

QUARTERLY EARNINGS
2Q17 Conference Call
July 21, 2017

OFGBancorp

Forward Looking Statements

The information included in this document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and involve certain risks and uncertainties that may cause actual results to differ materially from those expressed in the forward-looking statements.

Factors that might cause such a difference include, but are not limited to (i) the rate of growth in the economy and employment levels, as well as general business and economic conditions; (ii) changes in interest rates, as well as the magnitude of such changes; (iii) a credit default by the government of Puerto Rico; (iv) the fiscal and monetary policies of the federal government and its agencies; (v) changes in federal bank regulatory and supervisory policies, including required levels of capital; (vi) the relative strength or weakness of the consumer and commercial credit sectors and of the real estate market in Puerto Rico; (vii) the performance of the stock and bond markets; (viii) competition in the financial services industry; and (ix) possible legislative, tax or regulatory changes.

For a discussion of such factors and certain risks and uncertainties to which OFG is subject, see OFG's annual report on Form 10-K for the year ended December 31, 2016, as well as its other filings with the U.S. Securities and Exchange Commission. Other than to the extent required by applicable law, including the requirements of applicable securities laws, OFG assumes no obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

Non-GAAP Financial Measures

In addition to our financial information presented in accordance with GAAP, management uses certain "non-GAAP financial measures" within the meaning of the SEC Regulation G, to clarify and enhance understanding of past performance and prospects for the future. See Tables 9-1 and 9-2 in OFG's 2Q17 Financial Supplement for reconciliation of GAAP to non-GAAP Measures and Calculations at www.ofgbancorp.com.

2Q17: Another Quarter of Solid Performance

Comparisons to 1Q17 unless otherwise stated

Earnings

- **Net Income Available to Common Shareholders:** \$13.6 million vs. \$11.7 million
- **Diluted EPS:** \$0.30 vs. \$0.26

Balance Sheet

- **Reduced Municipality Exposure:** Sold \$38.0 million loan at a \$4.3 million loss. Total municipality exposure now \$140.8 million after July payments
- **Reduced Leverage:** Unwound \$100 million repo, sold related \$166 million MBS, generated \$6.9 million tax-advantaged gain

Credit Quality

- **NPL Rate:** 3.16%, down 1 basis point
- **Total Delinquency Rate:** 6.31%, down 3 basis points

Performance Metrics

- **Core NIM:** 5.12%, up 11 basis points
- **Efficiency Ratio:** 56.49%, up 34 basis points
- **ROATCE:** 8.01%, highest in the last five quarters

Capital Metrics

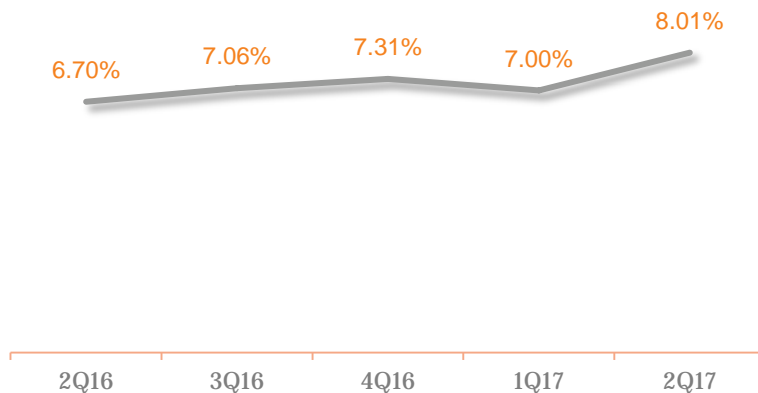
- **Leverage Ratio:** 13.69%, highest in the last five quarters
- **TCE:** 11.09%, highest in the last five quarters
- **TBV Per Share:** \$15.51 , up 3.7% year over year

