



CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

I. INTRODUCTION

The Board of Directors (the "Board") of Oriental Financial Group Inc. (the "Company") has developed and adopted this set of corporate governance principles (the "Guidelines") to promote the functioning of the Board and its Committees, to protect and enhance stockholder value and to set forth a common set of expectations as to how the Board, its various Committees, individual directors and management should perform their functions.

The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business. These Guidelines are designed with the Company's current business operations, ownership, capital structure and economic conditions in mind and are expected to evolve as circumstances change.

II. DIRECTOR QUALIFICATION STANDARDS

A majority of the members of the Board must be "independent directors" as such term is defined herein below. Directors must also meet the qualification standards set forth below and of any nominating procedure adopted by the Board.

III. DIRECTOR RESPONSIBILITIES

Directors shall exercise their business judgment and always act in what they reasonably believe to be in the best interests of the Company and in a manner consistent with their fiduciary duties.

Directors owe their primary duty of loyalty to the Company and its stockholders. This duty of loyalty mandates that the best interests of the Company and its stockholders take precedence over any personal interests of a director. To prevent inadvertent conflicts of interest or the appearance of a conflict of interest, directors must disclose all other business relationships with the Company and shall not participate in any Board discussions and decisions affecting those other business relationships.

Directors shall attend meetings of the Board and of Board Committees on which they serve on a regular basis. To prepare for Board and Committee meetings, directors shall review the materials that are sent to them in advance of those meetings.

Directors are encouraged to identify and seek new business opportunities that contribute to the Company's growth and profitability.

Directors are encouraged to purchase and own at least 3,000 shares of the Company's common stock within three (3) years of their election to the Board, and while they are serving in the Company's.

Directors shall maintain the confidentiality of all non-public information about the Company affairs to which they have access by virtue of their functions as Board members. This obligation shall continue in effect after a director ceases to serve on the Board.

Directors shall inform the Chairman of the Board and the Company's Secretary of (i) any change in their principal occupation or status as a member of the board of any other public company, including retirement; (ii) any change in circumstance that may cause his/her status as an "independent director" to change; and (iii) any activity that may rise to the level of a material conflict of interest, such as an affiliation with a competitor or supplier of Company. The Corporate Governance and Nominating Committee shall be informed by the Chairman of the Board of any aforementioned changes in a director's circumstances. The Committee shall consider the director's change in circumstances and make appropriate recommendations to the Board in that regard.

IV. DIRECTOR CONFLICTS OF INTEREST

The Board shall adopt a **Directors' Conflict of Interest Policy**. The Board shall also make an annual determination regarding the independence of each director.

V. MEETINGS

The Board shall schedule regular executive sessions for the purpose of evaluating the performance of the Chief Executive Officer and other members of the Company's senior management where only independent non-management directors participate.

VI. BOARD COMMITTEES

The purpose of Board Committees is to help the Board effectively and efficiently fulfill its responsibilities, although they do not replace the oversight responsibilities of the Board as a whole. Committees will report the results of their significant activities to the full Board or make recommendations to the full Board as appropriate.

The Board shall maintain an Audit and Compliance Committee, a Corporate Governance and Nominating Committee, and a Compensation Committee which must operate in accordance with applicable law, their respective Charters, as adopted and amended from time to time by the Board, and the applicable rules of the SEC and the NYSE. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company's By-Laws.

The Chairman of the Board of Directors shall serve as a voting member of all Board Committees. The minutes of Board Committees meetings shall be made available to the Board. Board Committees shall periodically report to the Board on significant matters handled by the Committees.

The Board shall name a Chairperson and a Vice Chairperson for each Board Committee.

Board Committees meetings shall be presided by the Committee's Chairperson and, in the absence of the Committee Chairperson, by the Vice Chairperson.

The Board Committee's Vice Chairperson will assist the Committee Chairperson in the discharge of his/her duties. In the event of incapacity or unavailability of the Chairperson, the Vice Chairperson will discharge the responsibilities of the Chairperson. The Vice Chairperson will perform such other duties as may be delegated to him/her by the Chairperson.

The policy of the Board is to rotate periodically directors appointed as Board Committees Chairpersons, and Vice Chairpersons. As a general rule, it is the Board's policy that Board Committees Chairpersons will serve as such for at least three (3) year terms, which provides for continuity and experience.

VII. NOMINATIONS

The Corporate Governance and Nominating Committee will adopt and propose to the Board a procedure for nominating director candidates for election to the Board.

IX. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

The Company shall provide the Board and the directors' reasonable access to its management, subject to advance notice to the Chief Executive officer through the Board's Chairperson, and reasonable efforts to avoid disruption to the Company's business and operations. The Board and its Committees shall have the right to consult with and retain independent legal and other advisors at the expense of the Company.

X. DIRECTOR COMPENSATION

The Board, with the assistance of its Compensation Committee, shall review and determine the form and amount of directors' compensation, including cash, equity-based awards and other forms of directors' compensation. In determining the reasonable compensation of directors, the Board shall consider what are the customary forms and amounts of compensation paid to directors of its peers.

In determining reasonable compensation of directors for their service on the Board and Board Committees, the Board will avoid compromising the independence of directors by making contributions to charitable organizations in which a director is significantly involved or the Company entering into consulting contracts with, or paying other compensation for services to a director. The Board will consider the foregoing in determining the form and amount of director compensation, and his/her independence.

XI. DIRECTOR ORIENTATION

The Board and the Company shall establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors. The guidelines for the orientation program are included as Appendix 2 hereto.

XII. CONTINUING EDUCATION

The Company will provide adequate resources to facilitate and encourage, but not require, directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded financial institutions and/or related to the business affairs of the Company.

XIII. TERM LIMITS

The eligibility of a director for reelection to the Board is not subject to a limit in the years the director has served.

XIV. DIRECTOR'S AGE ELIGIBILITY

All candidates for election to the Board shall be at least 31 years of age at the time of their nomination. No candidate or director is eligible for nomination for election or reelection to the Board after attaining the age of seventy.

XV. CEO EVALUATION AND SUCCESSION

The Compensation Committee shall adopt criteria for an annual evaluation of the performance of the Chief Executive Officer. After completing its evaluation of the Chief Executive Officer the Compensation Committee will make recommendations to the Board on his/her compensation. The independent directors meeting in an executive session will consider the results of the evaluation of the Chief Executive Officer by the Compensation Committee's and the Committee's recommendations regarding his/her compensation and decide accordingly.

The Compensation Committee in consultation with the Chief Executive Officer and any others it may consider appropriate, will make recommendations to the Board regarding the Chief Executive Officer's succession.

XVI. ANNUAL PERFORMANCE EVALUATION

The Board will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively and whether they are contributing to the Company. The Board will review and discuss the results of the self-evaluation to determine which actions, if any, should be considered and implemented to improve the performance of the Board and its Committees.

XVII. AMENDMENT, MODIFICATION AND WAIVER

The Board, with the assistance of the Corporate Governance and Nominating Committee, shall review these Guidelines at least every three (3) years to determine whether any changes are necessary or appropriate. These Guidelines may be amended or modified by the Board from time to time.

Definitions

Independent Director

An "Independent Director" means a director who meets the NYSE listing standards for "independent directors".

Officer

An "Officer" means an individual who is deemed an executive officer as defined in Rule 3b-7 of the Securities Exchange Act of 1934.