



Quarterly Results 2Q20 Conference Call

July 24, 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, earthquakes and other 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; (xiv) possible legislative, tax or regulatory changes; and (xv) the severity, magnitude and duration of the Covid-19 pandemic, including impacts of the pandemic and of responses of federal, state and local governments on our branches, operations and personnel, and on our customers and their businesses.

For a discussion of such factors and certain risks and uncertainties to which OFG is subject, please refer to OFG's annual report on Form 10-K for the year ended December 31, 2019, 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. Please refer to Tables 8-1, 8-2 and 8-3 in OFG's Financial Supplement for a reconciliation of GAAP to non-GAAP measures and calculations for the quarter ended June 30, 2020 at www.ofgbancorp.com.

2Q20: Helping Our Customers, People & Communities through Covid-19

Acted Quickly with Foresight

- Technology used by our customers and our people enabled us to get things done *fácil, rápido, hecho*
 - Full-service ATMs and ITMs, mobile app, and online tools facilitated contactless routine transactions
 - Online/mobile appointment scheduling facilitated Covid-safe customer branch meetings
 - Online loan deferral tool and call centers processed relief on an individual customer basis
 - We deployed a 100% digital, client-friendly PPP application and funds disbursement process
- Half our people now working remotely
 - Enhanced infrastructure and procedures to facilitate remote work
- New safety protocols for our customers and people on site
 - Increased cleaning
 - Modified facility layouts
 - Smaller work teams
- Other new benefits for our people
 - Daily health online check-in
 - Free Covid on-site testing
 - Preventive paid and other non-paid leaves for Covid-related issues
 - Covid work related incentives

Produced Excellent Results

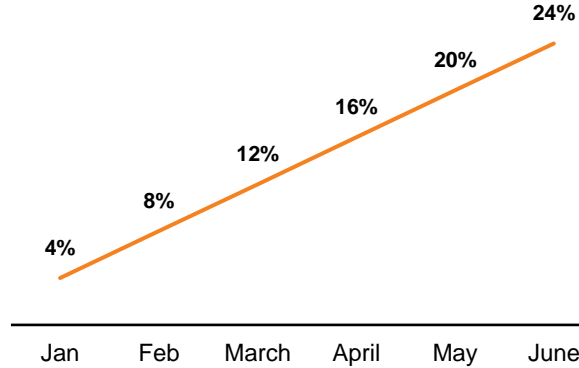
- Provided high levels of customer service, safety, and knowledge throughout all channels
- Generated more than \$500M in new loans
- Increased customer deposits \$760M
- Reduced higher-cost wholesale funding
- Maintained strong level of net interest margin
- Increased liquidity
- Built capital
- Secured \$100K in FHLB NY grants to support nonprofits and small businesses

Customer Technology

- Continued strong retail and business customer utilization trends
- User-friendly technology is a core part of our strategy
- We continue to look for new and innovative ways to help our customers

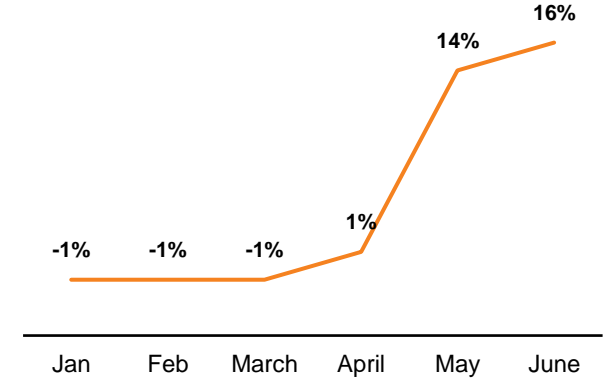
Bill Pay Enrolled

Increase Since December 2019



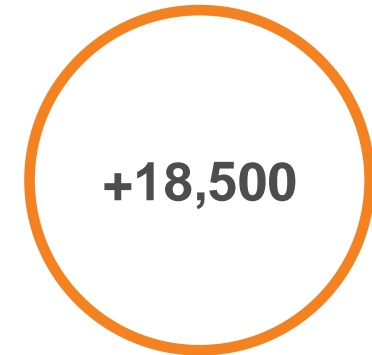
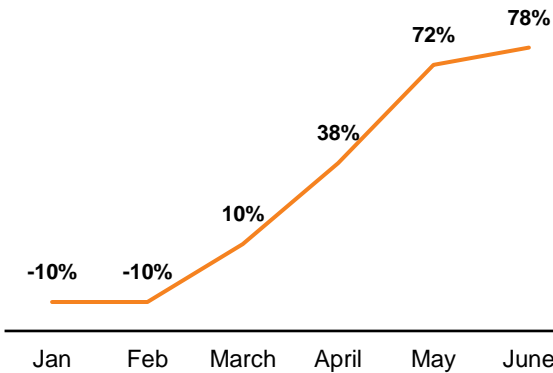
Mobile Banking 90-Day Users

