

Popular, Inc. Compensation Committee Charter

Purpose of Committee

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Popular, Inc. (the “Corporation”) is to discharge the Board’s responsibilities (subject to review by the full Board) relating to compensation of the Corporation’s Chief Executive Officer and all other Executive Officers and to produce an annual report on executive compensation for inclusion in the Corporation’s proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”).

Committee Membership

The Committee will consist of three or more members of the Board, each of whom the Board has determined has no material relationship with the Corporation and each of whom is otherwise “independent” under the rules of The NASDAQ Stock Market, Inc.

The Board will appoint the members of the Committee. Members will serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Structure and Operations

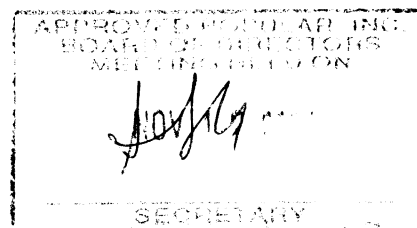
The Committee will designate one member of the Committee as its chair. In the event of a tie vote on any issue, the chair’s vote will decide the issue. The Committee will meet in person or telephonically at least three times a year at a time and place determined by the Committee chair, with further meetings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

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 Corporation’s Chief Executive Officer (“CEO”) should not attend any meeting where the CEO’s performance or compensation are discussed, unless specifically invited by the Committee.

Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

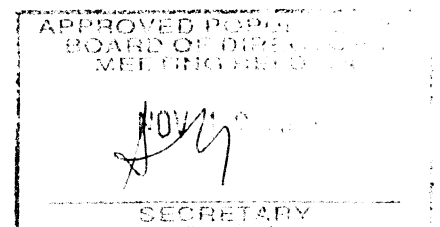
1. In consultation with senior management, to establish the Corporation’s general compensation philosophy, and oversee the development and implementation of compensation programs.



2. To review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider, among other factors, the Corporation's performance relative to other major companies in the banking and financial services industries, as measured by standards such as net income and its growth over prior periods and shareholder return, the level of compensation paid to CEOs at comparable companies, the level of the CEO's individual contribution to the performance of the Corporation, the incentive awards given to the CEO in past years and the CEO's compensation as a percentage of the Corporation's net income.
3. To review and approve compensation programs applicable to the executive officers of the Corporation.
4. To make recommendations to the Board with respect to the Corporation's incentive compensation plans and equity-based plans, including the 2001 Stock Option Plan and the Profit Sharing, Annual Incentive, Long-Term Incentive and Benefit Restoration Plans, oversee the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans.
5. In consultation with management, to oversee compliance with federal and state laws and regulations as they affect compensation matters.
6. To review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Corporation.
7. To prepare and issue the evaluations and reports required under "Committee Reports" below.
8. To handle any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Corporation'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 consisting solely of members of the Committee.



Committee Reports

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

1. An annual Report of the Compensation Committee on Executive Compensation for inclusion in the Corporation's annual proxy statement in accordance with applicable SEC rules and regulations.
2. An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee 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 chair of the Committee or any other member of the Committee designated by the Committee to make this report.
3. A summary of the actions taken at each Committee meeting, which will be presented to the Board at the next Board meeting.

Resources and Authority of the Committee

The Committee will have the 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 CEO or senior executive compensation, this authority will be vested solely in the Committee.

