



Quarterly Results 4Q19 Conference Call

January 29, 2020

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) changes to the financial condition of the government of Puerto Rico; (iv) amendments to the fiscal plan approved by the Financial Oversight and Management Board of Puerto Rico; (v) determinations in the court-supervised debt-restructuring process under Title III of PROMESA for the Puerto Rico government and all of its agencies, including some of its public corporations; (vi) the amount of government, private and philanthropic financial assistance for the reconstruction of Puerto Rico's critical infrastructure, which suffered catastrophic damages caused by hurricane Maria; (vii) the pace and magnitude of Puerto Rico's economic recovery; (viii) the potential impact of damages from future hurricanes and natural disasters in Puerto Rico; (ix) the fiscal and monetary policies of the federal government and its agencies; (x) changes in federal bank regulatory and supervisory policies, including required levels of capital; (xi) the relative strength or weakness of the commercial and consumer credit sectors and the real estate market in Puerto Rico; (xii) the performance of the stock and bond markets; (xiii) competition in the financial services industry; and (xiv) 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, 2018, 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, 9-2 and 10 in OFG's December 31, 2019 Financial Supplement for reconciliation of GAAP to non-GAAP Measures and Calculations for the year ended December 31, 2019 at www.ofgbancorp.com.

Summary

4Q19

- EPS \$(0.04)
 - \$21.5M merger and restructuring charges
 - \$6.6M added provision for NPLs decided to sell in 3Q19
- Core operations strong
 - 5.35% NIM
 - \$405M loan production
 - Most credit quality metrics improved
- Closed 12/31/19 on Scotiabank PR and USVI operations
 - Added \$2.2B in Net Loans
 - Added \$3.0B in Core Deposits
 - Many final transaction details better than originally assumed

2019

- EPS \$0.92
 - Included full year merger and restructuring charges and provision from NPL sales
- EPS Non-GAAP \$1.62
- Record Total Assets \$9.3B
- Book Value Per Share \$18.75
- Tangible Book Value Per Share \$15.97
- Stockholders' Equity \$1.05B

2019 and 4Q19 income statements and credit quality metrics reflect pre-acquisition operations

December 31, 2019 balance sheet and capital metrics reflect the newly acquired assets and liabilities

Oriental's Rapid Earthquake Response



Oriental teams were some of the earliest on the ground in affected areas

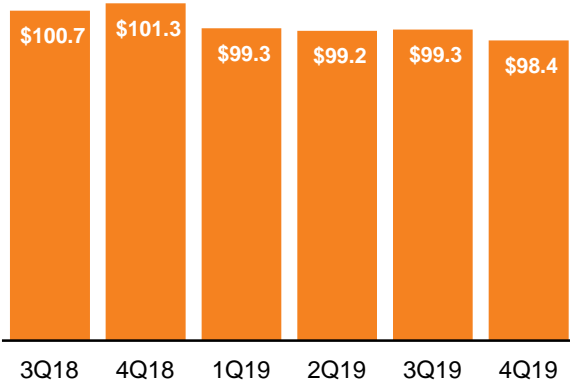
- Helped organize shelters and relief centers
- In collaboration with clients, provided more than 4,000 meals, bottles of water, batteries, electric fans and other essentials
- Arranged for access to teams of doctors and structural engineers

The quick response would not have been possible without our compassionate staff and clients

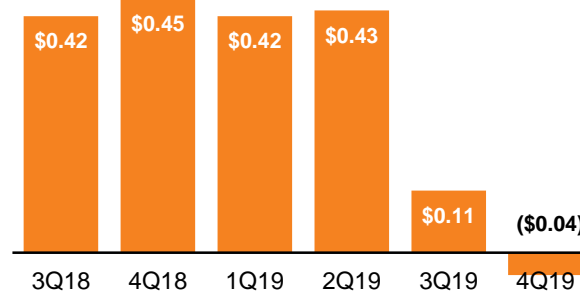
OFG/Oriental business/facilities were fortunate we were not affected

Financial Highlights

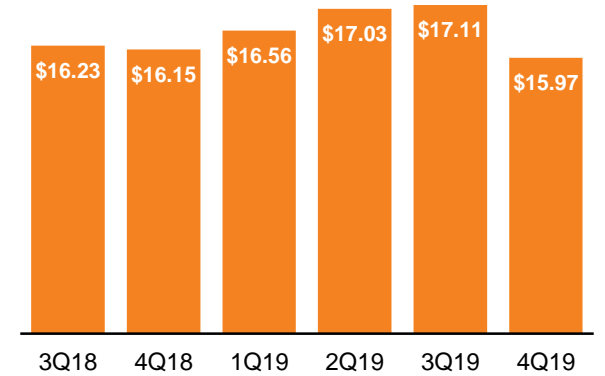
Net Core Revenues (\$M)



