

**OCEANFIRST FINANCIAL CORP.
AND
OCEANFIRST BANK

AUDIT COMMITTEE CHARTER**

I. PURPOSE

The Audit Committee (the “Committee”) of OceanFirst Financial Corp. (together with its subsidiaries, the “Company”) and of OceanFirst Bank (the “Bank”) has been appointed by the respective Board of Directors of each of the Bank and the Company (the “Board”) to assist the Board in fulfilling its responsibilities to oversee management activities related to:

- Accounting and financial reporting process of the Company and audits of the financial statements of the Company;
- Monitoring the integrity of the Company’s financial reporting process and systems of internal controls;
- Monitoring the independence and performance of the Company’s independent registered public accounting firm (sometimes herein referred to as the “External Auditors”), Internal Auditors and the Loan Review Department;
- Facilitating communication among the External Auditors, Senior Management, the Director of Internal Audit, the Chief Risk Officer, the Compliance Officer and the Loan Review Department; and
- Compliance with federal laws and regulations concerning loans to insiders and dividend restrictions, and auditing practices.

The Committee shall also be responsible for determining the independence of independent public accountant and objectivity of internal auditors and shall perform the audit committee functions specified by 12 C.F.R. 363.

II. COMPOSITION

Committee members shall meet the independence and experience requirements of the SEC and NASDAQ. The Committee shall be comprised of not less than three

directors, each of whom shall be “independent” as determined by applicable regulatory requirements, including any applicable Securities and Exchange Commission (the “SEC”) regulation or NASDAQ listing standard specifically applicable to members of audit committees, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand the Company’s financial statements. The Chairman of the Committee shall have accounting or related financial management expertise. At least one member of the Committee shall be an “audit committee financial expert” as defined by the regulations of the SEC, and shall be designated and identified as such in the Company’s annual Proxy Statement. The Company may designate and disclose more than one “audit committee financial expert” in its Proxy Statement. A person so designated and identified as an audit committee financial expert shall not be deemed an “expert” for purposes of Section 11 of the Securities Act of 1933, as amended, nor shall such designation and identification impose on such person any duty, obligation or liability greater than those imposed as a member of the Committee and Board in the absence of such designation and identification.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. A quorum for these meetings shall be a majority of its members. The Committee Chair shall preside at each meeting and in consultation with the other members, set the frequency and length of each meeting, as well as prepare and/or approve and circulate an agenda in advance of each meeting. The Committee will meet privately in executive session each quarter with Executive Management, the Internal Auditor and the External Auditors to discuss any matters that either the Committee or these groups believe should be discussed. In addition, each quarter the Committee, generally through the Chair, will discuss with management and the External Auditors their review of the Company’s financial statements and significant findings based upon the auditors’ limited review procedures. Committee members may be replaced by the full Board.

IV. RESPONSIBILITIES AND DUTIES

The principal responsibilities of the Committee are:

A. Review Procedures.

- 1) *Audited Financial Statements.* The Committee shall review the Company’s annual audited financial statements prior to filing or distribution, including discussing with management, the External Auditors and the Internal Auditor the results of the audit, the Allowance for Loan and Lease Loss balance, and any significant issues regarding accounting principles, practices and judgments.

- 2) *Internal Processes and Controls.* In consultation with management, the External Auditors and the Internal Auditor, the Committee shall (a) consider the integrity of the Company's financial reporting processes and controls, (b) discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures, and (c) review significant findings prepared by the External Auditors and the Internal Auditor together with management's responses. The Committee will review and discuss with management and the External Auditors any significant deficiencies, major weaknesses and any other major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
- 3) *Annual Report on Form 10-K.* Prior to filing the Annual Report on Form 10-K (the "Form 10-K"), the Committee shall: (a) ensure that the External Auditors reviewed the Form 10-K; (b) discuss the procedures followed by management in preparing certifications to the Form 10-K, as well as any issues that may have been raised by other parties; (c) discuss matters required to be communicated to audit committees in accordance with accounting principles and auditing standards, including Statement of Auditing Standards No. 61; (d) review and discuss with management, the Internal Auditor and the External Auditors, the Company's internal controls report and the independent auditor's attestation of the report.
- 4) *Quarterly Report on Form 10-Q.* The Committee shall ensure that the External Auditors review the Company's quarterly financial results before the Company files a Form 10-Q. The Committee Chairman shall also review with management and, as necessary, the External Auditors, the Company's quarterly financial results prior to the filing or distribution of the Company's quarterly financial statements or Form 10-Q. This shall include a review of the Allowance for Loan and Lease Losses calculation for compliance with the Asset Classification and Allowance for Loan and Lease Losses Policy. The review will include a discussion of any significant changes to the Company's accounting principles and standards, laws and regulations, and any concerns the External Auditors may have with managements' accounting methods, estimates and/or financial statement disclosure. It shall also include a discussion of the procedures followed by management in preparing certifications to the Form 10-Q, as well as any issues that may have been raised by other parties.
- 5) *Call Reports.* The Committee shall review the quarterly filing of the Call Report prior to submission to the Bank's primary Federal

regulatory agency. The Committee will ensure that the Internal Auditor reviews the Company's Call Report. The Committee must attest to the correctness of the Call Report and that, to the best of their knowledge and belief, it has been prepared in conformance with Federal Financial Institutions Examination Counsel (“FFIEC”) instructions and is true and correct. This shall include a review of the Allowance for Loan and Lease Losses calculation for compliance with the Asset Classification and Allowance for Loan and Lease Losses Policy.

