Oriental

AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee (the "Committee") shall assist the Board of Directors (the "Board") of OFG Bancorp and Oriental Bank (collectively, the "Company") in fulfilling their oversight responsibilities by monitoring the quality and integrity of the Company's financial reporting processes and accounting practices. The Committee shall also oversee the adequacy and effectiveness of the Company's systems of internal controls regarding finance, accounting, and ethical matters; as well as the performance, qualifications, and independence of the Company's independent auditors.

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm employed by the Company (including resolution of disagreements between management and such firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Such registered public accounting firm or firms are herein referred to as the "independent auditors". The independent auditors shall report directly to the Committee.

The Committee shall primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Committee shall be composed of three or more directors recommended by the Board's Chairperson and appointed annually by the Board. Upon the recommendation of the Board's Chairperson, the Board shall designate a Committee member to serve as Chairperson, and another to serve as Vice Chairperson, as established in the Corporate Governance Principles and Guidelines. Provided he or she is an independent director (as defined below), the Chairperson of the Board of Directors shall be a voting member of the Committee.

All members of the Committee shall be financially literate and shall have a working familiarity with basic finance and accounting practices. At least one member of the Committee shall qualify as a "financial expert" (as defined in Item 407(d)(5)(ii) of SEC Regulation S-K).

Each member of the Committee shall be an independent 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. Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

III. MEETINGS

The Committee shall meet as often as it deems necessary to fulfill its responsibilities, provided it shall meet quarterly at minimum. Minutes shall be kept for all meetings. Once approved by the Committee, the minutes of Committee meetings shall be submitted to the Board at its next meeting. The Chairperson shall present to the Board a brief summary of the highlights discussed in Committee meetings.

In addition to its executive sessions, and as part of its obligation to foster open communication, the Committee shall meet separately and at least quarterly with management, the director of the internal auditing department, and the independent auditors to discuss any matters that the Committee considers necessary.

A majority of the Committee members shall constitute a quorum for the transaction of business. Participation via telephone or video conference is permitted, provided all participants can hear each other.

The Committee may invite members of management, outside consultants, or other members of the Board to its meeting as it may deem desirable. Upon prior notification to the Chairperson, Independent Directors may attend meetings as guests.

IV. RESPONSIBILITIES AND DUTIES

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

Review of Documents and Reports

1. At least annually review and reassess the adequacy of this Charter and recommend any proposed changes for the consideration of the Board's Corporate Governance and Nominating Committee.

2. At least quarterly and prior to the filing of Forms 10-K and 10-Q, review and discuss quarterly reports from the independent auditors on: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences. Additionally, review and discuss with management and the independent auditors the Company's audited financial statements and any reports or other financial information submitted to or received from any governmental authority or to the public, including any certification, report, opinion, or review rendered by the independent auditors to ascertain that the internal controls related thereto are effective.

3. Review and discuss the Company's internal controls report and the independent auditor's attestation report prior to the filing of the Company's Form 10-K with management (including the senior internal audit executive) and the independent auditor.

4. Develop an Audit Committee report for its inclusion in the annual proxy statement in compliance with requirements set forth by the Securities Exchange Commission and New York Stock Exchange listing standards.

5. Review and discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be general, focusing on the types of information to be disclosed and the types of presentations to be made, without needing to discuss each instance of earnings guidance in advance.

6. At least quarterly, review management's use of non-GAAP measures and metrics, and how these measures are used to evaluate performance, whether they are consistently prepared and presented and what the Company's disclosure controls and procedures relating to these are.

7. Review and discuss with management the periodic internal reports prepared by the Company's Internal Audit Department (the "IAD"), as well as the various examination reports prepared by regulators regarding audit, accounting and internal control over financial reporting matters and management's response thereto.

8. Review and discuss with management and the independent auditors the Company's annual and quarterly financial statements before their filing, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", prior to their filing with the SEC.

9. Review and discuss annually with management and the independent auditors the basis for disclosures made in the annual report to stockholders regarding the internal control environment of the Company.

10. Review certifications signed by the Chief Executive Officer and the Chief Financial Officer in connection with any periodic reports filed by the Company with the SEC and discuss with such individuals significant deficiencies, if any, in the design or operation of the Company's system of internal control over financial reporting and any fraud or potential fraud, if any, involving management or employees in connection with any internal control function.

Annual Performance Review

11. The Committee shall review its performance annually to assess its effectiveness in fulfilling its responsibilities.

Internal Audit Department

12. Review and approve the Charter of the IAD.

13. Review and approve the IAD risk assessment.

14. Review and approve the annual IAD Plan (the “Plan”) and any significant changes made to the Plan during the year.

15. Approve the appointment and dismissal of the Managing Director Internal Audit (the “MDIA”).

16. Evaluate, at least annually, the performance of the MDIA.

17. Review and ratify the administration of the IAD human resources, including the annual base compensation, bonus compensation and salary adjustments of the MDIA proposed by management.

18. Make appropriate inquiries of management and the MDIA to evaluate whether there are scopes or budgetary limitations that hamper the ability of the IAD to perform its responsibilities.

19. Ensure a quality assurance and improvement program has been established and review the results annually.

Independent Auditors

20. Appoint the independent auditors and oversee their work in connection with the preparation and issuance of any audit report or related work.

21. At least annually, obtain and review a report by the independent auditors describing the firm’s internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and, to assess the auditors’ independence, all relationships between the independent auditors and the Company.