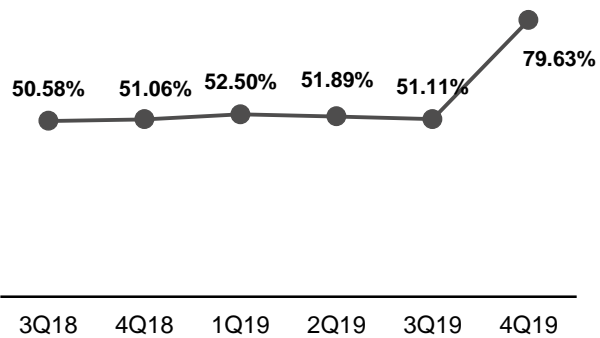
EPS



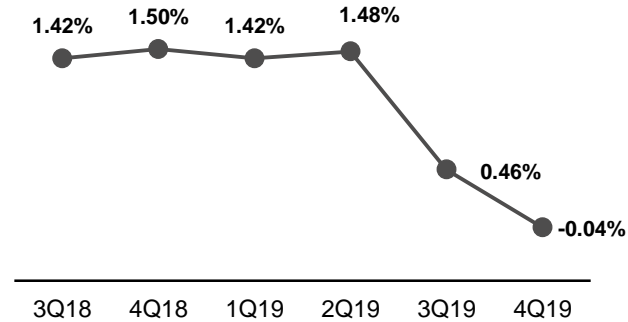
TBV Per Common Share



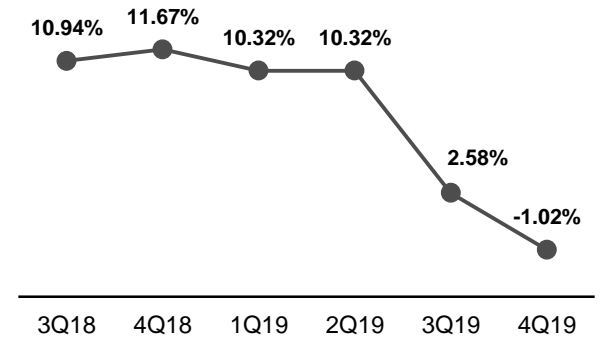
Efficiency Ratio



ROAA



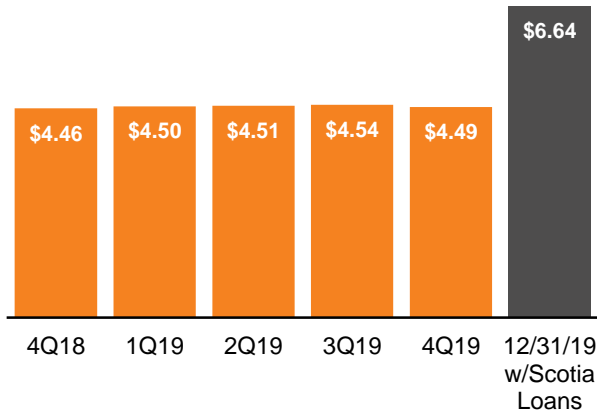
ROATCE



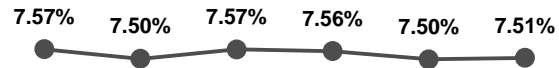
Operational Highlights

Loans (\$B)

Average Balances (4Q18-4Q19)



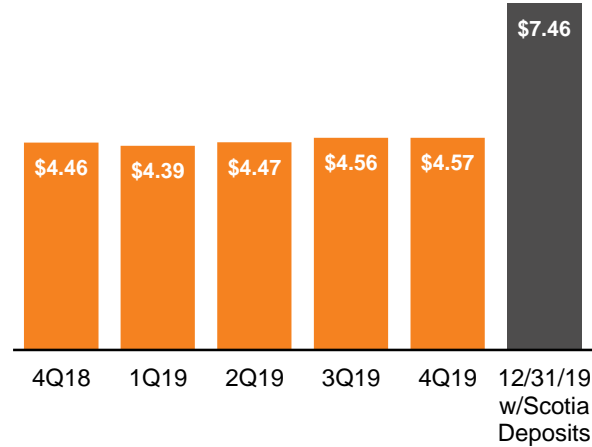
Loan Yield



3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

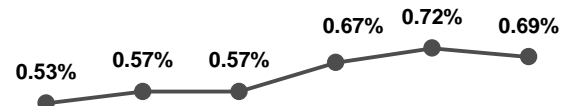
Core Deposits (\$B)

Average Balances (4Q18-4Q19)



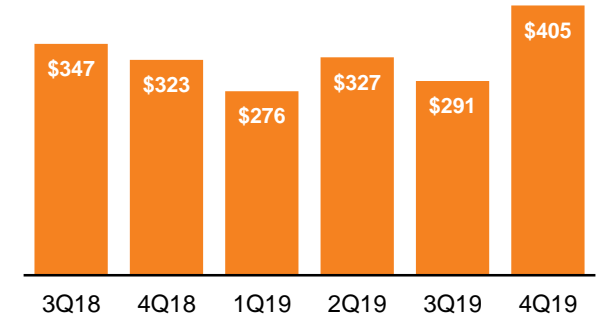
Core Deposit Cost

Includes Non-Interest Bearing Deposits

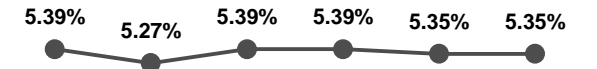


3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

Loan Generation (\$M)



Net Interest Margin

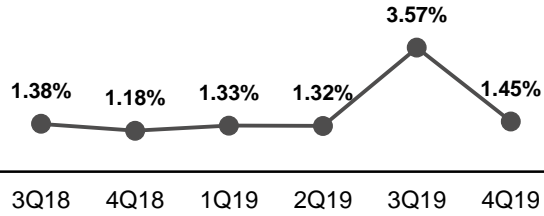


3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

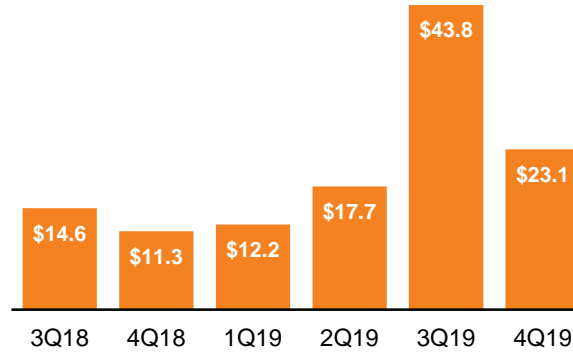
Credit Quality & Capital Strength

NCO Rate

Excludes Acquired Loans

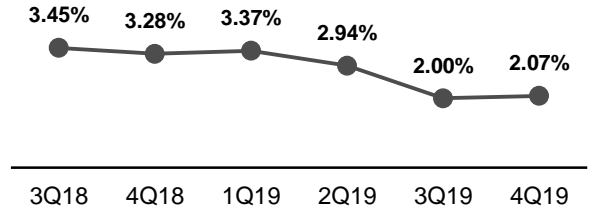


Provision (\$M)

