

THE SOUTH FINANCIAL GROUP, INC. COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors of The South Financial Group, Inc. (the “Company”) is to discharge the Board’s responsibilities relating to compensation for the Company’s directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies, and programs of the Company. The Committee shall also be responsible for producing in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”), an annual report on executive compensation for inclusion in the Company’s annual proxy statement.

The Compensation Committee should (i) use its best efforts to develop compensation policies that create a direct relationship between pay levels and corporate performance and returns to shareholders and (ii) vigilantly monitor the results of such policies to assure that compensation payable to the Company’s executives and Directors provides overall competitive pay levels, creates proper incentives to enhance shareholder value, rewards superior performance, and is justified by the returns available to shareholders, particularly when compared to the returns received by the shareholders of the Company’s principal competitors.

Committee Membership

The Committee shall consist of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the National Association of Securities Dealers, Inc. and any other applicable legal or regulatory standard. The members of the Committee shall be appointed and replaced by the Board on the recommendation of the Corporate Governance and Nominating Committee. Members shall serve at the pleasure of the Board and for such term, or terms, as the Board may determine.

Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically at least three times a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. In the event of a tie vote on any issue, the chairperson’s vote shall decide the issue.

The Committee may invite such members of management to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions. The Company’s Chief Executive Officer (“CEO”) should not be in attendance during any portion of a meeting where the CEO’s performance or compensation is discussed, unless specifically invited by the Committee.

Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

1. Establish, in consultation with senior management, the Company's general compensation philosophy, and oversee the development and implementation of compensation programs.
2. Review and approve corporate and individual goals relevant to CEO compensation, administer an annual performance evaluation of the CEO and recommend to the Board the CEO's compensation level based on this evaluation. In recommending the long-term incentive component of the CEO compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies and past awards given to the CEO.
3. Meet at least annually with the non-management directors to review the performance of the CEO.
4. Make recommendations to the Board with respect to the Company's incentive compensation plans and equity based plans, oversee the activities of the committees responsible for administering these plans and discharge any responsibilities imposed on the Committee by any of these plans.
5. Review and approve for the CEO and senior executive officers of the Company a) annual base salary levels, b) annual incentive opportunity levels, c) long-term incentive opportunity levels, d) employment agreements, severance arrangements, change in control or similar termination agreements, and e) other special or supplemental benefits.
6. Prepare and issue the evaluation and reports required under "Committee Reports" below.
7. Maintain appropriate minutes and records of Committee meetings and make such material readily available for inspection by any Director.
8. Review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
9. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.

Delegation to Subcommittee

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Committee Reports

The Committee shall produce the following reports and provide them to the Board.

1. A written or oral summary of the pertinent actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.
2. An annual report of the Committee on executive compensation for inclusion in the Company's annual proxy statement in accordance with applicable SEC rules and regulations. The Committee shall have resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate without seeking approval of the Board or management. With respect to compensation consultants retained to assist in the evaluation of director, CEO, or senior executive compensation, this authority shall be vested solely in the Committee.

An annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as 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 member of the Committee designated by the Committee to make this report.

February 22, 2006