § 1841(o)(4)–(7).

¹³ 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

¹⁴ New York has a state community investment law, which does not apply to this proposal. *See* NY CLS Bank § 28-b; 3 NYCRR Part 76. None of the other jurisdictions in which OCF Bank operates have state community reinvestment laws that apply to this proposal.

¹⁵ 12 U.S.C. § 1842(c)(1)(A).

clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹⁶

OceanFirst and Flushing have subsidiary banks that compete directly in the Metro New York City, NY–NJ–CT–PA (“Metro New York City”) banking market.¹⁷ The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the market (“market deposits”) that OceanFirst would control;¹⁸ the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the 1995 Bank Merger Competitive Review guidelines (“1995 Bank Merger Guidelines”);¹⁹ the number of competitors that would remain in the market; and other characteristics of the market.

¹⁶ 12 U.S.C. § 1842(c)(1)(B).

¹⁷ The Metro New York City market is defined as Fairfield County, Connecticut; portions of Litchfield County, Connecticut; portions of New Haven County, Connecticut; the counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester, New York; portions of Columbia County, New York; portions of Greene County, New York; the counties of Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union, New Jersey; portions of Burlington County, New Jersey; portions of Mercer County, New Jersey; portions of Warren County, New Jersey; Pike County, Pennsylvania; portions of Monroe County, Pennsylvania; and portions of Wayne County, Pennsylvania.

¹⁸ Local deposit and market share data are as of June 30, 2025, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50-percent-weighted basis. *See, e.g., Huntington Bancshares Incorporated*, FRB Order No. 2021-07, at 5–6 (May 25, 2021); *Hancock Whitney Corporation*, FRB Order No. 2019-12, at 6 (September 5, 2019).

¹⁹ Department of Justice, Bank Merger Competitive Review – Introduction and Overview, <https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf> (1995). On September 17, 2024, the United States Department of Justice (“DOJ”)

Consummation of the proposal would be consistent with Board precedent and within the thresholds of the 1995 Bank Merger Guidelines in the Metro New York City market. On consummation, the Metro New York City market would remain moderately concentrated, and the change in market concentration would be well within the thresholds in the 1995 Bank Merger Guidelines and consistent with Board precedent. Numerous competitors would remain in the market.²⁰

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, Department of Justice, “Justice Department Withdraws from 1995 Bank Merger Guidelines,” <https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-mergerguidelines>. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals. The Board traditionally has considered a market unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. *See, e.g., Chemical Banking Corporation*, 78 Federal Reserve Bulletin 74 (1992). In addition, the Board has traditionally considered a merger not to have an anticompetitive effect where the proposed merger would not increase the HHI by more than 200 points in any banking market, in the absence of other factors indicating anticompetitive effects.

²⁰ OceanFirst is the 37th largest depository organization in the Metro New York City market, controlling approximately \$6.1 billion in deposits, which represent less than 1 percent of market deposits. Flushing is the 29th largest depository organization in the market, controlling approximately \$7.3 billion in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, OceanFirst would become the 22nd largest depository organization in the market, controlling approximately \$13.5 billion in deposits, which would represent less than 1 percent of market deposits. The HHI for the Metro New York City Market would increase by less than 1 point, and 187 competitors would remain in the market, including OceanFirst.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.²¹ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

OceanFirst, Flushing, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed transaction is a bank holding company merger that is structured

²¹ 12 U.S.C. § 1842(c)(2), (5), and (6).

as a share exchange.²² The capital, asset quality, earnings, and liquidity of OceanFirst and OCF Bank are consistent with approval, and OceanFirst and OCF Bank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records and other supervisory information concerning the institutions, including assessments of the institutions' management, risk-management systems, and operations. In addition, the Board has considered information provided by OceanFirst; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comments on the proposal.

OceanFirst and OCF Bank are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and OceanFirst's risk-management program appears consistent with approval.

The Board also has considered OceanFirst's plans for implementing the proposal. OceanFirst has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, OceanFirst's management has the experience and resources to operate the resulting organization in a safe and sound manner. OceanFirst plans to apply its risk-management policies, procedures, and controls at the combined organization following the transaction.

