

COMPENSATION AND NOMINATION COMMITTEE CHARTER

A. PURPOSE

The purpose of the Compensation and Nomination Committee (the “Committee”) shall be to carry out the Board of Directors’ overall responsibility relating to executive compensation and support and advise the Board on the composition of the Board and executive management of Santander BanCorp.

This Charter sets out the specific responsibilities delegated by the Board of Directors to the Committee and details the manner in which the Committee will operate.

B. STRUCTURE AND MEMBERSHIP

1. Number. The Committee of the Board of Directors of Santander BanCorp shall consist of a minimum of three (3) directors.
2. Independence. Except as otherwise permitted by the applicable rules of the New York Stock Exchange, each member of the Committee shall be an “independent director” as defined by the applicable rules of the New York Stock Exchange.
3. Removal. The Board of Directors may remove members of the Committee from such committee, with or without cause, by a majority vote of the Board of Directors.
4. Chair. Unless the Board of Directors elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.
5. Compensation. The compensation of Committee members shall be as determined by the Board of Directors.

C. AUTHORITY AND RESPONSIBILITIES

General

The Committee shall discharge its responsibilities, and shall assess the information provided by Santander BanCorp’s management, in accordance with its business judgment.

Compensation Matters

1. CEO Compensation. The Committee shall annually review and approve corporate goals and objectives relevant to the compensation of Santander BanCorp’s Chief Executive Officer (the “CEO”), evaluate the CEO’s performance in light of those goals and objectives, and set the CEO’s compensation level based on this evaluation.
2. Executive Officer Compensation. The Committee shall review and approve executive officer (including CEO) compensation, including salary and bonus compensation levels; deferred compensation; executive perquisites; severance arrangements; change-in-control benefits and other forms of executive officer compensation. The Committee shall meet without the presence of executive officers when approving CEO compensation but may, in its discretion, invite the CEO to be present during approval of other executive officer compensation.
3. Incentive Compensation. The Committee shall review Santander BanCorp’s incentive compensation plans and recommend changes in such plans to the board as needed. The Committee

shall have and shall exercise all the authority of the Board of Directors with respect to the administration of such plans.

4. Director Compensation. The Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.
5. Committee Report on Executive Compensation. The Committee shall prepare for inclusion where necessary in a proxy or information statement of Santander Bancorp relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting).
6. Consultants, Counsel and Advisors. The Committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.
7. Additional Powers. The Committee shall take such other action with respect to compensation matters as may be delegated from time to time by the Board of Directors.

Nomination Matters

1. Appointments. The Committee shall establish a formal and transparent procedure for the selection and appointment of new directors to the Board and “executive officers” of Santander BanCorp, as such term is defined in 12 C.F.R. 215.2.
2. Succession. The Committee shall regularly review the succession plans in place for membership of the Board and executive management of Santander BanCorp to ensure that an appropriate balance of skills, experience and expertise are maintained.
3. Procedures. The Committee shall institute internal procedures for evaluating the performance of the Board, the directors, the Board committees and executive management.
4. Commitment of Directors. The Committee shall review the time commitment required from a non-executive director and whether non-employee directors are meeting this requirement.
5. Fulfillment of Responsibilities. The Committee shall take all reasonable steps to ensure that all individuals nominated for appointment to the Board as a non-employee director, expressly acknowledge, prior to their election, that they are able to fulfil the responsibilities and duties expected of them.

D. PROCEDURES AND ADMINISTRATION

1. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. A quorum shall comprise of two (2) members. The Committee shall keep such records of its meetings as it shall deem appropriate.
2. Subcommittees. The Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances (including (a) a subcommittee consisting of a single member and (b) a subcommittee consisting of at least two members, each of whom qualifies as a “non-employee director” as such term is defined from time to time in Rule 16b-3 promulgated under the Exchange Act, and an “outside director” as such term is defined from time to time in Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder).

3. Reports to Board. The Committee shall report its actions and any recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee.
4. Charter. The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
5. Consulting Arrangements. The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and shall have authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to commission compensation surveys or studies as the need arises. The Committee is empowered, without further action by the Board of Directors, to cause Santander BanCorp to pay the compensation of such consultants as established by the Committee.
6. Independent Advisors. The Committee shall have the authority, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary to carry out its responsibilities. Such independent advisors may be the regular advisors to Santander BanCorp. The Committee is empowered, without further action by the Board of Directors, to cause Santander BanCorp to pay the compensation of such advisors as established by the Committee.
7. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Santander BanCorp to meet with the Committee or any advisors engaged by the Committee.

This Charter will be effective immediately after its approval by the Board. The Secretary of the Board will certify it with his (her) signature and the corporate seal, indicating the date it was approved.

Approved by the Committee Members and the Board of Directors

Revised as of March 18, 2004