Increase Since December 2019



Remote Deposit Capture Users

Increase Since December 2019



2Q20 Appointments Scheduled via Our Online / Mobile Tool

SBA Paycheck Protection Program

- 100% of applications came through our quickly developed digital app
- Loan volume exceeded our market share in Puerto Rico
- Attracted new clients in strategically important small business segment
- 4,342 loans and amounts
 - 3,988 – Less than \$150K
 - 343 – \$150K to less than \$2M
 - 11 – \$2M or more



Loans We Processed



Businesses We Helped



**Employees Who Work for PPP
Loan Customers**



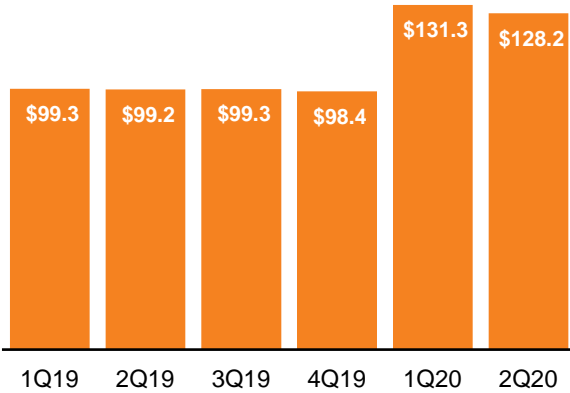
**Time from Application
Completed to Funds Disbursed**

2Q20 Summary

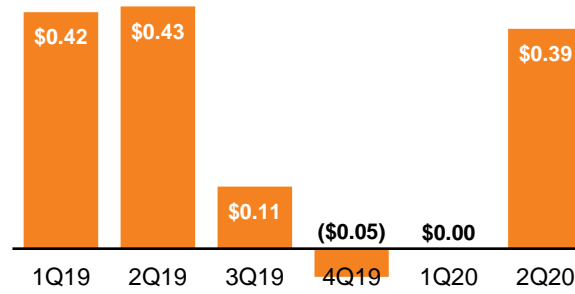
| Income Statement | Balance Sheet (EOP) | Regulatory Capital Ratios |
|--|--|---|
| <ul style="list-style-type: none"> • EPS \$0.39 / \$0.37 Non-GAAP • Total Core Revenues \$128M • Net Interest Income \$105M • NIM of 4.78% <ul style="list-style-type: none"> ○ 4.50% ex-interest recoveries • Banking & Wealth Mgmt. \$23M • Non-Interest Expense \$86M • Results included: <ul style="list-style-type: none"> ○ \$9.5M revenues from acquisition related interest recoveries (\$6.0M) and bargain purchase gain (\$3.5M) ○ \$5.0M provision related to the pandemic ○ \$5.0M non-interest expense in merger and restructuring charges (\$3.0M) and Covid-related operating costs (\$2.0M) | <ul style="list-style-type: none"> • Total assets \$9.9B • Loans \$6.7B • Allowance coverage 3.35% <ul style="list-style-type: none"> ○ 3.49% ex-PPP • New Production \$503M • Customer Deposits \$8.3B • Stockholders' Equity \$1.04B • Total Available Liquidity \$2.2B | <ul style="list-style-type: none"> • CET1 12.03% • Tier 1 Risk-Based 13.71% • Total Risk-Based 14.96% • Leverage 10.16% |

Financial Highlights

Total Core Revenues (\$M)

