

Bank of Princeton (Private, Princeton, NJ) has agreed to merge with Investors Bancorp (Nasdaq:ISBC, Short Hills, NJ)

Deal Value: Approximately \$154 million

Sandler O'Neill served as exclusive financial advisor to Bank of Princeton and rendered a fairness opinion in connection with the transaction. This transaction is Sandler O'Neill's 77th bank or thrift transaction nationwide since January 1, 2015, representing \$23.0 billion in aggregate transaction value, more than any other investment bank during that time period.¹

This transaction marks the 20th Mid-Atlantic bank and thrift transaction that Sandler O'Neill has advised on since January 1, 2015, representing \$5.4 billion in aggregate transaction value, more than any other investment bank during that time period.¹

SHORT HILLS, N.J. and PRINCETON, N.J., May 3, 2016 (PRNewswire) -- Investors Bancorp, Inc. (NASDAQ:ISBC) and The Bank of Princeton (PRIVATE: NJ) today announced the signing of a definitive merger agreement under which The Bank of Princeton will merge with and into Investors Bank, the wholly-owned subsidiary of Investors Bancorp, Inc. Consideration will be paid to The Bank of Princeton stockholders in a combination of stock and cash valued at \$154 million, inclusive of options and warrants and based on Investors Bancorp's closing price of \$11.43 on May 3, 2016.

Upon completion of the transaction, Investors Bank will add 13 branches primarily in the greater Princeton, NJ area and in Philadelphia, PA. As of March 31, 2016, The Bank of Princeton had assets of \$1.0 billion, loans of \$842 million and deposits of \$820 million. 2015 net income was \$11 million, implying a return on average assets of 1.10% and return on average equity of 13.0%.

With approximately \$22 billion in assets post-closing, Investors Bancorp will be positioned to deliver a wide range of comprehensive retail and commercial banking services through a combined network of 156 branches throughout the Philadelphia to New York City corridor. Pro forma for the acquisition, Investors Bancorp will rank fourth in deposits in Mercer County, an area with per capita income well above national and regional averages.

"We are pleased to partner with The Bank of Princeton, a commercial bank with a track record of strong profitability and growth" said Investors Bancorp's President & CEO, Kevin Cummings. "This merger will establish an important presence for Investors Bank in Princeton and will introduce us to the Philadelphia market. It will also add scale to our current Mercer County markets."

Edward Dietzler, The Bank of Princeton's President, commented, "We believe The Bank of Princeton's customers and stockholders will benefit greatly from this transaction. Investors Bank brings additional retail and business banking products, expanded lending capabilities and capital strength that will enable the combined company to better compete in our marketplace. Our officers and employees look forward to joining the Investors Bank team."

Under the terms of the agreement, 60% of The Bank of Princeton's common shares will be converted into Investors Bancorp common stock and the remaining 40% will be exchanged for cash. The Bank of Princeton's stockholders will have the option to elect to receive either 2.633 shares of Investors Bancorp common stock or \$30.75 in cash for each common share of The Bank of Princeton, subject to proration to ensure that in the aggregate 60% of The Bank of Princeton's shares will be converted into Investors Bancorp common stock.

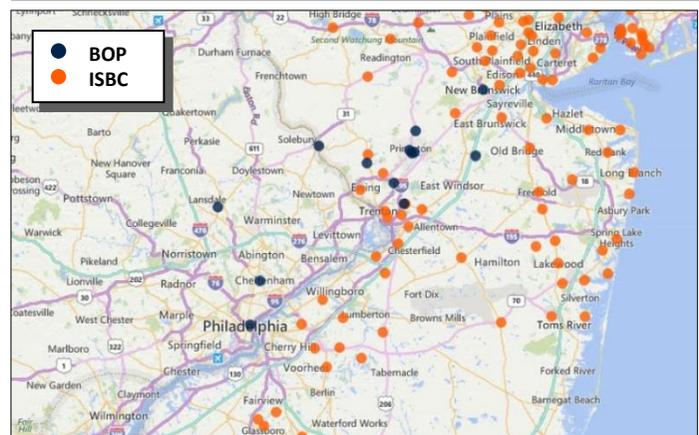
The transaction is expected to be 6%, or \$0.04, accretive to 2017 earnings per share and 2%, or \$0.19, dilutive to tangible book value, with a tangible book value earnback of approximately 3.5 years using the "crossover" method. The estimated internal rate of return exceeds 15%. Key transaction assumptions include cost savings of at least 35%, a gross pre-tax credit mark of \$19 million, and an after-tax restructuring cost of \$6 million.

Financial Highlights as of March 31, 2016

(\$ in USD millions)	ISBC	BOP
Total Assets	\$21,190	\$1,035
Gross Loans	17,139	842
Total Deposits	14,201	820
Total Equity	3,216	95
LTM ROAA	0.84%	1.11%
LTM ROAE	5.44%	12.80%

1) Source: SNL Financial; excludes terminated transactions and self advisory roles

Pro Forma U.S. Branch Map



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