Consistent Quarterly Results

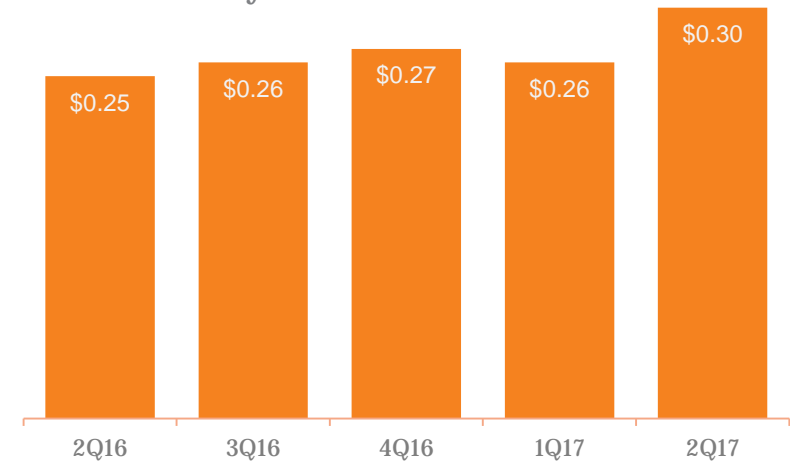
Strategy

- Build retail franchise
- Achieve consistent operating results
- Maintain credit and pricing discipline
- Strengthen capital position

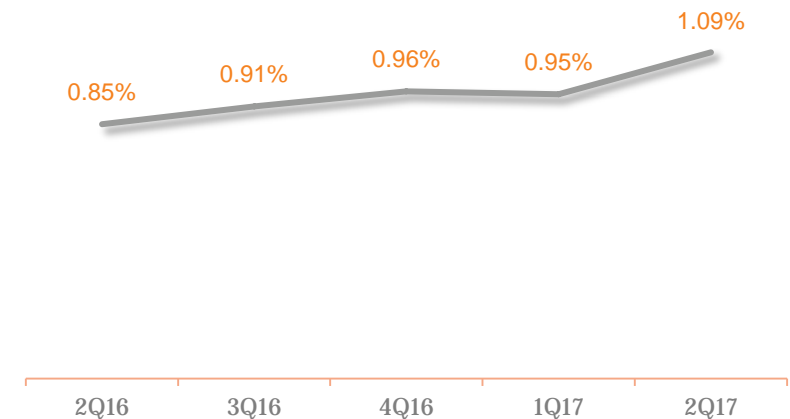
Return on Average Tangible Common Equity



GAAP EPS Fully Diluted



Return on Average Assets



Effective Service Differentiation

New Market Leading Innovations

- Faster, simpler and easier Banca Móvil
- Expanded Quick Deposit ATMs to 47 from 25

Already Introduced

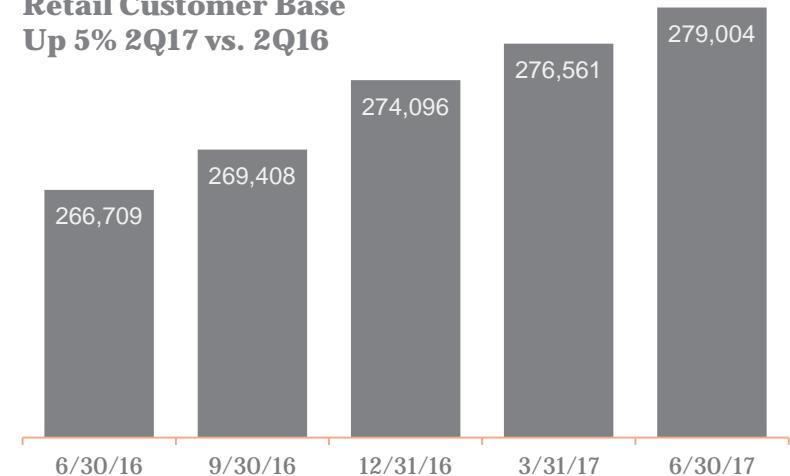
- Mobile business banking
- Mobile mortgage status
- Mobile check deposit
- Mobile P2P payment
- ATM cardless withdrawal
- ATM enhanced kiosks
- ATM surcharge-free account
- Online account opening
- Online/mobile personal loan application
- Online/mobile appointment scheduling

Market Share*

- #2 in Branches, IRAs, Consumer Loans (ex credit cards)
- #3 in Auto Loans, Mortgage Originations
- #4 in Deposits, Commercial Loans

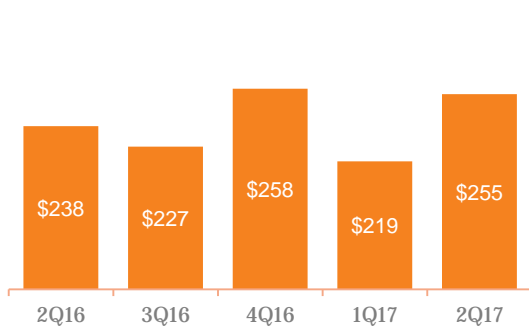
* Sources: Office of the Commissioner of Financial Institutions of Puerto Rico Schedules RC-E and Loans and Leases, and Non-Depository Financing Institutions Report, all for 1Q17