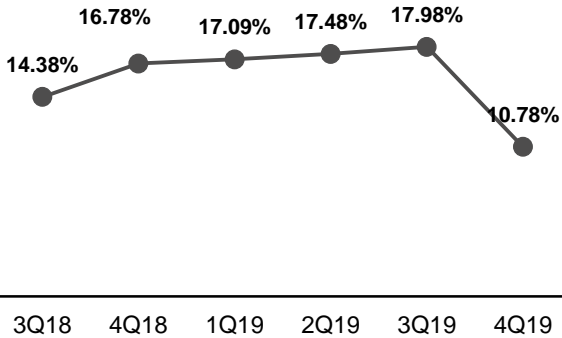


NPL Rate

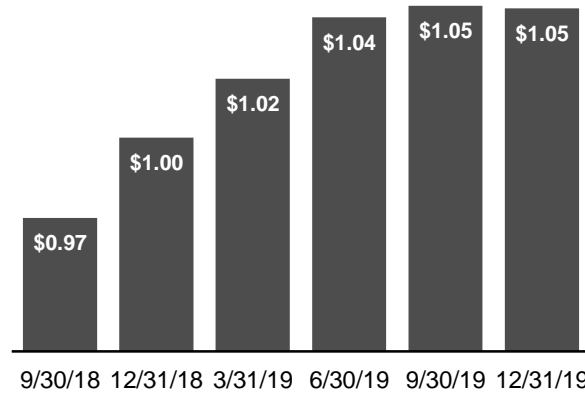
Excludes Acquired Loans



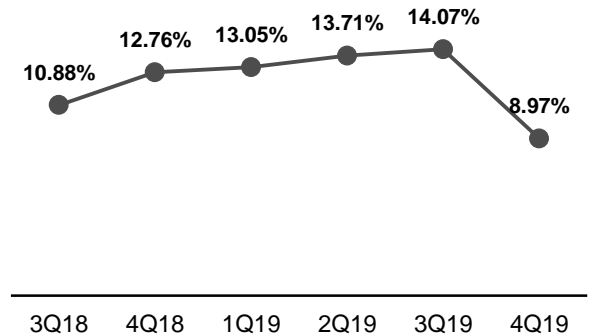
CET1 Ratio



Total Stockholder's Equity (\$B)



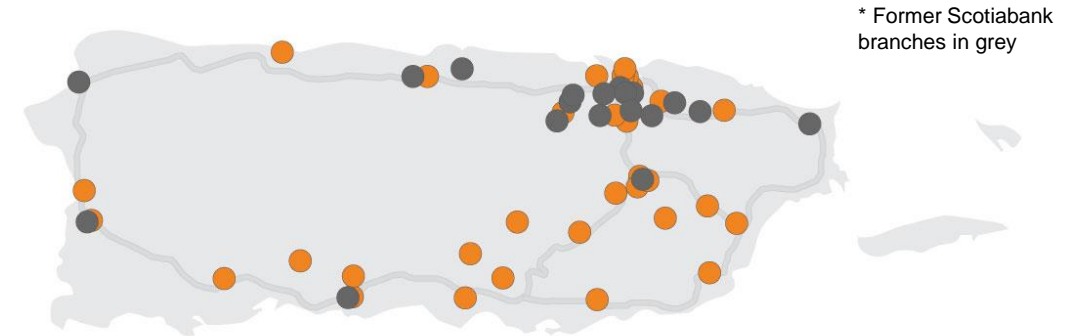
TCE Ratio



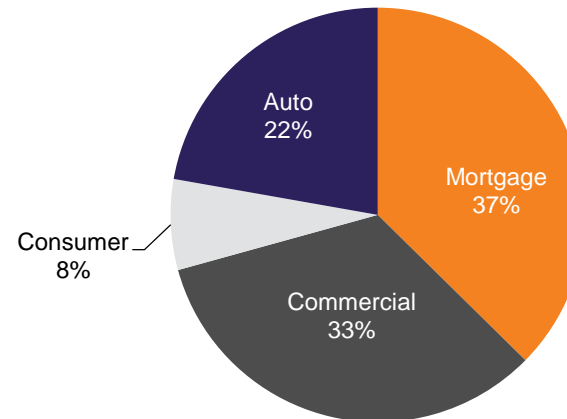
Financial Snapshot (December 31, 2019) & Outlook

- Total Assets: \$9.3 billion
- Loans: \$6.6 billion
- Deposits: \$7.7 billion
 - \$1.1 billion non-interest bearing
- Wealth Management: \$5.5 billion AUM**
- Total Stockholders' Equity: \$1.05 billion
 - Tangible Common Equity: \$820.9 million
- Outlook
 - Well positioned for 2020
 - Excess deposits to generate future growth
 - Integration well underway
 - Because of the effective use of excess capital in the Scotiabank acquisition, ratios now more comparable to similar sized peers

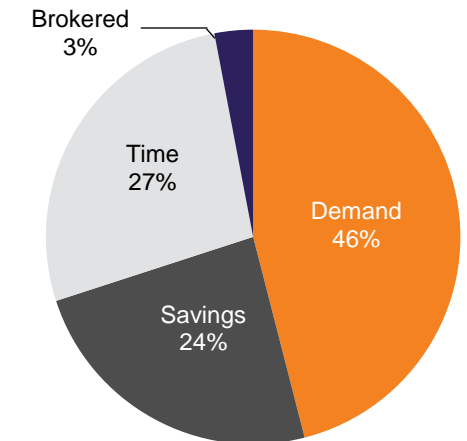
Branches and/or ATMs in All Major Puerto Rico Markets*