²² To effect the transaction, each share of Flushing common stock would be converted into a right to receive shares of OceanFirst common stock based on an exchange ratio, plus cash in lieu of any fractional shares. OceanFirst has the financial resources to effect the proposed transaction.

Based on all the facts of record, including OceanFirst's and OCF Bank's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of the institutions in combatting money-laundering activities, are consistent with approval.²³

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.²⁴ In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether

²³ One of the adverse comments the Board received on the proposal, discussed further below, observed that certain funds controlled by Warburg Pincus LLC ("Warburg"), New York, New York, would make investments in OceanFirst as part of the proposal. The commenter asserted, without offering support or analysis, that (i) the Board should take into account Warburg's involvement in the proposal, and (ii) Warburg should be required to file applications with the Board under section 3 of the BHC Act in connection with the transaction. Wholly unsubstantiated claims generally are not considered to be substantive comments and, thus generally are not considered by the Board in its evaluation of the statutory factors governing the transaction. See 12 CFR 225.16(c)(3); SR Letter 97-10 (Apr. 24, 1997), <https://www.federalreserve.gov/boarddocs/srletters/1997/sr9710.htm>. Regardless, the Board considered the impact of the investments by the funds controlled by Warburg as part of the proposed transaction when considering the financial and managerial resources and future prospects factors under the BHC Act.

²⁴ 12 U.S.C. § 1842(c)(2). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA. The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.²⁵

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of OCF Bank and Flushing Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the Federal Deposit Insurance Corporation ("FDIC"), confidential supervisory information, information provided by OceanFirst, and the public comments received on the proposal.

Public Comments on the Proposal

The Board received two timely adverse comments on the proposal. One commenter objected to the proposal, contending that OCF Bank had not remediated the issues that lead to OCF Bank entering into a Consent Order with the DOJ in 2024 to

²⁵ See 12 U.S.C. § 2901(b).

settle a lawsuit in which the DOJ alleged that OCF Bank had engaged in unlawful redlining practices in its mortgage lending from 2018 through 2022 in violation of the Fair Housing Act and the Equal Credit Opportunity Act (the “Consent Order”).²⁶ This commenter also alleged that, in 2024, OCF Bank generally made fewer loans to African American individuals as compared to white individuals in Connecticut, New York, and Pennsylvania.²⁷

The other commenter raised generally similar concerns about the proposal and requested that the Board condition its approval of the proposal on the adoption of a community benefits agreement.²⁸ Specifically, this commenter noted that OCF Bank

²⁶ See Consent Order, *United States v. OceanFirst Bank, N.A.*, No. 3:24-cv-09248 (D.N.J. Oct. 1, 2024), <https://www.justice.gov/crt/media/1371826/dl>. Redlining is the practice of providing unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristics of the residents of the area in which a credit seeker resides or will reside or in which a property to be mortgaged is located. See Interagency Fair Lending Examination Procedures, <https://www.ffiec.gov/pdf/fairlend.pdf> (August 2009).

²⁷ The data cited by the commenter corresponds to publicly available 2024 data reported by OCF Bank under the Home Mortgage Disclosure Act of 1975 (“HMDA”). 12 U.S.C. § 2801 *et seq.* Additionally, the commenter asked the Board to consider five unrelated customer reviews regarding individualized customer experiences that appear to have been posted on one or more online review websites. Complaints based on individual customer transactions and wholly unsubstantiated claims generally are not considered to be substantive comments and, thus, generally are not considered by the Board in its evaluation of the statutory factors governing the transaction. See 12 CFR 225.16(c)(3); SR Letter 97-10 (Apr. 24, 1997), <https://www.federalreserve.gov/boarddocs/srletters/1997/sr9710.htm>.