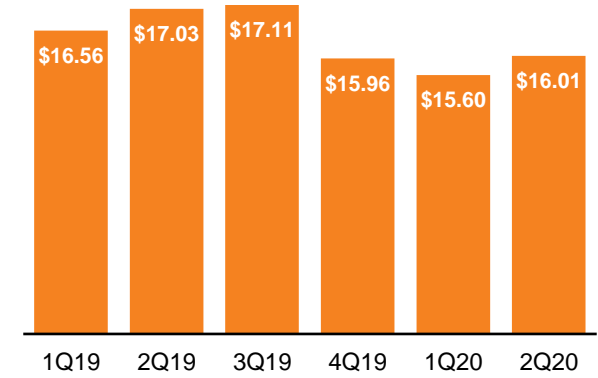


EPS

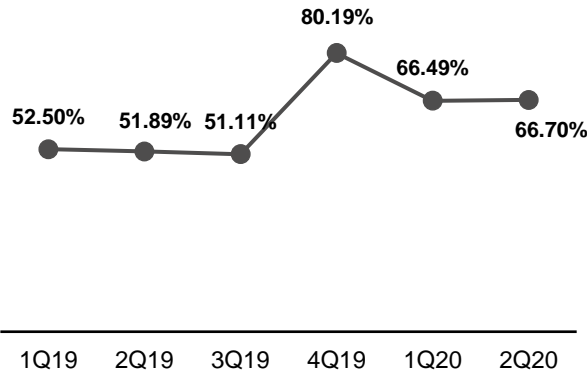


TBV

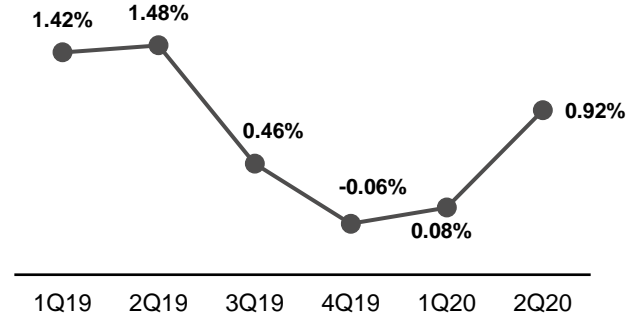
Per Common Share



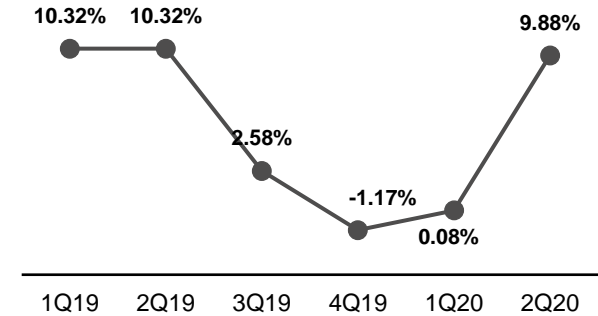
Efficiency Ratio*



ROAA*



ROATCE*

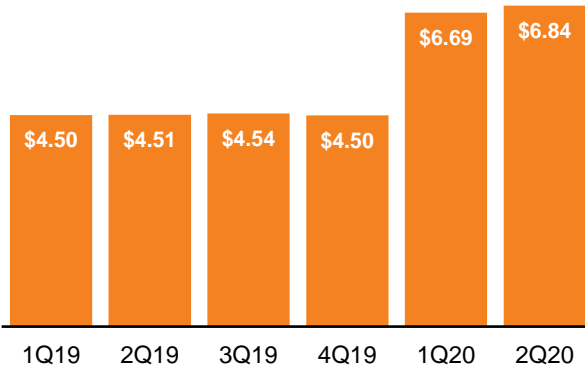


* 3Q19 and 4Q19 included acquisition related expenses. 1Q20 included provision related to Covid-19. 2Q20 included \$6.0M interest recoveries on Scotiabank loans, \$5.0M in added provision related to Covid-19, \$3.5M bargain purchase gain from the Scotiabank acquisition, \$3.0M in merger and restructuring charges, and \$2.0M in coronavirus related operational expenses

Operational Highlights

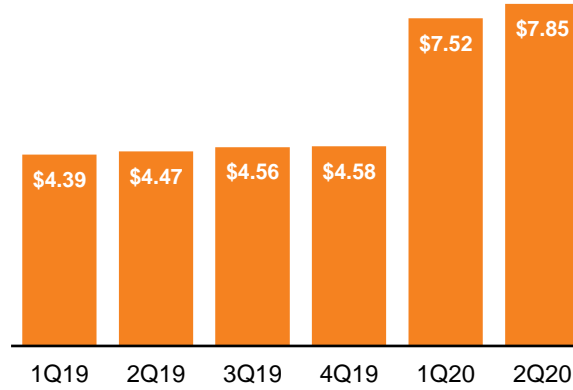
Loans (\$B)