Loans



Deposits



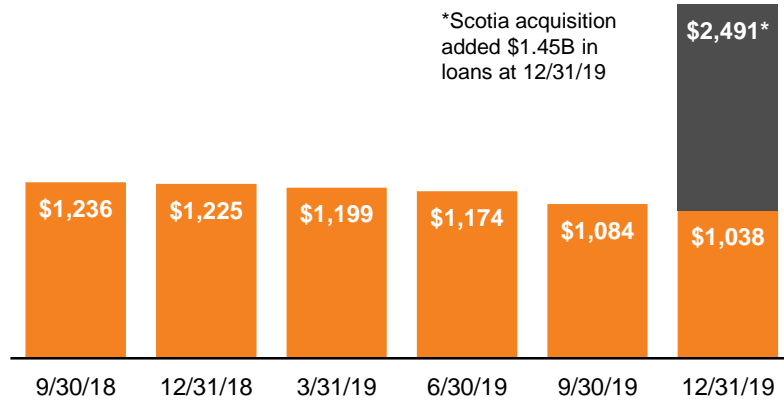
** No AUM from Scotiabank acquisition



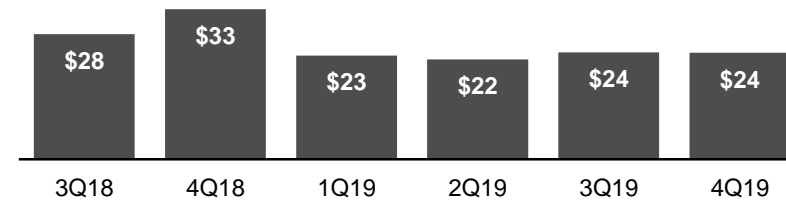
Appendix

Residential Mortgage Loans (\$M)

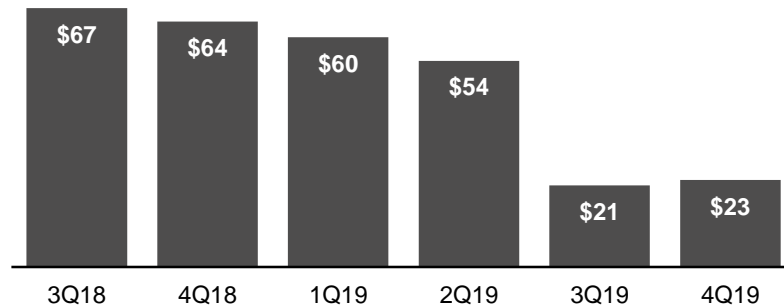
Portfolio (originated and acquired)



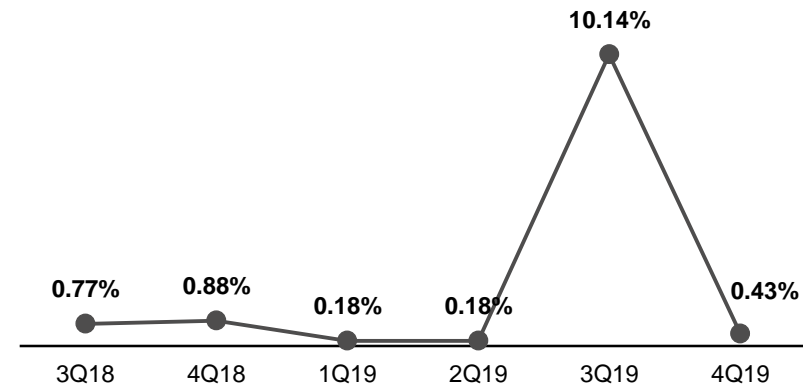
New Production



Non-Performing Loans (originated)*



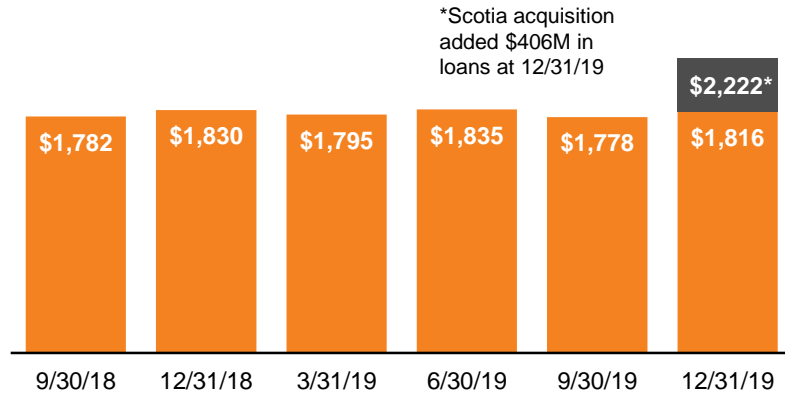
NCO Rate (originated)*



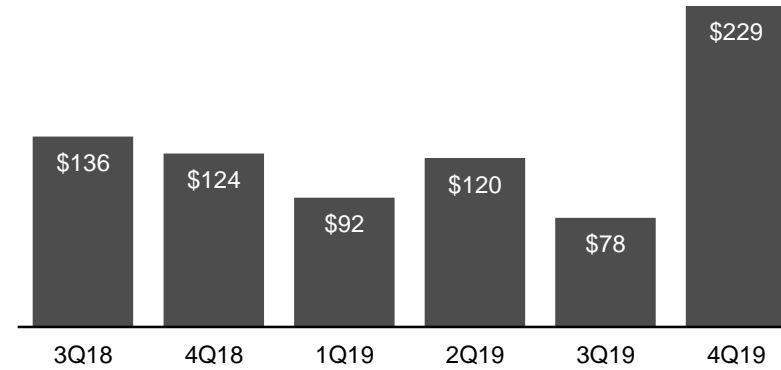
* 3Q19 reflects sale of large amount of NPLs