²⁸ The Board consistently has found that neither the CRA nor the federal banking agencies’ CRA regulations require depository institutions to make pledges or enter into commitments or agreements with any private party. See, e.g., *Steel Newco Inc.*, FRB Order No. 2025-20 at 18 n.51 (Nov. 25, 2025); *Bank of Montreal*, FRB Order No. 2023-01 at 20 n.50 (Jan. 17, 2023); *U.S. Bancorp*, FRB Order No. 2022-22 at 19 n.47 (Oct. 14, 2022); *Huntington Bancshares Inc.*, FRB Order No. 2016-13 at 32 n.50 (July 29, 2016); *Citigroup Inc.*, 88 Federal Reserve Bulletin 485 (2002); *Fifth Third Bancorp*, 80 Federal Reserve Bulletin 838, 841 (1994). In its evaluation, the Board reviews the existing CRA performance record of an applicant and the programs that the applicant has in place to serve the credit needs of its CRA assessment areas (“AAs”). As part of each federal

received an overall “Needs to Improve” CRA rating on November 1, 2021, and asserted that OCF Bank has made lower volumes of mortgage loans than comparable peers, which the commenter asserted indicated disparities in access to home purchase and refinance credit.²⁹ This commenter also contended that OCF Bank has weaknesses in branch distribution and trails comparable peers in placing branches in majority–minority and LMI census tracts, especially in certain cities in New York and New Jersey.³⁰ Further, this commenter stated that, because the Consent Order OCF Bank entered into with the DOJ includes a period for OCF Bank to remediate the concerns underlying the Consent Order that runs through 2029, approval of the proposal before the conclusion of the remediation period under the Consent Order would be premature.³¹

*Businesses of the Involved Institutions and Response to the Public
Comments*

Through OCF Bank, OceanFirst engages in consumer banking, commercial banking, and trust and wealth management services. OceanFirst’s offerings of deposit products include checking, savings, and money market accounts and certificates of

banking agency’s performance evaluation of the depository institution under the CRA, the federal banking agencies make public a description of the depository institution’s activities to serve the credit needs of its AAs.

²⁹ In particular, this commenter alleged that OCF Bank trailed comparable peers in mortgage loan volume by at least 10 percent in the following metropolitan statistical areas (“MSAs”): New York–Newark–Jersey City, New York–New Jersey–Pennsylvania MSA; Philadelphia–Camden–Wilmington, Pennsylvania–New Jersey–Delaware–Maryland MSA; and Trenton–Princeton, New Jersey MSA.

³⁰ Specifically, this commenter alleged a lack of OCF Bank branches in majority–minority and LMI census tracts in the following cities: Newark, Jersey City, Atlantic City, Hammonton, Trenton, and Princeton, New Jersey; and New York, New York.

³¹ This commenter also argued that the existence of the Consent Order should also bear on analysis of the public interest factors under section 18(c) of the Federal Deposit Insurance Act with respect to the merger of Flushing Bank with and into OCF Bank. As noted above, approval of the merger of Flushing Bank with and into OCF Bank under section 18(c) of the Federal Deposit Insurance Act requires the approval of the OCC and is not before the Board.

deposit. Lending products offered by OceanFirst include real estate loans and commercial and industrial loans, among others. OceanFirst also offers certain investment and insurance products. Through Flushing Bank, Flushing offers consumer banking and commercial banking services. Flushing's products include checking, savings, and money market deposit accounts, certificates of deposit, and individual retirement accounts, as well as residential, commercial, and construction mortgages; commercial lines of credit; commercial term loans; and certain government-guaranteed lending programs.

In response to the comments received regarding disparities in loans to African Americans in 2024 by OCF Bank, OceanFirst asserts that it had maintained and continues to maintain a policy of making its products and services available to all prospective and existing customers in compliance with applicable fair lending, equal credit, and consumer protection laws. OceanFirst also represents that it maintains fair lending compliance management systems, is subject to regular supervision and examination for compliance with applicable fair lending laws, and that examiners did not cite any substantive concerns about discriminatory lending practices in OCF Bank's most recent CRA examination. Regarding the commenters' allegations that OCF Bank has had a concerning past record of CRA performance, OceanFirst notes that both OCF Bank and Flushing Bank received "Outstanding" ratings in their most recent CRA examinations and that the combined organization would provide a broader range of products and services to all of the former Flushing Bank customers it would serve.