Average Balances

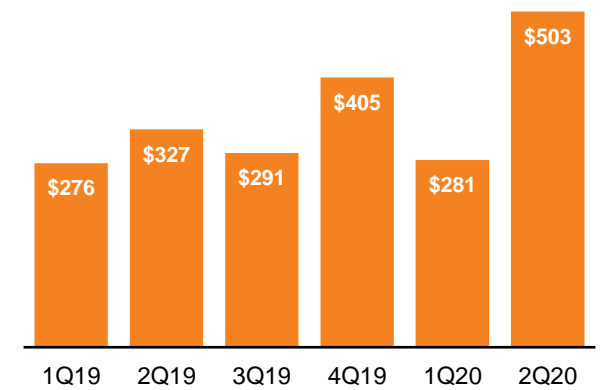


Core Deposits (\$B)

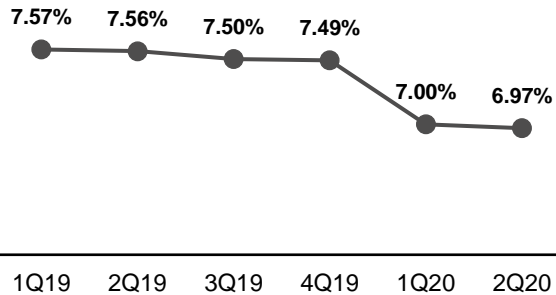
Average Balances



Loan Generation (\$M)

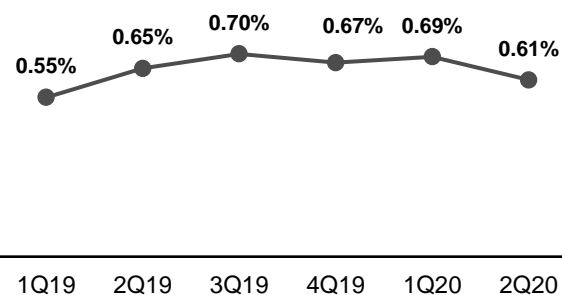


Loan Yield

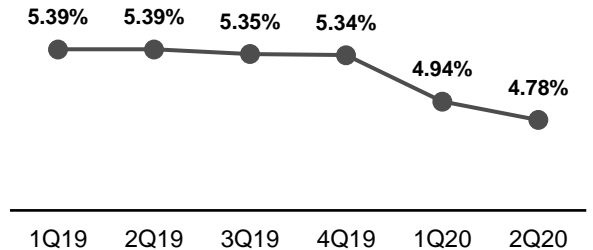


Core Deposit Cost

Includes Non-Interest-Bearing Deposits,
Before Fair Value Amortization from Scotiabank Deposits



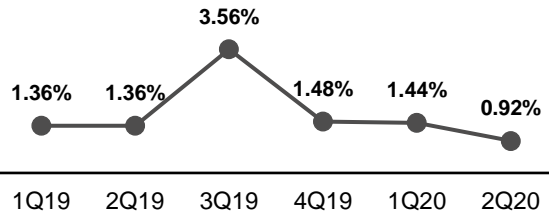
Net Interest Margin



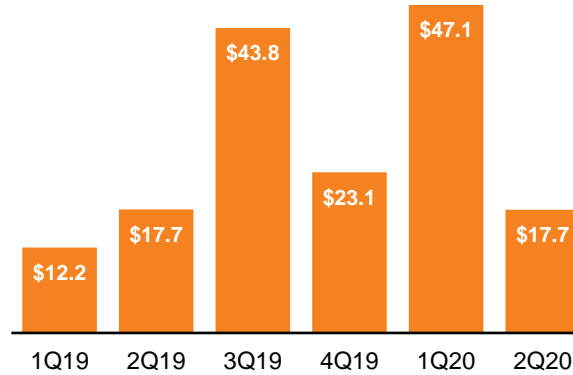
Credit Quality & Capital Strength

NCO Rate

Starting 1Q20, includes PCD

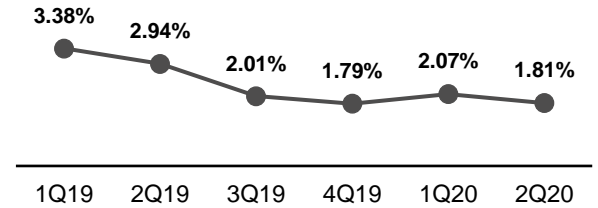


Provision (\$M)