22. Serve as the channel of communication between the independent auditors and the Board.

23. Review and approve any proposed replacement of the independent auditors and terminate the engagement of the independent auditors as the Committee deems necessary or appropriate.

24. Review the qualifications and independence of the independent auditors and evaluate any potential conflicts of interest that may exist between management and the independent auditors.

25. Review and approve the independent auditors' fees and the proposed terms of their engagement for the annual audit of the Company's financial statements.

26. Review with the independent auditors the proposed scope of services and plan for the annual audit.

27. Evaluate the performance of the independent auditors and make inquiries to determine that no improper influence was exerted on the conduct of the audit by directors, officers or employees of the Company.

28. Pre-approve all audit and non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditors to the extent required by and in a manner consistent with Section 10A(i) of the Exchange Act.

29. Review any non-audit services performed by the independent auditors that meet the *de minimus* exception under Section 10A(i)(1)(B) of the Exchange Act.

30. Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit (i.e., the concurring or reviewing partner) at least once every five years, and oversee the rotation of other audit partners, as required by Section 10A(j) of the Exchange Act and Rule 2-01(c)(6) of SEC Regulation S-X.

31. Periodically consult with the independent auditors, out of the presence of management, regarding the Company's internal control over financial reporting and the fullness and accuracy of the Company's financial statements.

32. Engage in regular dialogue with the independent auditors regarding Critical Audit Matters (CAMs) identified during the audit process to understand the nature of each CAM, the reasons the auditor considers the matter critical, the auditor's assessment of the related accounting or disclosure issues, and how each CAM will be described in the auditor's report. The Committee will ensure that management addresses CAMs by providing appropriate oversight.

33. Set clear hiring policies for employees or former employees of the independent auditors.

Financial Reporting Processes

34. In consultation with the independent auditors and internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.

35. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Discuss with management and the independent auditor significant reporting issues and judgments made in connection with the preparation of the Company's financial statements, including changes in the Company's selection or application of accounting principles.

36. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the internal auditors.

Process Changes, Improvements and Difficulties

37. Following completion of the annual external audit, review separately with management, the independent auditors, and the internal auditors any problems or difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and management's response thereto.

38. At least annually, review and discuss with the independent auditor the audit-related matters that Statement on Auditing Standards No. 114 requires, including any problems they faced during the audit, any limits on their work or information, and any material disagreement among management, the independent auditors and the internal auditors in connection with the preparation of the financial statements.

39. Review and discuss with management, the independent auditors, and the internal auditors the implementation of changes or improvements in financial or accounting practices and standards, ensuring that sufficient time and resources are allocated for developing appropriate controls, policies and processes. This review shall be conducted at an appropriate time prior to the Company's implementation of any such changes or improvements, as decided by the Committee.

Ethical and Legal Compliance

40. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential,

anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as required by Section 10A(m)(4) of the Exchange Act.

41. Obtain from the independent auditors the reports required to be furnished to the Committee under Section 10A(k) of the Exchange Act and obtain from the independent auditors any information with respect to illegal acts in accordance with Section 10A(b)(1) of the Exchange Act.

42. Ensure that management has the proper review system in place to assure that the Company's financial statements, reports and other financial information disseminated to governmental and/or regulatory organizations, and to the public, satisfy applicable legal and/or regulatory requirements.

43. Review activities, organizational structure, budget, annual plan and qualifications of the IAD.

44. Review with the Company's counsel, any legal matter that could have a material effect on the Company's financial statements.

45. Perform from time to time any such other activities consistent with this Charter, the Company's Certificate of Incorporation and By-laws, and applicable laws, rules or regulations, as the Committee or the Board deems necessary or appropriate, and report regularly to the Board.

Loan Review Department

46. Review and discuss with management the periodic internal reports prepared by the Company's Loan Review Department ("LRD"), as well as the examination reports prepared by regulators regarding loan review activities and management response thereto.

47. Review and approve the LRD risk assessment.

48. Review and approve the annual LRD Plan (the "Plan") and any significant changes made to the Plan during the year.

Regulatory Compliance and Risk Oversight

49. LRD Regulatory Compliance- The Committee is designated to monitor and ascertain the compliance by the LRD with all matters brought forth by the regulatory authorities.

50. LRD Risk Oversight- Monitor financial and other significant risk exposures identified by the LRD and ascertain that management has adequately identified and is managing and controlling such risks. In this respect, ascertain compliance with the Board established policies.

SOX Program

51. Program Oversight - Oversee the performance and execution of the SOX Program coordinated by IAD in compliance with the Sarbanes Oxley Act provisions, and review the effectiveness of the Company's internal controls and the Sarbanes-Oxley (SOX) compliance program on a quarterly basis. This includes reviewing the SOX 302 and SOX 404 evaluations conducted by management and the independent auditors.

52. Scope and Risk Assessment – Review and approve the SOX scope and risk assessment performed by the Enterprise Risk Management Unit in coordination with the Finance Department.

53. Deficiencies – Review and discuss with management and the independent auditor any material control deficiencies identified in the testing process concerning the adequacy of the Company's internal controls, any corrective actions adopted considering material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting. In addition, the Committee will monitor the final resolution of such action plans.

V. 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 at the Company's expense. The Committee shall have the authority to select and retain consultants, to terminate the services of any such consultant, and to approve the consultant's fees and other retention terms.