



## **RISK AND COMPLIANCE COMMITTEE CHARTER**

### **1. Purpose**

The Boards of Directors (the “Board”) of OFG Bancorp and Oriental Bank (collectively, the “Bank”) designate, authorize and empower the Risk and Compliance Committee (the “Committee”) to oversee the risk management and compliance activities of the Bank.

The Committee will be responsible for (i) overseeing the implementation of an adequate framework for enterprise risk management and a comprehensive compliance program that addresses legal and regulatory requirements applicable to the Bank; (ii) overseeing the Bank’s risk and compliance reporting processes and monitoring the risk and compliance matters identified by such reports; (iii) establishing the Bank’s risk appetite for accomplishing its business objectives; (iv) reviewing and approving the Bank’s risk and compliance policies; and (v) monitoring and ensuring compliance with all matters brought forth by the Bank’s regulatory authorities. To properly discharge its responsibilities, the Committee will oversee and monitor the performance of the Bank’s Executive Risk and Compliance Committee, and all risk and compliance departments and units of the Bank, including, among others, Regulatory Compliance, BSA/AML Compliance, Enterprise Risk Management, Loan Review, Credit Risk Monitoring, and Appraisal Review Units.

The Bank’s risk management framework will be designed to identify potential events that may impact the Bank, manage identified risks within established risk appetites and tolerances, and provide reasonable assurance regarding the achievement of the Bank’s strategic and tactical objectives. Such framework will be consistent with the framework adopted by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) as it may be updated from time to time.

The Committee shall encourage the continuous improvement of, and shall foster adherence to, the Bank’s risk and compliance policies, procedures and practices at all levels. The Committee shall serve as an independent and objective party to monitor the Bank’s risk and compliance reporting processes and internal control system, and to provide open communications between management, the Board and regulators.

The Committee has the authority to engage outside consultants and other advisors as it deems necessary to carry out its duties. The Committee may also request that any officer or employee of the Bank attend a meeting of the Committee or meet with members of, or consultants to, the Committee. The Committee shall consult with the General Counsel prior to engaging outside legal counsel.

### **2. Composition**

The Committee shall have three or more independent directors, as determined by the Board. The Committee’s members will be appointed by the Board. The Board shall designate a chairperson

and vice chairperson by a majority vote. The General Counsel of the Bank shall serve as the Secretary of the Committee.

### **3. Meetings**

The Committee shall meet at least quarterly and as often as it deems necessary to fulfill its responsibilities. In addition, the Committee may invite guests to its meetings, including representatives of the Bank's management, including the Chief Risk Officer and Enterprise Risk Management Director, the director of the internal audit department and the independent auditors to present reports or discuss any matters that the Committee deems necessary.

Each of the members of the Committee shall have one vote. Two members of the Committee shall constitute a quorum. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee.

### **4. Responsibilities**

The Committee is responsible for:

1. Overseeing and ensuring that the Bank has an adequate and effective risk management framework that properly manages the risks of the Bank's business activities;
2. Overseeing and ensuring that the Bank has an adequate and comprehensive compliance program that addresses legal and regulatory requirements applicable to the Bank;
3. Overseeing the risk management and compliance monitoring and reporting functions of the Bank;
4. Monitoring the evolution of the Bank's risk profile and risk exposure by different types of risk, business lines, products, or customer segments;
5. Monitoring and overseeing the Bank's risk management and compliance strategies, including the overall quality of risk measurement and reporting, taking into consideration the strength of the Bank's capital;
6. Monitoring and ensuring compliance with all matters brought forth by the Bank's regulatory authorities;
7. Promoting a culture of compliance and effective risk management and control;
8. Monitoring and overseeing that risks across the Bank are properly managed with a view to accomplishing its business objectives by the Executive Risk and Compliance Committee, and all risk management and compliance departments and units of the Bank, including, among others, Regulatory Compliance, BSA/AML Compliance, Enterprise Risk Management, Loan Review, Credit Risk Monitoring, and Appraisal Review Units;

9. Periodically reviewing and recommending to the Board any amendments to the Bank's risk appetite and profile to protect the safety and soundness, reputation, and financial well-being of the Bank and responsibly accomplish its business objectives;
10. Periodically reviewing and proposing to the Board any amendments to this Charter and the risk and compliance policies of the Bank;
11. Obtaining and evaluating reports from management evaluating whether the Bank remains with the parameters of the risk appetite established by the Committee;
12. Obtaining and evaluating reports from management, independent auditors, and internal auditors regarding the Bank's compliance with applicable legal requirements and its directors, officers, employees and agents are in compliance with the Bank's Code of Business Conduct and Ethics;
13. Obtaining and evaluating reports concerning the Bank's risk and compliance control systems; and
14. Overseeing the preparation of an annual presentation to the Board by senior management concerning the adequacy and effectiveness of the Bank's risk management framework and comprehensive compliance program.

## **5. Charter Amendments**

This Charter as well as any modifications or amendments thereto are subject to the approval of the Board.