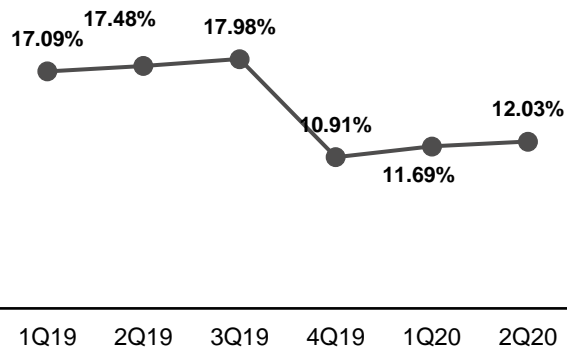


NPL Rate

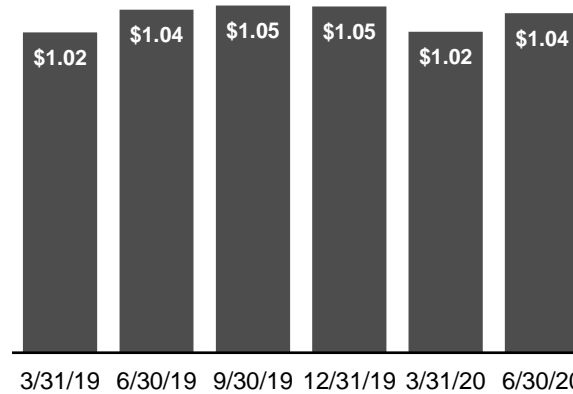
Excludes PCD Loans



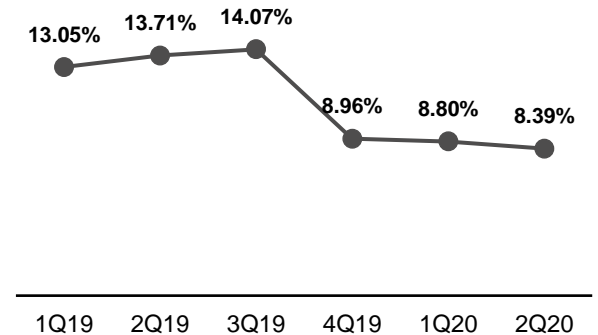
CET1 Ratio



Total Stockholder's Equity (\$B)



TCE Ratio



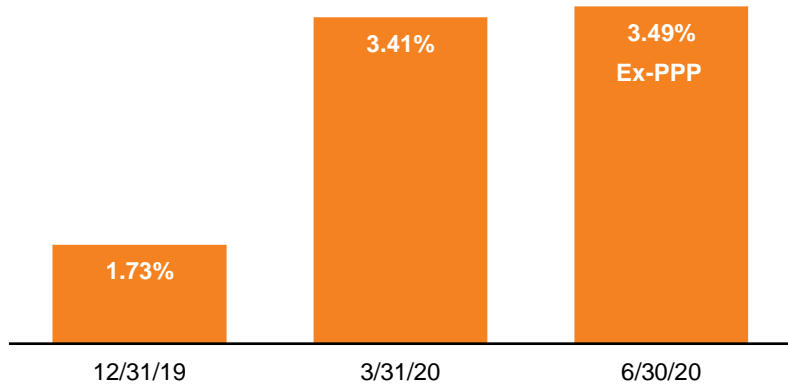
Customer Relief Program – Portfolio Moratoriums (as of 6/30/20)

- 1-4 months deferral programs offered for the payment of principal and interest
- Enhanced by our quickly developing unique and first to market customer forbearance digital tools
- Our online tool and call centers processed relief for retail customers on an individual basis
- Pace of retail deferral requests slowing

| Portfolio (\$M) | Approved | | |
|---------------------|---------------|------------------|----------------|
| | # Loans | \$ Loans | % of Portfolio |
| Mortgage | 6,323 | \$745.2 | 30.8% |
| Auto | 27,513 | \$544.7 | 36.5% |
| Consumer | 10,433 | \$104.5 | 22.6% |
| Retail Loans | 44,269 | \$1,394.3 | 31.9% |
| Commercial | 996 | \$684.6 | 26.5% |
| Total Loans | 45,265 | \$2,079.0 | 29.9% |

Reserve Build

Allowance for Credit Losses / Total Loans



| ACL by Portfolio | 12/31/19 | 3/31/20 | 6/30/20 |
|---------------------|--------------|--------------|--------------|
| Auto | 2.49% | 3.56% | 3.87% |
| Commercial (ex-PPP) | 1.56 | 4.26 | 3.99 |
| Mortgage | 1.51 | 2.05 | 2.11 |
| Consumer | 4.67 | 5.76 | 6.96 |
| Total | 1.73% | 3.41% | 3.49% |