- 6) *Fiduciary Audit Committee.* The Committee shall serve as the Fiduciary Audit Committee with respect to the Trust and Asset Management Department (the “Department”) with responsibility to:
 - (a) cause an audit of the Department to occur in accordance with applicable regulatory requirements and policies established by the Board to determine if the Department has been administered in accordance with applicable law, regulations and sound fiduciary principles, including findings relative to the adequacy of accounting and non-accounting internal controls; (b) review the findings of the audit, including any adverse findings, and monitoring corrective measures; (c) oversee the implementation of internal audit programs, including as necessary the engagement of outside service providers to design and conduct such audits and audit programs, receive the auditor’s reports, and monitor corrective actions for any deficiencies noted; and (d) report the findings of all audits and other matters to the Board.

- 7) *Review significant changes in the Company’s policies related to:*

- i. Internal Control
- ii. Accounting and financial reporting
- iii. Ethical behavior of employees

B. External Auditors.

- 1) *Engagement of External Auditors.* The Committee shall be directly responsible for the selection, appointment, discharge, compensation, retention and oversight of the work of any independent registered public accounting firm and all qualified third party consultants who are engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and each such registered public accounting firm or third party consultants must report directly to the Committee.
- 2) *Approval of All Services.* The Committee or one or more members of the Committee under authority delegated by the Committee shall pre-

approve all audit services and internal control related services performed by the External Auditors and the associated costs and fees, in order to assure that the provision of such services does not impair the External Auditors' independence. The Committee or a delegated Committee member shall also pre-approve the retention of the external audit firm for any permissible non-audit services, except that non-audit services which qualify under the *de minimis* exception to the Sarbanes Oxley Act shall be approved by the Committee or a delegated Committee Member prior to the completion of the audit. Any decision to grant a pre-approval pursuant to delegated authority shall be presented to the full Committee at its next scheduled meeting.

- 3) *Review of External Auditor Performance, Independence and Qualifications.* On an annual basis, the Committee will review and discuss with the External Auditors their report of any significant relationships they have with the Company that could impair the auditors' independence. The Committee will review the performance, experience and qualifications of the senior members of the External Auditors' team; request a copy of the most recent third party independent quality control peer review report for the External Auditors; review the report to determine if any material issues were raised in the report; and discuss with the External Auditors the steps the firm has taken to resolve any reported problems.
- 4) *Review of Audit Plan.* The Committee will review the External Auditors' audit plan and: discuss scope, staffing, level of reliance upon management and the Internal Audit Department and the general audit approach.
- 5) *Consideration and Review of Accounting Principles, Policies and Practices.* The Committee will consider the External Auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. The Committee shall receive from the External Auditors the reports on critical accounting policies and practices, alternative treatments and material communications with management as required by Section 10A(k) of the Securities Exchange Act of 1934, as amended. The Committee will discuss with the External Auditors issues for which the auditors consulted with their national office and resultant conclusions. Based upon these discussions, if necessary, the Committee shall inquire of the partner-in-charge of professional practice at the External Auditor's local office about any issues discussed and the related conclusions reached concerning consultation. The Committee will review with the External Auditors and management the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

- 6) *Review of Regulatory Correspondence.* The Committee will review with the External Auditors and management any correspondence with regulators or governmental agencies and any employee complaints or published reports, which management deems to raise material issues regarding the Company's financial statements or accounting policies.
- 7) *Review of Hiring by Company any External Auditor Employee.* The Committee will review, and must approve, any proposed employment of a current or former (i.e. within 1 year) employee of the External Auditors for an executive management position within the Company.

C. Internal Auditor and Loan Review Department. The Committee shall:

- 1) Review and approve the budget, plan, and changes in plan, activities, and qualifications of the Internal Auditor and the organizational structure of the Internal Audit Department at least annually;
- 2) Review and approve the appointment, performance, and, if necessary, replacement of any employee of the Internal Audit Department;
- 3) Review and approve reports prepared by the Internal Auditor and the Loan Review Department together with management's response and follow-up to these reports; and
- 4) Discuss with the Internal Auditor and the Compliance Officer, and/or Chief Risk Officer, as appropriate, compliance with laws and regulations.