Commercial Loans (\$M)

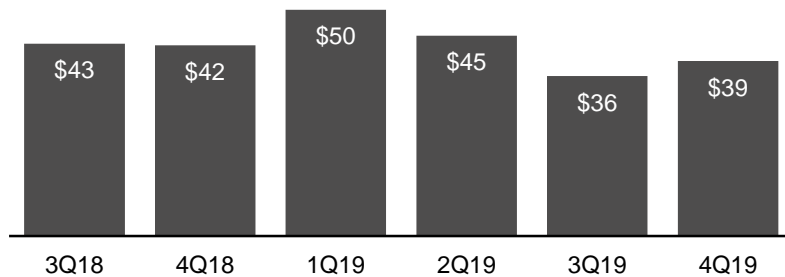
Portfolio (originated and acquired)



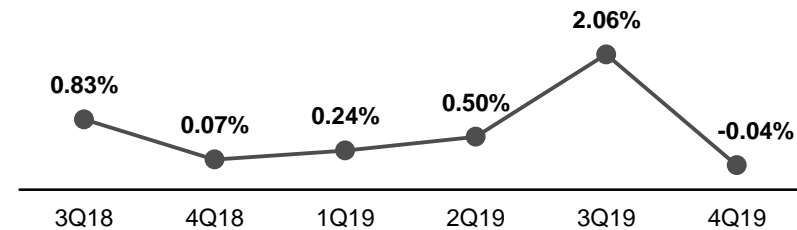
New Production



Non-Performing Loans (originated)

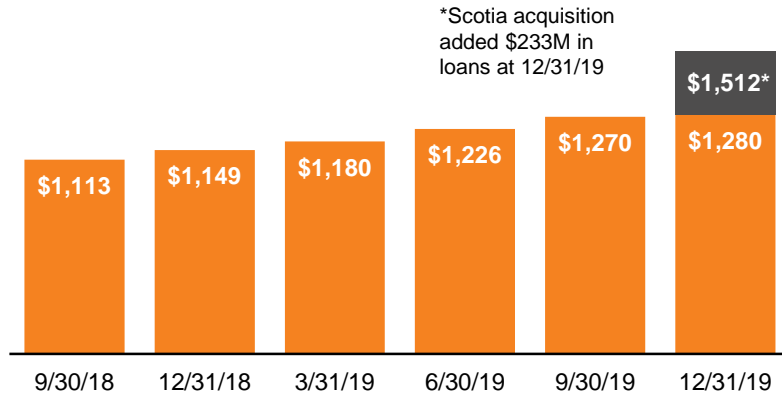


NCO Rate (originated)

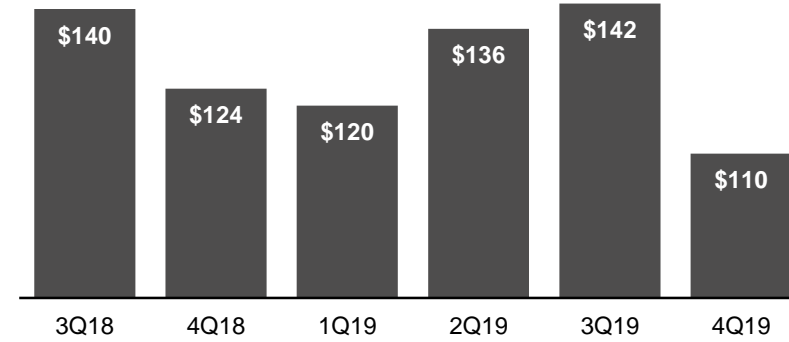


Auto Loans (\$M)

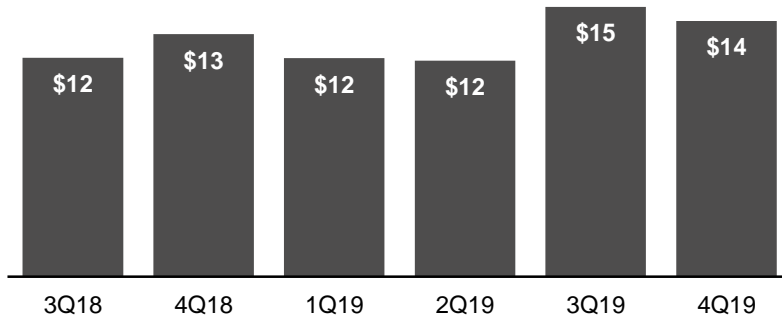
Portfolio (originated and acquired)



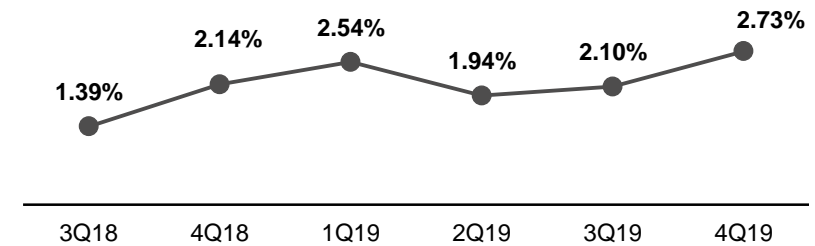
New Production



Non-Performing Loans (originated)

