

# **ORIENTAL FINANCIAL GROUP INC.**

## **AUDIT COMMITTEE CHARTER**

### **I. PURPOSE:**

The Audit Committee (the “Committee”) shall assist the Board of Directors (the “Board”) of Oriental Financial Group Inc. (the “Company”) in fulfilling its oversight responsibilities by reviewing: (a) the integrity of the financial reports and other financial information provided by the Company to any governmental body or to the public; (b) the Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and (c) the Company’s auditing, accounting and financial reporting processes generally.

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm employed by the Company (including resolution of disagreements between management and such firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Such registered public accounting firm or firms are hereinafter referred to as the “independent auditors.” The independent auditors shall report directly to the Committee.

The Committee shall encourage the continuous improvement of, and shall foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee shall serve as an independent and objective party to monitor the Company’s financial reporting processes and internal control system, and to provide an open way of communication among the independent auditors, financial and senior management, the Company’s internal auditing department, and the Board.

The Committee shall primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

### **II. COMPOSITION:**

The Committee shall be comprised of three or more non-employee directors as determined by the Board. The members of the Committee shall meet the independence and expertise requirements of the New York Stock Exchange (the “NYSE”) as provided in NYSE Rules 303.01(B)(2)(a) and 303.01(B)(3), and of the Securities and Exchange Commission (the “SEC”) as provided in SEC Rule 10A-3(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), including the requirement that (i) such directors not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company other than in their capacity as members of the Board, the Committee, or any other Board committee, and that (ii) such directors not be affiliated persons of the Company. Notwithstanding the generality of the foregoing, all members of the Committee shall be financially literate and shall have a working familiarity with basic finance and

accounting practices. At least one member of the Committee shall qualify as a “financial expert” (as defined in Item 401(h)(2) of SEC Regulation S-K). Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board and shall serve until their successors are duly elected and qualified. Unless a chairperson is elected by the Board, the members of the Committee may designate a chairperson by a majority vote of all Committee members.

### **III. MEETINGS:**

The Committee shall meet at least four times each year and at such other times as it deems necessary to fulfill its responsibilities. As part of its obligation to foster open communication, the Committee shall meet at least annually with management, the director of the internal auditing department, and the independent auditors in separate executive sessions to discuss any matters it considers necessary. The Committee shall meet quarterly with the Company’s management and independent auditors to review the Company’s financial statements.

### **IV. RESPONSIBILITIES AND DUTIES:**

To fulfill its responsibilities and duties the Committee shall:

#### Documents/Reports Review

1. Review and update this Charter annually, as conditions dictate.
2. Review with management and the independent auditors the Company’s audited financial statements and any reports or other financial information submitted to any governmental authority or to the public, including any certification, report, opinion or review rendered by the independent auditors.
3. Review with management and the independent auditors the regular internal reports to management prepared by the internal auditing department and management’s response thereto.
4. Review with management and the independent auditors the Company’s annual and quarterly financial statements prior to their filing with the SEC or prior to the release of the Company’s earnings. Review annually with management and the independent auditors the basis for disclosures made in the annual report to stockholders regarding the internal control environment of the Company.
5. Review certifications signed by the Chief Executive Officer and the Chief Financial Officer in connection with any periodic reports filed by the Company with the SEC and discuss with

such individuals significant deficiencies, if any, in the design or operation of the Company's system of internal control over financial reporting and any fraud or potential fraud, if any, involving management or employees in connection with any internal control function.

### Independent Auditors

6. Appoint the independent auditors and oversee their work in connection with the preparation and issuance of any audit report or related work.
7. On an annual basis, the Committee shall review and discuss with the independent auditors their formal written statement delineating all relationships between them and the Company, and shall engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact their objectivity and independence, and shall recommend that the Board take appropriate action in response to the auditors' report to satisfy itself of the auditors' independence.
8. Serve as the channel of communication between the independent auditors and the Board.
9. Review any proposed replacement of the independent auditors and terminate the engagement of the independent auditors as the Committee deems necessary or appropriate.
10. Review the qualifications and independence of the independent auditors and any potential conflicts of interest that may exist between management and the independent auditors by obtaining a written statement from the independent auditors and management of all relationships with, and services provided to, the Company by the independent auditors and/or their affiliates (including discussing such relationships with the independent auditors and taking actions when needed).
11. Review the independent auditors' compensation and the proposed terms of their engagement.
12. Review with the independent auditors the proposed scope of services and plan for the annual audit.
13. Evaluate the performance of the independent auditors and make inquiries to determine that no improper influence was exerted on the conduct of the audit by directors, officers or employees of the Company.
14. Pre-approve all audit and non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditors to the extent required by and in a manner consistent with Section 10A(i) of the Exchange Act.
15. Review any non-audit services performed for the Company by the independent auditors that meet the *de minimus* exception under Section 10A(i)(1)(B) of the Exchange Act.

16. Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit (i.e., the concurring or reviewing partner) at least once every five years, and oversee the rotation of other audit partners, as required by Section 10A(j) of the Exchange Act and Rule 2-01(c)(6) of SEC Regulation S-X.
17. Periodically consult with the independent auditors, out of the presence of management, about the Company's internal controls over financial reporting and the fullness and accuracy of the Company's financial statements.

#### Financial Reporting Processes

18. In consultation with the independent auditors and internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.
19. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
20. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the internal auditors.

#### Process Improvement

21. Establish regular and separate systems for reporting to the Committee any significant judgments made by management, the independent auditors, or the internal auditors in management's preparation of the Company's financial statements, and the opinion of each as to the appropriateness of such judgments.
22. Following completion of the annual audit, review separately with management, the independent auditors, and the internal auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
23. Review any significant disagreement among management, the independent auditors and the internal auditors in connection with the preparation of the financial statements.
24. Review with management, the independent auditors and the internal auditors the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review shall be conducted at an appropriate time

subsequent to the implementation of any such changes or improvements, as decided by the Committee.

### Ethical and Legal Compliance

25. Establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as required by Section 10A(m)(4) of the Exchange Act.
26. Obtain from the independent auditors the reports required to be furnished to the Committee under Section 10A(k) of the Exchange Act and obtain from the independent auditors any information with respect to illegal acts in accordance with Section 10A(b)(1) of the Exchange Act.
27. Obtain reports from management, the independent auditors and the internal auditors that the Company is in conformity with applicable legal requirements and that its directors, officers, employees and agents are in compliance with the Company's Code of Ethics.
28. Review management's monitoring of compliance with the Company's Code of Ethics, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental and/or regulatory organizations, and to the public satisfy applicable legal and/or regulatory requirements.
29. Review activities, organizational structure, and qualifications of the internal auditing department.
30. Review, with the Company's counsel, legal compliance matters, including securities trading policies and restrictions.
31. Review, with the Company's counsel, any legal matter that could have a material effect on the Company's financial statements.
32. Perform from time to time any other activities consistent with this Charter, the Company's Certificate of Incorporation and By-laws, and applicable laws, rules or regulations, as the Committee or the Board deems necessary or appropriate.

Authority to Engage Advisors

33. The Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties. This authority shall not preclude the Committee from having access to, or obtaining advice from, the Company's regular outside counsel.

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