With respect to the Consent Order cited by both commenters, OceanFirst maintained at that time, and still maintains, that it treated all customers fairly without regard to impermissible considerations such as race. OceanFirst asserts that it entered into the Consent Order to avoid the costs of litigation and did not admit or deny the DOJ's allegations. OceanFirst acknowledged that the Consent Order remains outstanding until October 1, 2029, but represents that, apart from ongoing and periodic monitoring

obligations, it has completed all substantive actions required under the Consent Order.³² Further, OceanFirst represents that it maintains partnerships with nonprofit and community organizations that serve communities with LMI and minority individuals to serve the convenience and needs of the communities in which it operates.

Finally, OceanFirst asserts that HMDA data does not provide a complete picture of an institution's lending activity and asserts that, overall, OCF Bank's loan approval and denial rates were nearly identical between African American and white applicants in 2024. OceanFirst further contends that OCF Bank did not receive a statistically significant number of HMDA-reportable applications in two of the states identified by the commenter (Connecticut and New York). In addition, OceanFirst argues that one commenter's statistical analysis related to OCF Bank's branch distribution and mortgage lending activity was methodologically flawed. Specifically, OceanFirst states that, because the commenter aggregated data across entire MSAs, including portions that do not fall within OCF Bank's CRA AAs, the commenter's comparisons between OCF Bank and an undefined group of peer institutions based on such data were inappropriate and deviated from the practices employed by bank examiners and industry participants.

Records of Performance under the CRA

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution's most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the OCC with respect to OCF

³² OceanFirst also noted that, in connection with the DOJ Consent Order, OceanFirst had entered into a parallel Conciliation Agreement with the United States Department of Housing and Urban Development ("HUD"), dated October 1, 2024. OceanFirst submitted a letter from HUD dated September 3, 2025, in which HUD terminated the Conciliation Agreement and determined the matter to be "closed" based on its finding that "OceanFirst is in substantial compliance with the terms of its existing agreement with HUD."

Bank and the FDIC with respect to Flushing Bank.³³ In addition, the Board considers information provided by the applicant and any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.³⁴ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test ("Lending Test"), an investment test ("Investment Test"), and a service test ("Service Test") to evaluate the performance of large banks, such as OCF Bank and Flushing Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA AAs; (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans

³³ See Interagency Questions and Answers Regarding Community Reinvestment, 81 *Federal Register* 48506, 48548 (July 25, 2016).

³⁴ 12 U.S.C. § 2906.

based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;³⁵ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.³⁶ The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.³⁷

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions may not be available from public HMDA data.³⁸ Consequently, the Board considers additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

³⁵ Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. *See, e.g.*, 12 CFR 228.22(b)(3) (2023).

³⁶ *See* 12 CFR 228.22(b) (2023).

³⁷ *See* 12 CFR 228.23 and 228.24 (2023).

³⁸ Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of OCF Bank

OCF Bank was assigned an overall rating of “Outstanding” at its most recent CRA performance evaluation by the OCC, as of November 18, 2024 (“OCF Bank Evaluation”).³⁹ The bank received “Outstanding” ratings for each of the Lending and Investment Tests, and a “High Satisfactory” rating for the Service Test.⁴⁰

With respect to the Lending Test, examiners found that a high percentage of OCF Bank’s loans were made in the bank’s AAs. Examiners considered OCF Bank’s performance under the Lending Test in the New York MMSA AA and in the Philadelphia MMSA AA, both of which cover areas of interest to both commenters. Examiners rated OCF Bank’s performance under the Lending Test as “Outstanding” in the New York MMSA AA and “High Satisfactory” in the Philadelphia MMSA AA. Examiners determined that the level of lending activity reflected excellent responsiveness to AA credit needs in the New York MMSA AA, and good responsiveness in the Philadelphia MMSA AA. In the New York MMSA AA, examiners found that the bank’s lending levels reflected excellent responsiveness to AA credit needs, that the bank exhibited an excellent geographic distribution of loans in its AA and good distribution of loans among individuals of different income levels and businesses of different sizes, and that the bank was a leader in making community development loans. In the Philadelphia MMSA AA, examiners found that, while the bank’s geographic home mortgage loan distribution

³⁹ The OCF Bank Evaluation was conducted using the OCC’s Large Bank CRA Examination Procedures. Examiners reviewed the bank’s reported home mortgage and small business loan data, as well as community development loan origination data, from January 1, 2021, through December 31, 2023.