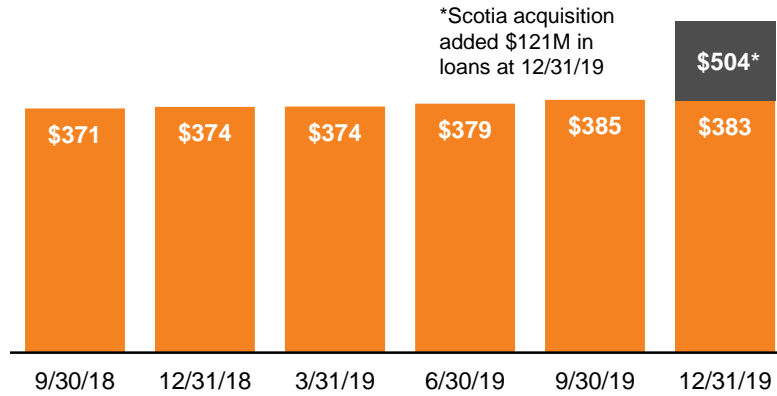


NCO Rate (originated)

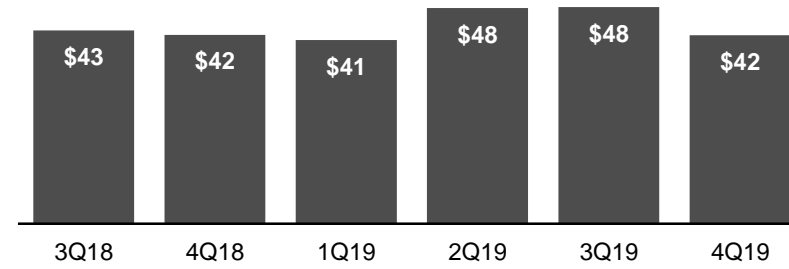


Consumer Loans (\$M)

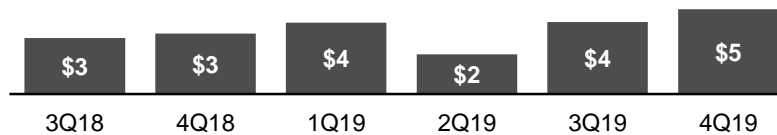
Portfolio (originated and acquired)



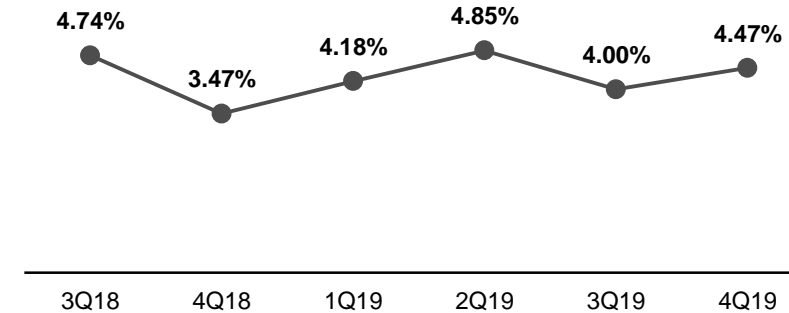
New Production



Non-Performing Loans (originated)



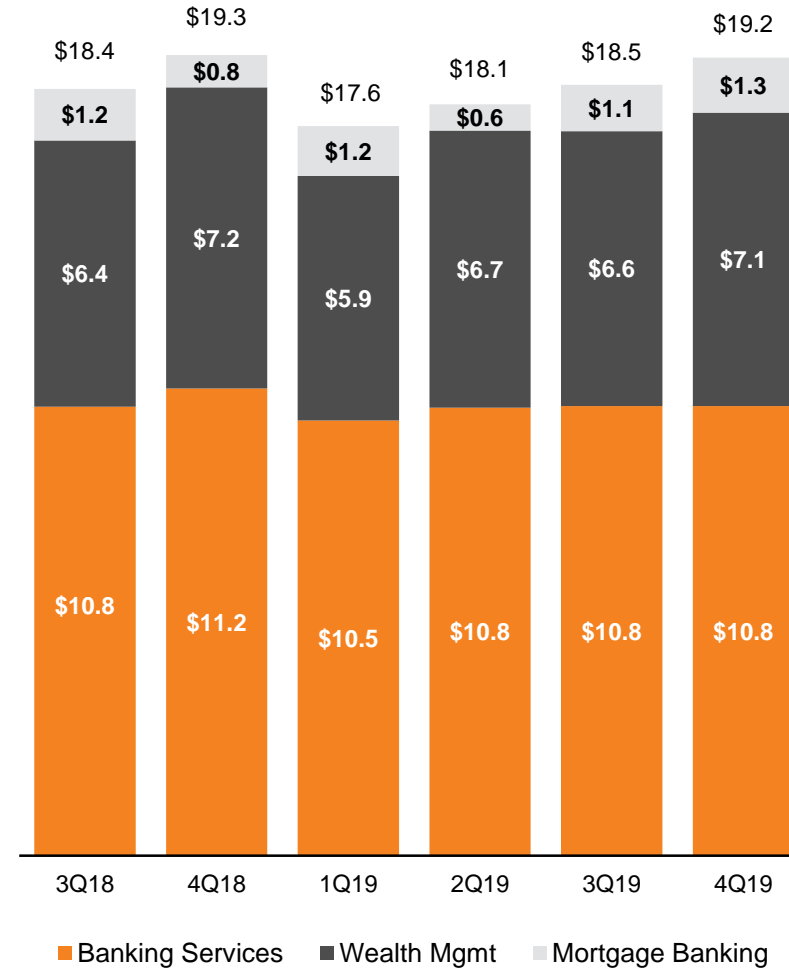
NCO Rate (originated)



Core Non-Interest Income (\$M)