Retail Customer Base
Up 5% 2Q17 vs. 2Q16

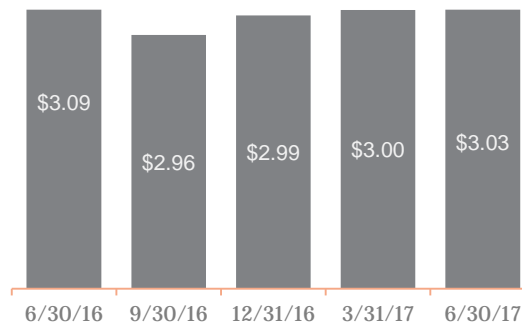


Business Trends

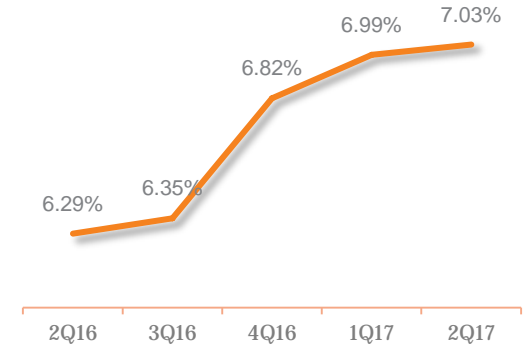
New Loan Production (\$M)



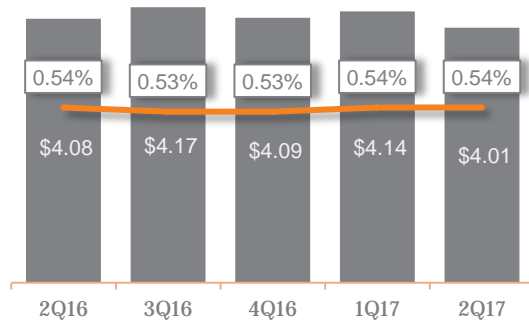
Originated Loan Balances (\$B)



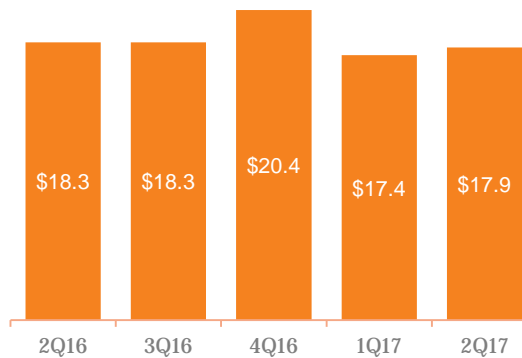
Originated Loan Average Yield



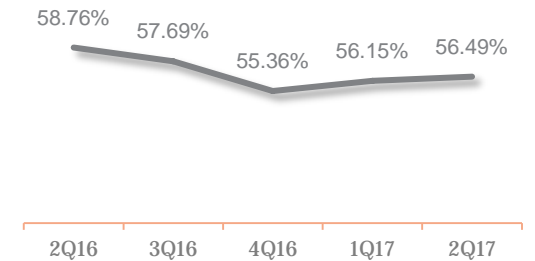
**Customer Deposits (\$B)
Cost (%)**



Fee Revenues (\$M)