⁴⁰ The OCF Bank Evaluation involved a full-scope review of the bank’s activities in each of its two AAs, consisting of portions of two Multistate Metropolitan Statistical Areas (“MMSAs”): New York–Newark, New York–New Jersey–Connecticut–Pennsylvania MMSA (“New York MMSA”) AA; and Philadelphia–Reading–Camden, Pennsylvania–New Jersey–Delaware–Maryland MMSA (“Philadelphia MMSA”) AA. OCF Bank’s performance under the Lending, Investment, and Service Tests resulted from a weighted average, based on deposits, of the ratings in each of OCF Bank’s AAs, with OCF Bank’s performance in the New York MMSA AA carrying the greatest weight.

performance was poor, the bank's distribution of home mortgage loans among individuals of different income levels was adequate, and that the bank was a leader in community development lending. Examiners also reviewed summary reports and maps and analyzed home mortgage and small business lending activity to identify gaps in the geographic distribution of loans in the AAs and did not identify any unexplained conspicuous gaps in the areas reviewed. In arriving at these conclusions, examiners noted that emphasis was placed on OCF Bank's level of home mortgage lending. Examiners also noted that OCF Bank was a leader in making community development loans in each of its AAs and used innovative and/or flexible lending practices in order to serve AA credit needs.

With respect to the Investment Test, examiners found that OCF Bank made a significant level of qualified community development investments and grants. Further, examiners found that the bank exhibited excellent and good responsiveness to credit and community development needs in the New York MMSA AA and Philadelphia MMSA AA, respectively.

With respect to the Service Test, examiners determined that OCF Bank's delivery systems were accessible to geographies and individuals of different income levels in the New York MMSA AA and to geographies and individuals of different income levels in portions of the Philadelphia MMSA AA. Examiners noted that services and business hours did not vary in a way that inconvenienced portions of its AAs, particularly LMI geographies or individuals. Although examiners found that OCF Bank's record of opening and closing of branches had adversely affected the accessibility of its delivery systems in the New York MMSA AA, particularly in LMI geographies or to LMI individuals, they also found that the bank's opening and closing of branches in the Philadelphia MMSA AA generally had not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Finally, examiners found that the bank provided a high level of community development services in the New York MMSA AA and an adequate level of community development services in the Philadelphia MMSA AA.

CRA Performance of Flushing Bank

Flushing Bank was assigned an overall rating of “Outstanding” at its most recent CRA performance evaluation by the FDIC, as of February 21, 2025 (“Flushing Bank Evaluation”).⁴¹ Flushing Bank received an “Outstanding” rating for the Lending Test and “High Satisfactory” ratings for each of the Investment and Service Tests.⁴²

With respect to the Lending Test, examiners found that Flushing Bank’s lending levels reflected excellent responsiveness to AA credit needs. Examiners also found that the geographic distribution of loans reflected excellent penetration throughout the bank’s AA and that the distribution of loans to borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes. Examiners observed that the bank made a substantial majority of loans in its AA. Examiners also found that the bank was a leader in making community development loans, although it made limited use of innovative and/or flexible lending practices in serving AA credit needs.

With respect to the Investment Test, examiners found that Flushing Bank had a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Examiners found that the bank exhibited good responsiveness to the credit and community economic development needs of its AA. Examiners noted that

⁴¹ The Flushing Bank Evaluation was conducted using the Interagency Large Institution Examination Procedures. Examiners reviewed HMDA-reportable loan data and small business loan data from January 1, 2021, through December 31, 2023. Examiners also reviewed community development loans, qualified investments, and community development services since the prior evaluation dated July 9, 2021.