D. Other Committee Responsibilities.

- 1) *Annual Written Report.* The Committee shall annually provide a written report of its activities and findings, a copy of which shall be included within the Proxy Statement for the Company's Annual Meeting of Stockholders. The report shall appear over the names of the Committee. Such report shall be furnished to and approved by the full Board prior to its inclusion in the Proxy Statement. The report will state whether the Committee: (a) has reviewed and discussed the audited financial statements with management; (b) has discussed with the External Auditors the matters to be discussed by Statement of Auditing Standards No. 61; (c) has received the written disclosures and the letter from the External Auditors required by applicable requirements of the Public Company Accounting Oversight Board

regarding the External Auditor's communications with the Committee concerning independence; (d) has discussed with the External Auditors their independence; and (e) based on the review and discussion of the audited financial statements with management and the External Auditors, has recommended to the Board that the audited financial statements be included in the 10-K for the last fiscal year for filing with the SEC.

- 2) *Expense Accounts and Perquisites.* The Committee shall review policies and procedures, as well as audit results associated with directors' and officers' expense accounts and perquisites on no less than an eighteen month schedule.
- 3) *Record Retention.* The Committee shall establish and maintain procedures in accordance with applicable laws and regulations for the receipt, retention and treatment of complaints and concerns regarding the Company's accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters. Attached as Appendix A are the current procedures approved by the Committee. These procedures are also contained in the Company's Code of Ethics.
- 4) *Other Functions.* The Committee shall perform such other functions and activities as are provided by the NASDAQ, the SEC, the federal securities laws, and bank regulations or are consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
- 5) *Reporting to Board.* The Committee shall maintain minutes of all Committee meetings and report to the Board at the next scheduled Board meeting on significant results of the foregoing activities
- 6) *Self-Assessment.* The Committee shall annually perform a self-assessment of its performance. The Committee shall review, discuss and assess its performance, as well as the Committee's role and responsibilities, seeking input from senior management, the full Board and others as needed, through the use of a self-assessment form, which shall then be evaluated by the respective Chairmen of both the Committee and the Board.
- 7) *Review of Charter.* At least annually, the Committee shall review and reassess the adequacy of this Charter, and submit any recommended changes to the Board for approval.

- 8) In accordance with the IIA Standards for the Professional Practice of Internal Auditing the Committee shall ensure that an independent external quality assessment is conducted on the Internal Audit function at least once every five years, the results of which shall be reviewed by the Audit Committee.

V. COMMITTEE RESOURCES

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to all auditors, as well as anyone in the organization. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties. The Company must provide appropriate funding, as determined by the Committee, for payment of compensation to all auditors, advisers and consultants engaged by the Committee as well as the ordinary administrative expenses of the Committee.

VI. CONCLUSION

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, or to determine that the Company's financial statements and disclosures are complete and accurate and are prepared in accordance with generally accepted accounting principles and applicable rules and regulations. This is the responsibility of management and the External Auditors.

Appendix A

Complaint Procedures for Accounting and Auditing Matters

The Company encourages individuals, including all employees, to raise concerns regarding any suspected violations of accounting, accounting controls or auditing standards and practices as provided in these Procedures. Any employee may submit a good faith complaint regarding accounting or auditing matters to the Company without fear of dismissal or retaliation of any kind. The Company's Audit Committee will oversee treatment of employee concerns in this area.

The Audit Committee has established the following procedures for (1) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters ("Accounting Matters"); and (2) confidential and anonymous submission by employees of concerns regarding questionable Accounting Matters.

Receipt of Complaints Regarding Accounting Matters

1. Individuals may report their complaints or concerns regarding Accounting Matters, on a confidential or anonymous basis, if desired, to the Complaint Hotline, Lighthouse Services, Inc. an independent third party, via email: reports@lighthouse-services.com, via Website: www.lighthouse-services.com/oceanfirst, via call: 1-833-370-0006 The Chairman of the Audit Committee will be notified of all complaints.
2. Employees may also forward complaints or concerns regarding Accounting Matters on a confidential or anonymous basis, if desired, to the Audit Committee of the Company through regular mail marked CONFIDENTIAL and addressed as follows:

Chairman of the Audit Committee
C/o The Internal Audit Department
OceanFirst Bank
110 W. Front Street, Red Bank, NJ 07701

Scope of Matters Covered by These Procedures

These procedures relate to concerns or complaints of individuals, including employees, relating to questionable Accounting Matters, including, without limitation, the following:

1. fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
2. fraud or deliberate error in the recording and maintaining of financial records of the Company;

3. deficiencies in or noncompliance with the Company's internal accounting control;
4. misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
5. Deviation from full and fair reporting of the Company's financial condition.

Treatment of Complaints

Upon receipt of a complaint, the Chairman of the Audit Committee will direct General Counsel to determine (i) whether the complaint actually pertains to Accounting Matters; and (ii) when possible, acknowledge receipt of the complaint to the sender. Complaints relating to Accounting Matters will be reviewed under Audit Committee direction and oversight by the General Counsel or such other persons as the Audit Committee determines to be appropriate in its sole discretion. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of the employee with respect to good faith reporting of Accounting Matters.

Reporting and Retention of Complaints and Investigations

At the direction of the Audit Committee, the Director of Internal Audit will maintain a log of all complaints, tracking their receipt, investigation and resolution, and shall prepare a periodic summary report thereof for the Audit Committee. Copies of complaints and the log will be maintained in compliance with the Company's document retention policy.

Approved: January 21, 2020