

RISK COMMITTEE CHARTER

December 17, 2019

I. PURPOSE

The Risk 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 (the "Board") of each of the Company and the Bank to assist each Board in fulfilling its oversight responsibilities and is responsible for:

- Identifying, evaluating, and establishing policies for management to utilize in managing the Enterprise Risks (as specified below) inherent in and associated with the Company's business and strategic plans; and,
- Reviewing the Company's risk management programs and activities and mitigation tools and techniques, ensuring the Company operates within the Board's established Statement of Risk Appetite parameters.

II. COMPOSITION

The Committee members and Committee Chair shall be appointed by the Board on the recommendation of the Leadership Committee and may be replaced by the Board. The Chief Risk Officer shall be the primary management liaison to the Committee; however, additional members of management may also meet with the Committee. The Committee shall be comprised of not less than three directors, the majority of whom shall have experience in identifying, assessing and managing risk exposures of a financial institution. The Chairman and at least one other director will be "independent" as determined by applicable regulatory requirements, including any applicable SEC regulation or Nasdaq listing standard, banking law or regulation, or any laws relating to the Committee's duties and responsibilities.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Additional meetings may be called by the Chair of the Committee or a majority of its members. 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.

IV. RESPONSIBILITIES AND DUTIES

The principal responsibilities of the Committee are:

A. Risk Management.

- 1) *Risk Assessment.* The Committee shall oversee the Company's establishment of a statement of risk appetite and a risk assessment aligned with the Company's strategic plan and Regulatory CAMEL Ratings.
- 2) *Risk Reporting.* The Committee shall ensure that quarterly reports are made to the Board relative to the level and movement of each risk identified in the risk framework through the use of Dashboard indicators.
- 3) *Stress Testing.* The Committee shall report to the Board the results of any stress tests on the levels of risk in the Company.
- 4) *Review of Enterprise Risks.* The Committee shall review with senior management the current and emerging Enterprise Risks associated with the Company, and the program and processes for identification, management, evaluation, monitoring and planning for Enterprise Risks. Enterprise Risks are categorized according to the categories of risk as follows:
 - i. *Operational Risk*, which includes
 - a. *Transaction Risk*, which arises from problems with service or product delivery;
 - b. *Information Technology Risk*, which arises from dependency on certain technologies;
 - c. *Vendor Risk*, which arises from reliance on vendor organizations; and
 - d. *Business Continuity Risk*, which arises from the ability to continue or resume service or product delivery in the event of a disaster;
 - ii. *Cybersecurity Risk*, which arises from third party attacks on the Company's technology or data, or customer accounts;
 - iii. *Compliance Risk*, which arises from violations of, or non-conformance with, laws, rules, regulations, prescribed practices or ethical standards and includes

- a. *Consumer Compliance Risk*, which arises from the failure to adhere to consumer protection laws, rules, and regulations;
- b. *Customer Information Risk*, which arises from the collection, processing, storing and destruction of non-public customer information;
- c. *Fair Lending Risk*, which arises from the real or perceived failure to provide lending products in a fair and equitable manner; and
- d. *Bank Secrecy Act / Anti-Money Laundering (BSA/AML) Risk*, which arises from providing banking products or services that may be used for illegal or illicit purposes or failure to maintain an adequate BSA/AML compliance program; and *Litigation Risk*, which arises from litigation involving the Company and/or the Bank, and could involve financial or reputational harm;

iv. *Market Risk*, which includes:

- a. *Interest Rate Risk*, which arises from movements in interest rates;
- b. *Credit Risk*, which arises from an obligor's failure to meet the terms of any contract with the Company or otherwise fail to perform as agreed;
- c. *Price Risk*, which arises from changes in the value of portfolios of financial instruments; and
- d. *Liquidity Risk*, which arises from the inability to meet obligations as they become due, without incurring unacceptable losses;

v. *Strategic Risk*, which arises from adverse business decisions or improper implementation of those decisions; and

vi. *Reputation Risk*, which arises from negative public opinion, affecting the Company's ability to establish new relationships or services, or continue servicing existing relationships.

5) *Review Risk Mitigation and Capital*. The Committee shall review with senior management the risk management and mitigation tools, techniques, and processes for the above Enterprise Risks, including applicable risk-related policies, procedures, internal controls and insurance. The Committee shall periodically review whether the Company maintains adequate capital given the Enterprise Risks inherent to the Company or emerging from its planned activities.

- 6) *Review of Incentive Compensation Plans.* The Committee shall review the report of the Chief Risk Officer presented to the Human Resources/Compensation Committee to assist that committee in its review of any risks created by the Company's compensation practices.

B. Supervision of Chief Risk Officer. The Committee shall:

- 1) Review and approve the budget, plan, and changes in plan, activities, and qualifications of the Chief Risk Officer and the organizational structure of the Chief Risk Officer and his staff at least annually;
- 2) Review and approve the appointment, performance, and, if necessary, replacement of the Chief Risk Officer;
- 3) Review and approve any significant reports prepared by the Chief Risk Officer together with management's response and follow-up to these reports; and
- 4) Discuss with the Chief Risk Officer compliance with laws and regulations.

C. Other Committee Responsibilities.

- 1) *Other Functions.* The Committee shall perform such other functions and activities as are provided by the Nasdaq, the SEC and the federal securities and banking laws and 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. The Committee shall receive and review reports on selected risk topics as management or the Committee deems appropriate from time to time.
- 2) *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.
- 3) *Self-Assessment.* The Committee shall annually perform a self-assessment of its performance in coordination with the Leadership Committee. 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 Board.
- 4) *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.

- 5) *Policy Review and Approval.* The Committee shall approve annual changes to Bank policies as delegated by the Board of Directors.

V. COMMITTEE RESOURCES

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to all records, auditors, attorneys, as well as anyone in the Company. The Committee has the ability to retain, at the Company's expense, manage and terminate 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.