⁴² The Flushing Bank Evaluation involved a full-scope review of the bank’s activities in the bank’s sole AA, consisting of the New York–Newark–Jersey City, New York–New Jersey–Pennsylvania MSA.

Flushing Bank rarely used innovative and/or complex investments to support community development initiatives.

With respect to the Service Test, examiners determined that Flushing Bank's delivery systems were accessible to essentially all portions of its AA. Examiners found that, to the extent changes had been made, the bank's record of opening and closing branches had not adversely affected the accessibility of the bank's delivery systems, particularly to LMI geographies or to LMI individuals. Examiners noted that services and business hours did not vary in a way that inconvenienced certain portions of the bank's AA, particularly LMI geographies or LMI individuals. Finally, examiners found that Flushing Bank is a leader in providing community development services.

Additional Supervisory Views

In its review of the proposal, the Board consulted with and considered the views of the OCC as the primary federal supervisor of OCF Bank and of the FDIC as the primary federal supervisor of Flushing Bank. The Board also considered the results of the most recent consumer compliance examinations of OCF Bank and Flushing Bank, which included reviews of the banks' compliance-management programs and their compliance with consumer protection laws and regulations, including fair lending. The Board also consulted with the DOJ regarding the proposal.

The Board has taken this information, as well as the CRA performance records of OCF Bank and Flushing Bank, into account in evaluating the proposal, including in considering whether OceanFirst has the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization, any additional plans the combined organization has for meeting the

needs of its communities following consummation, and any other information the Board deems relevant.

OceanFirst asserts that the proposal will combine two complementary franchises and enable OceanFirst to expand its presence in the Long Island and New York City markets. As a result of the transaction, OceanFirst represents that it will be able to invest in technology to provide better customer experiences and to deliver a broader array of products and services to customers of Flushing Bank. OceanFirst does not currently anticipate the discontinuation of any products or services as a result of the merger. Further, OceanFirst states that customers of both OCF Bank and Flushing Bank will gain access to an expanded branch and ATM network. Additionally, OceanFirst represents it will continue to adhere to OCF Bank's existing CRA program.

Branch Closures

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.⁴³ In addition, the federal banking supervisory agencies evaluate a bank's record of opening and closing branches,

⁴³ See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

particularly branches located in LMI geographies or primarily serving LMI individuals, as part of the CRA examination process.⁴⁴

OceanFirst represents that it does not currently anticipate any branch closures or consolidations in connection with the proposed transaction.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by OceanFirst, the public comments on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”⁴⁵ To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the

⁴⁴ See, e.g., 12 CFR 228.24(d)(2) (2023).

⁴⁵ 12 U.S.C. § 1842(c)(7).

resulting firm.⁴⁶ These categories are not exhaustive, and additional categories could inform the Board's decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.⁴⁷

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴⁸

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than \$10 billion in total assets and a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.⁴⁹ The pro forma organization would not

⁴⁶ Many of the metrics considered by the Board measure an institution's activities relative to the United States financial system.

⁴⁷ For further discussion of the financial stability standard, see *Capital One Financial Corporation*, FRB Order No. 2012-2 (Feb. 14, 2012).

⁴⁸ See *People's United Financial, Inc.*, FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁴⁹ OceanFirst and Flushing offer a range of retail and commercial banking products and services. OceanFirst has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by OceanFirst with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by OceanFirst of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.⁵⁰

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such

⁵⁰ See 12 U.S.C. § 1818(b)(1).

period is extended for good cause by the Board or the Federal Reserve Bank of Philadelphia, acting under delegated authority.

By order of the Board of Governors,⁵¹ effective April 24, 2026.

(signed) Benjamin W. McDonough

Benjamin W. McDonough
Secretary of the Board

⁵¹ Voting for this action: Chair Powell, Vice Chair Jefferson, Vice Chair for Supervision Bowman, and Governors Waller, Cook, Barr, and Miran.