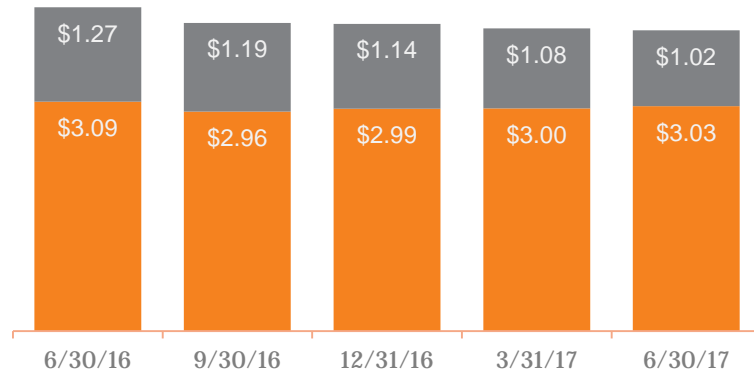
Efficiency Ratio



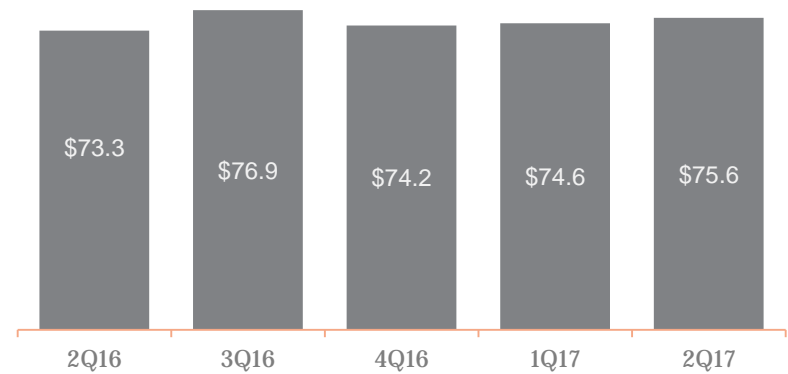
Loan Book Transition & NIM / NII Evolution

Total Loans, Net (\$B)

■ = Acquired Loans
 ■ = Originated Loans

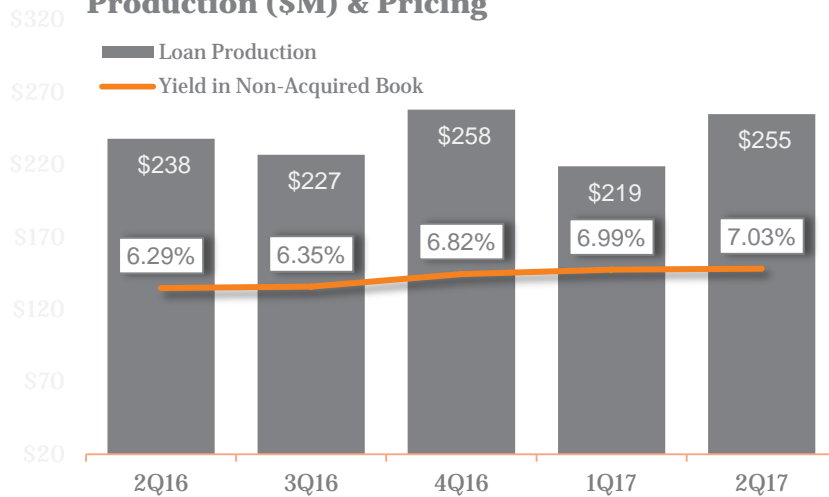


Net Interest Income (\$M)