Notes

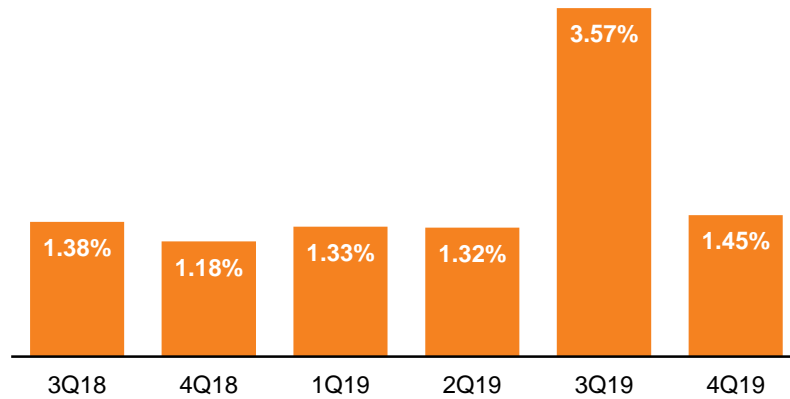
- Banking services enhanced through financial technology offerings
- Mortgage banking reflects production levels, amounts sold into the secondary market, and MSR valuation



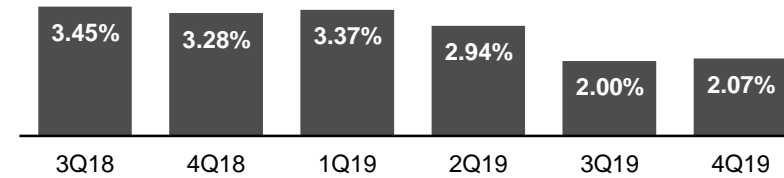
Credit Quality

Excludes acquired loans

Net Charge Off Rate



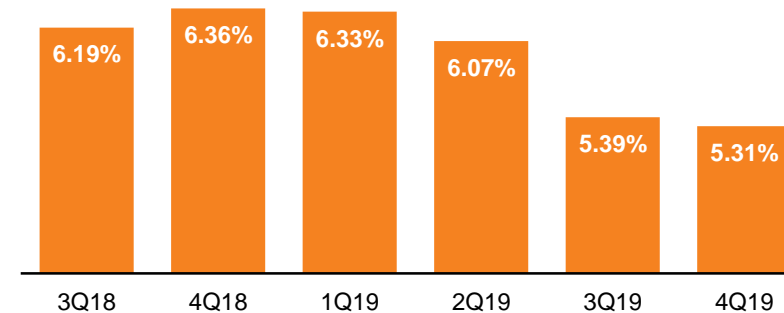
Non-Performing Loan Rate



4Q19 Highlights

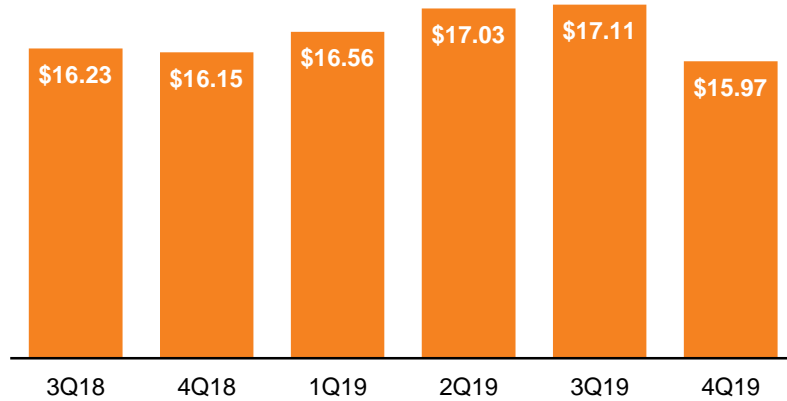
- 3Q19 NCO, NPL and Total Delinquency Rates all reflect different effects of sale of large amount of remaining NPLs
- Rates should continue to trend lower

Total Delinquency Rate

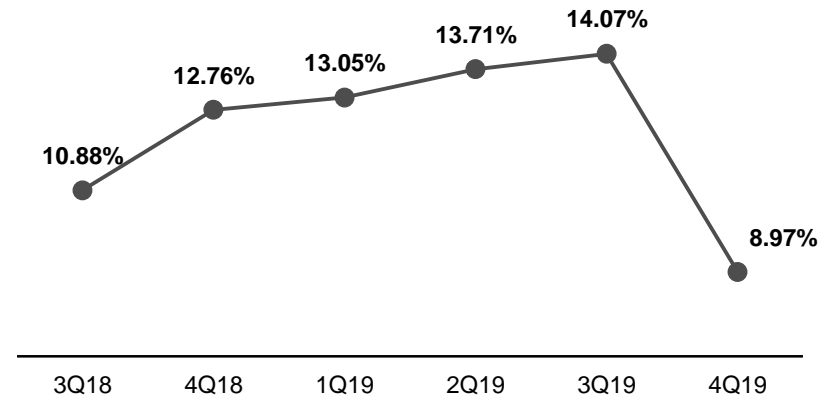


Tangible Common Equity

TBV Per Common Share



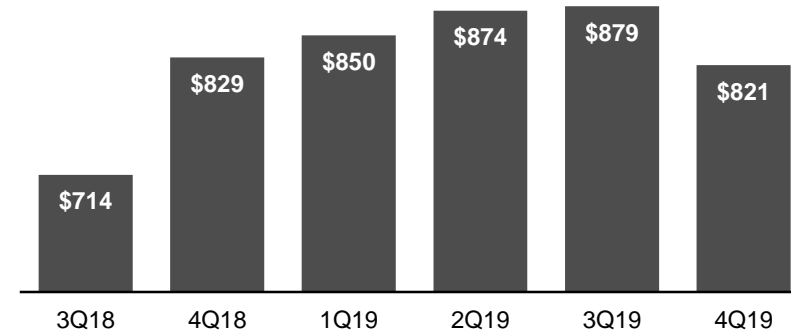
TCE Ratio



4Q19 Highlights

- TBV reflects less than assumed dilution from the Scotiabank PR and USVI acquisition

