

ORIENTAL FINANCIAL GROUP INC.

COMPENSATION COMMITTEE CHARTER

I. PURPOSES:

The Compensation Committee (the “Committee”) shall assist the Board of Directors (the “Board”) of Oriental Financial Group Inc. (the “Company”) by discharging the Board’s responsibilities relating to compensation of the Company’s directors and executive officers. In doing so, the Committee shall have the following general responsibilities: (a) reviewing and approving corporate goals and objectives relevant to the compensation of the Company’s chief executive officer (the “CEO”), and evaluating the CEO’s performance in light of those goals and objectives, (b) making recommendations to the Board with respect to non-CEO compensation, incentive compensation plans and equity-based plans; (c) producing a Committee report on executive compensation as required by the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the SEC; and (d) conducting an annual performance evaluation of the Committee.

II. COMPOSITION:

The Committee shall be appointed annually by resolution passed by a majority of the Board. A minimum of three members of the Board shall be selected to serve on the Committee, one of whom shall serve as chairperson. Each member of the Committee shall be a “Non-Employee Director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, or any successor rule or regulation. In addition, each member shall satisfy the independence requirements established by Rules 303A.01 and 303A.02 of the New York Stock Exchange within the time limits provided.

III. DUTIES AND RESPONSIBILITIES:

In carrying out its purposes, the Committee shall have the following duties, responsibilities and authority.

1. Establish and periodically review the Company’s executive and director compensation strategies and the specific plans and policies adopted to implement such strategies.
2. Make recommendations to the Board with respect to the Company’s incentive compensation plans and equity-based plans, oversee generally the administration of those plans, and discharge any responsibilities imposed on the Committee by any of those plans.
3. Determine and approve CEO compensation, taking into consideration the Board’s assessment of the CEO’s performance, the Company’s overall performance and stockholders’ return, the compensation of chief executive officers of comparable companies, the awards given to the CEO in past years, and other relevant factors. Review and agree upon goals and objectives for the CEO for the upcoming year and recommend to the Board the approval of such goals and objectives.
4. Execute in its sole discretion the powers and duties vested in it by the terms of any corporate qualified or non-qualified pension, savings, stock option or deferred compensation plan affecting employees of the Company or any of its subsidiaries, including an annual review of the operations of the Company’s qualified plans.

5. Make recommendations to the Board regarding all aspects of compensation of the Company's other executive officers taking into account corporate and individual performance, as well as peer group practices and any special considerations.
6. Make recommendations to the Board regarding the base salaries for employees who are in positions or salary levels designated by the Committee from time to time.
7. Produce an annual report of the Committee on executive compensation for inclusion in the Company's annual proxy statement or annual report on Form 10-K in accordance with applicable SEC rules and regulations.
8. Review management's recommendations for executive officers of the Company and recommend executive officer candidates to the Board for its consideration and approval.
9. Review and evaluate the Company's succession plans for key executive officers.
10. Review significant organizational changes and restructurings.
11. Review and evaluate the Committee's annual performance. The evaluation will compare the performance of the Committee with the requirements of this charter. It may be conducted in any manner that the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other Committee member designated to make the report.
12. Report to the Board on a regular basis with such recommendations and other matters as the Committee may deem appropriate, so that the Board is informed of the Committee's activities.
13. Perform such functions as may be assigned to it from time to time by the Board or as may be required by applicable rules or regulations.
14. As used in this charter, "executive officers" shall include any officer of the Company who has been designated as a "reporting person" under Section 16 of the Securities Exchange Act of 1934 or who is otherwise designated as an executive officer by the Board or the Committee for purposes of this charter.

IV. RESOURCES AND AUTHORITY:

The Committee shall have the authority and resources appropriate to discharge its duties and responsibilities, including the authority to retain counsel, who may be counsel to the Company, and other experts or consultants at the Company's expense. The Committee shall have the authority to select and retain a consultant to assist in the evaluation of director or senior executive compensation, to terminate the services of any such consultant, and to approve the consultant's fees and other retention terms.

V. AMENDMENT:

The Board shall have the authority to amend or modify any provision of this charter at any time.