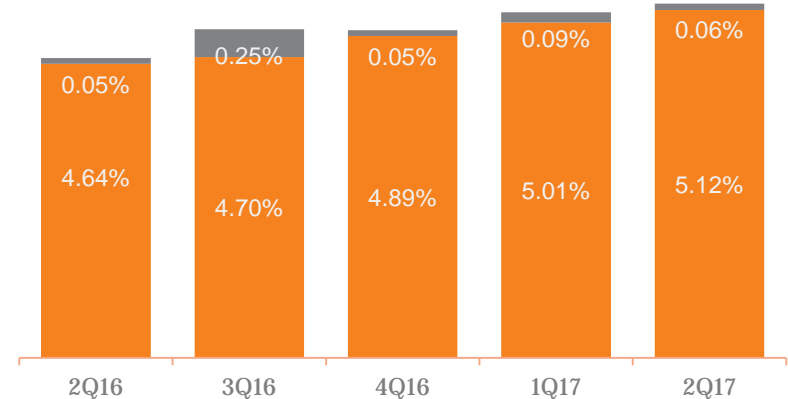
Production (\$M) & Pricing

■ Loan Production
 — Yield in Non-Acquired Book



Net Interest Margin

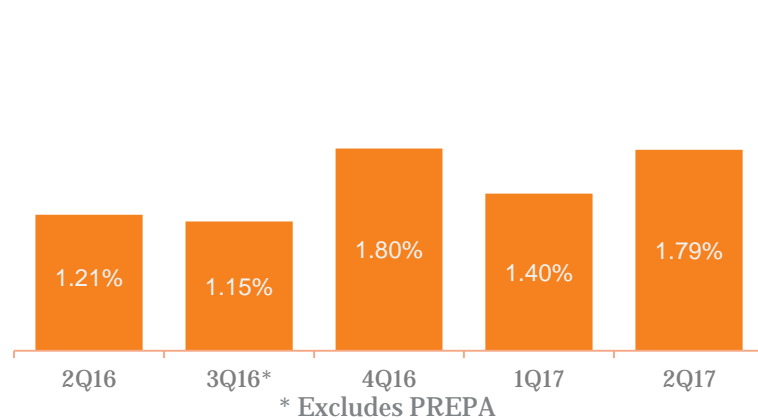
■ = Cost Recoveries
 ■ = Core NIM



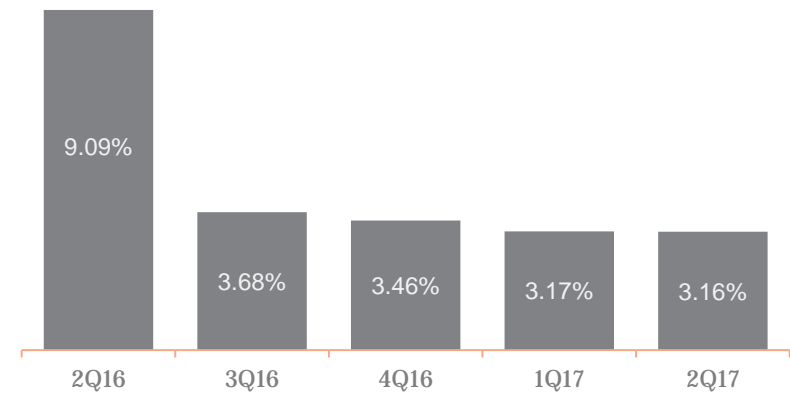
Credit Quality: Continues to be Steady

(excludes acquired loans)

Net Charge Off Rate



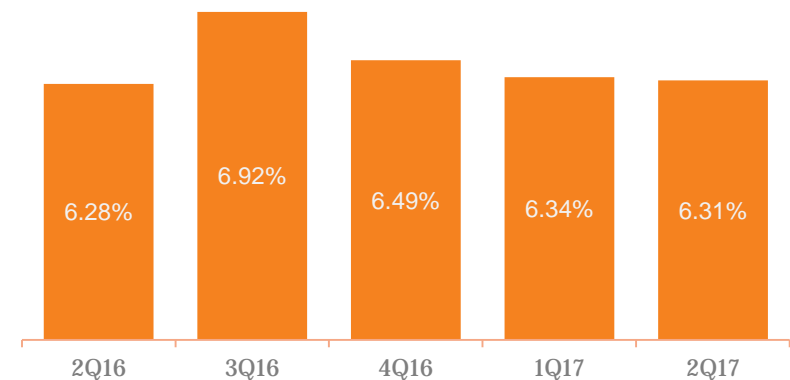
Non-Performing Loan Rate



2Q17 Highlights

- Credit trends remain stable
- Includes the effect of the sale of a municipality loan

Total Delinquency Rate



Income Statement Highlights (\$ in millions)

	2Q17	1Q17	Δ	Comment
Interest Income				
• Originated Loans	\$53.4	\$52.0	\$1.4	• Yields higher due to variable rate commercial loans
• Acquired Loans	23.8	25.7	(1.9)	• Lower balances and cost recoveries
• Investment Securities	8.7	8.5	0.2	• Higher yields on cash balances
Interest Expense	10.4	11.6	(1.2)	• Full benefit of 4.78% \$232M repurchase agreement repaid March 2017
Total Provision for Loan and Lease Losses	(26.5)	(17.7)	(8.8)	• \$4.3M provision to cover loss on municipality loan sale • \$5.9M provision to create allowance for other loans to municipalities • \$2.3M in recoveries on auto and consumer loans
Total Banking & Financial Service Revenues	17.9	17.4	0.5	• Higher wealth management and mortgage banking fees
Other Non-Interest Income	6.9	1.6	5.3	• 2Q17: Gain on MBS sale • 1Q17: Net gain related to termination of the FDIC shared loss agreement
Total Non-Interest Expenses	(52.8)	(51.7)	(1.1)	• \$1.3M related to consolidated office space • Reduced credit expenses
Income Tax Expense	(4.0)	(9.2)	5.2	• Revised 2017 ETR to 29.15% from earlier 38% estimate • \$2.1M beneficial adjustment for 1Q17's higher ETR

Capital Ratios

	2Q17	2016	2015	2014	2013	2012
Leverage Ratio	13.69%	12.99%	11.18%	10.61%	9.06%	6.55%
Common Equity Tier 1 ¹	14.66%	14.05%	12.14%	N/A	N/A	N/A
Tier 1 Common Ratio	N/A	N/A	N/A	11.88%	10.46%	8.76%
Tier 1 Risk-based Capital Ratio	19.14%	18.35%	15.99%	16.02%	14.38%	13.18%
Total Risk-based Capital Ratio	20.42%	19.62%	17.29%	17.57%	16.16%	15.40%
Tangible Common Equity (TCE) Ratio	11.09%	10.33%	9.10%	9.25%	7.71%	6.55%