Tangible Common Equity (\$M)



Income Statement Highlights: 4Q19 vs. 4Q18

\$ in millions	4Q19	4Q18	Δ	Comment
Total Interest Income				
• Originated Loans	\$73.6	\$70.7	+\$2.9	• Loan growth and slightly lower yield from FRB rate cuts affect on variable rate commercial loans
• Acquired Loans	11.3	13.6	-2.3	• Lower balances due to pay downs
• Cash	3.7	2.6	+1.1	• Higher balances and lower yield from FRB rate cuts
• Investment Securities	2.6	8.2	-5.6	• Lower balances
Total Interest Expense				
• Core Deposits	8.0	6.4	-1.6	• Higher rates from shift to longer-term time deposits
• Brokered Deposits	1.8	3.0	+1.2	• Lower balances due to effort to reduce wholesale funding
• Borrowings	2.2	3.7	+1.5	• Lower balances due to effort to reduce wholesale funding
Total Provision for Loan & Lease Losses	23.1	11.3	-11.8	• 4Q19 includes \$6.6M for additional provision for NPL loan sales and \$3.6M allowance for balance of commercial loan, pending insurance recoveries, on a property destroyed in a fire
Total Banking & Financial Service Revenues	19.2	19.3	-0.1	• Higher mortgage banking revenues offset lower wealth management and banking service revenues
Other Income	0.5	5.0	-4.5	• 4Q19 included \$0.3M bargain purchase gain result of Scotiabank PR & USVI acquisition • 4Q18 included \$5.0M cash insurance payment covering Hurricane Maria's impact on OFG
Total Non-Interest Expenses	78.4	51.7	-27.7	• 4Q19 includes \$21.5M merger and restructuring charges, \$2.8M contingent legal reserve and operational losses, and \$1.5M incremental health insurance and technology development expenses
Income Tax Expense (benefit)	(1.9)	18.5	+20.4	• ETR was 28.5% in 2019 compared to 36.4% in 2018 • Decline primarily due higher proportion of exempt income and capital gains at lower rates in 2019
Net Income (Loss) Available to Common Shareholders	(\$2.3)	\$23.1	-\$25.4	

Income Statement Highlights: 4Q19 vs. 3Q19

\$ in millions	4Q19	3Q19	Δ	Comment
Total Interest Income				
• Originated Loans	\$73.6	\$74.3	-\$0.7	• Loan growth and slightly lower yield from FRB rate cuts affect on variable rate commercial loans
• Acquired Loans	11.3	11.5	-0.2	• Lower balances due to pay downs
• Cash	3.7	4.1	-0.4	• Higher balances and lower yield from FRB rate cuts
• Investment Securities	2.6	3.8	-1.2	• Lower balances
Total Interest Expense				
• Core Deposits	8.0	8.3	+0.3	• Slightly lower balances and rates
• Brokered Deposits	1.8	2.3	+0.5	• Lower balances due to effort to reduce wholesale funding
• Borrowings	2.2	2.4	+0.2	• Lower balances due to effort to reduce wholesale funding
Total Provision for Loan & Lease Losses	23.1	43.8	+20.7	• 4Q19 includes \$6.6M for additional provision for NPL loan sales and \$3.6M allowance for balance of commercial loan, pending insurance recoveries, on a property destroyed in a fire • 3Q19 includes \$37.4M in provision related to decision to sell mostly non-performing loans
Total Banking & Financial Service Revenues	19.2	18.5	+0.7	• Higher wealth management and mortgage banking revenues
Other Income	0.5	3.6	-3.1	• 4Q19 included \$0.3M bargain purchase gain result of Scotiabank PR & USVI acquisition • 3Q19 included \$3.5M gain on sale of investment securities
Total Non-Interest Expenses	78.4	50.7	-26.7	• 4Q19 includes \$21.5M merger and restructuring charges, \$2.8M contingent legal reserve and operational losses, and \$1.5M incremental health insurance and technology development expenses
Income Tax Expense (benefit)	(1.9)	1.0	+2.9	• ETR was 28.5% in 2019 compared to 36.4% in 2018 • Decline primarily due higher proportion of exempt income and capital gains at lower rates in 2019
Net Income (Loss) Available to Common Shareholders	(\$2.3)	\$5.7	-\$8.0	

6 Quarter Trend

\$ in thousands, except per share data	4Q19*	3Q19	2Q19	1Q19	4Q18	3Q18
Loans (average balances)	\$4,486,851	\$4,539,046	\$4,514,030	\$4,504,725	\$4,460,002	\$4,400,637
Interest-earning assets (average balances)	\$5,873,159	\$5,981,757	\$6,034,338	\$6,152,202	\$6,170,455	\$6,055,085
Net interest income	\$79,209	\$80,710	\$81,085	\$81,789	\$82,035	\$82,277
Net interest margin	5.35%	5.35%	5.39%	5.39%	5.27%	5.39%
Total provision for loan and lease losses, net	\$23,068	\$43,770	\$17,705	\$12,249	\$11,300	\$14,601
Non-interest income, net (core)	\$19,196	\$18,542	\$18,074	\$17,553	\$19,260	\$18,446
Non-interest expense	\$78,356	\$50,727	\$51,452	\$52,152	\$51,719	\$50,941
Efficiency ratio	79.63%	51.11%	51.89%	52.50%	51.06%	50.58%
Net income available to common stockholders	(\$2,271)	\$5,755	\$22,351	\$21,842	\$23,116	\$19,634
Diluted EPS	(\$0.04)	\$0.11	\$0.43	\$0.42	\$0.45	\$0.42

* 4Q19 operations and average balances are pre-acquisition but include \$21.5M pre-tax in merger and restructuring charges

Thank you.

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