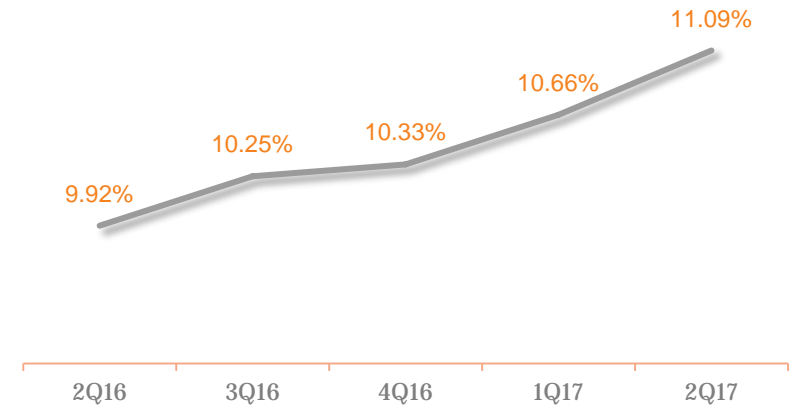
(1) Under Basel III methodology

Tangible Common Equity: Capital Continues to Grow

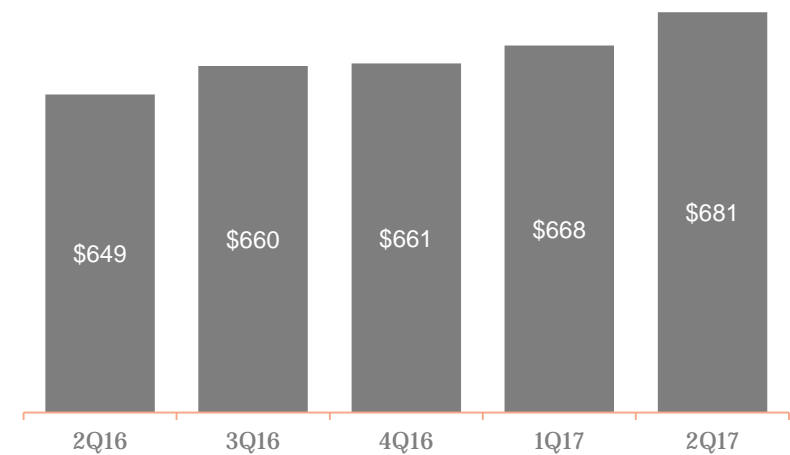
TBV Per Common Share



TCE Ratio



Average Tangible Common Equity (\$ in millions)



5-Quarter Trend

\$ in thousands, except per share data	2Q17	1Q17	4Q16	3Q16	2Q16
Average interest earning assets	\$5,848,525	\$5,932,924	\$5,972,163	\$6,169,251	\$6,270,042
Average loans	\$4,129,550	\$4,141,628	\$4,195,966	\$4,398,032	\$4,445,658
Net interest income	\$75,563	\$74,618	\$74,213	\$76,927	\$73,312
Net interest margin	5.18%	5.10%	4.94%	4.95%	4.69%
Total provision for loan and lease losses, net	\$26,536	\$17,654	\$13,373	\$23,469	\$14,445
Non-interest income, net (core)	\$17,933	\$17,428	\$20,415	\$18,277	\$18,284
Non-interest expense	\$52,816	\$51,684	\$52,382	\$54,927	\$53,825
Operating Efficiency ratio	56.49%	56.15%	55.36%	57.69%	58.76%
Net income available to common stockholders	\$13,368	\$11,685	\$12,090	\$11,654	\$10,874
Diluted EPS	\$0.30	\$0.26	\$0.27	\$0.26	\$0.25

Outlook

Puerto Rico

- Economic trends quarter over quarter unchanged
- Uncertainty regarding economic impact from likely fiscal restructuring and implementation of austerity measures
- Outcome not clear yet of Title III / bankruptcy proceedings
- Faster progress resolving the fiscal crisis is required along with clear efforts to bring back economic growth

OFG

- Pro-actively exploiting operating and financial levers to deliver consistent results
- Expect to continue to perform over the balance of 2017 along the lines discussed at the beginning of the year

Q&A

OFGBankcorp