- 1Q20 included Day 1 CECL implementation adjustment and \$34M in added reserves for the estimated Covid-19 related impact in the economy
- 2Q20 OFG continued to use Moody’s S3 scenario for Puerto Rico expecting a moderate recession and returning to growth in GNP late 2021
- 2Q20 included \$5M in added reserves for Covid-19 to retail portfolios

Capital: Fortress Balance Sheet

| Basel III Standardized (\$ in millions except per share) | 2Q20 | 1Q20 | 4Q19 | Delta (2Q20 vs. 4Q19) |
|--|----------------|----------------|----------------|--------------------------|
| CET1 Capital | \$836.9 | \$816.4 | \$735.4 | 13.8% |
| CET1 Capital Ratio | 12.03% | 11.69% | 10.91% | +112 bps |
| Tier 1 Capital | \$953.8 | 933.2 | 852.3 | 11.9% |
| Tier 1 Capital Ratio | 13.71% | 13.36% | 12.64% | +107 bps |
| Total Capital | 1,041.0 | 1,020.7 | 938.0 | 11.0% |
| Total Capital Ratio | 14.96% | 14.62% | 13.91% | +105 bps |
| Risk-Weighted Assets | 6,957.6 | 6,983.6 | 6,740.8 | 3.2% |
| Leverage Ratio | 10.16% | 10.14% | 9.24% | +92 bps |
| Total Assets (EOP) | 9,932.7 | 9,238.6 | 9,297.7 | 6.8% |
| Tangible Common Equity (EOP) | 821.9 | 800.5 | 820.6 | 0.2% |
| Tangible Book Value Per Share | \$16.01 | \$15.60 | \$15.96 | 0.3% |

Conclusion

Macro Situation

- Covid cases are beginning to rise noticeably, increased economic uncertainty building
- Longer-term, Puerto Rico to benefit from Covid stimulus and unspent/undistributed Maria and Earthquake related stimulus

OFG

- Strong financial position
- Excellent strategic momentum
- Our *fácil, rápido, hecho* approach proven and well-tested during the pandemic

Our Agenda

- Finish integrating the former Scotiabank operations by year-end 2020
- Improve efficiencies to realize the full benefits of the acquisition by year-end 2021
- Continue to invest for the future to further simplify operations and enhance our ability to serve customers
- Play a major role in the eventual recovery in Puerto Rico and U.S. Virgin Islands



Appendix

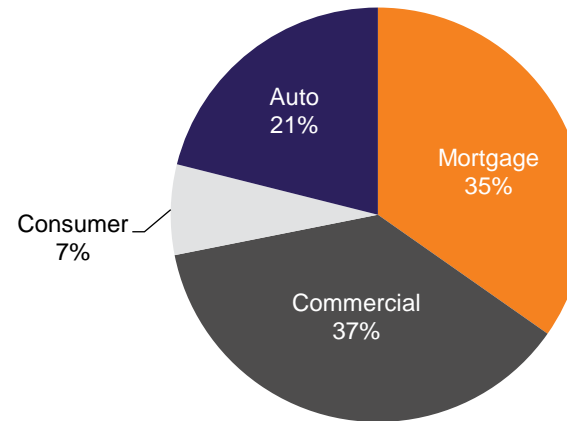
Financial Snapshot (June 30, 2020)

- Total Assets: \$9.9 billion
- Loans: \$6.7 billion
- Customer Deposits: \$8.3 billion
 - \$2.2 billion non-interest bearing
- Wealth Management: \$5.3 billion AUM
- Total Stockholders' Equity: \$1.04 billion
 - Tangible Common Equity: \$821.9 million

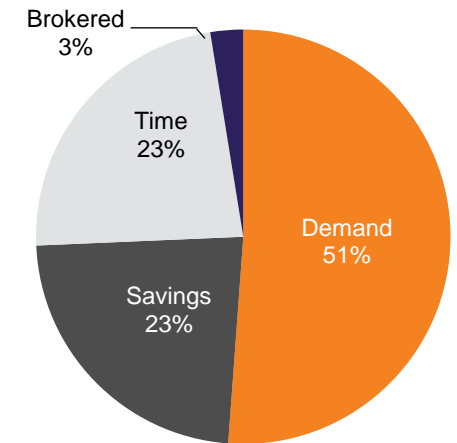
Branches and/or ATMs in All Major Puerto Rico Markets*



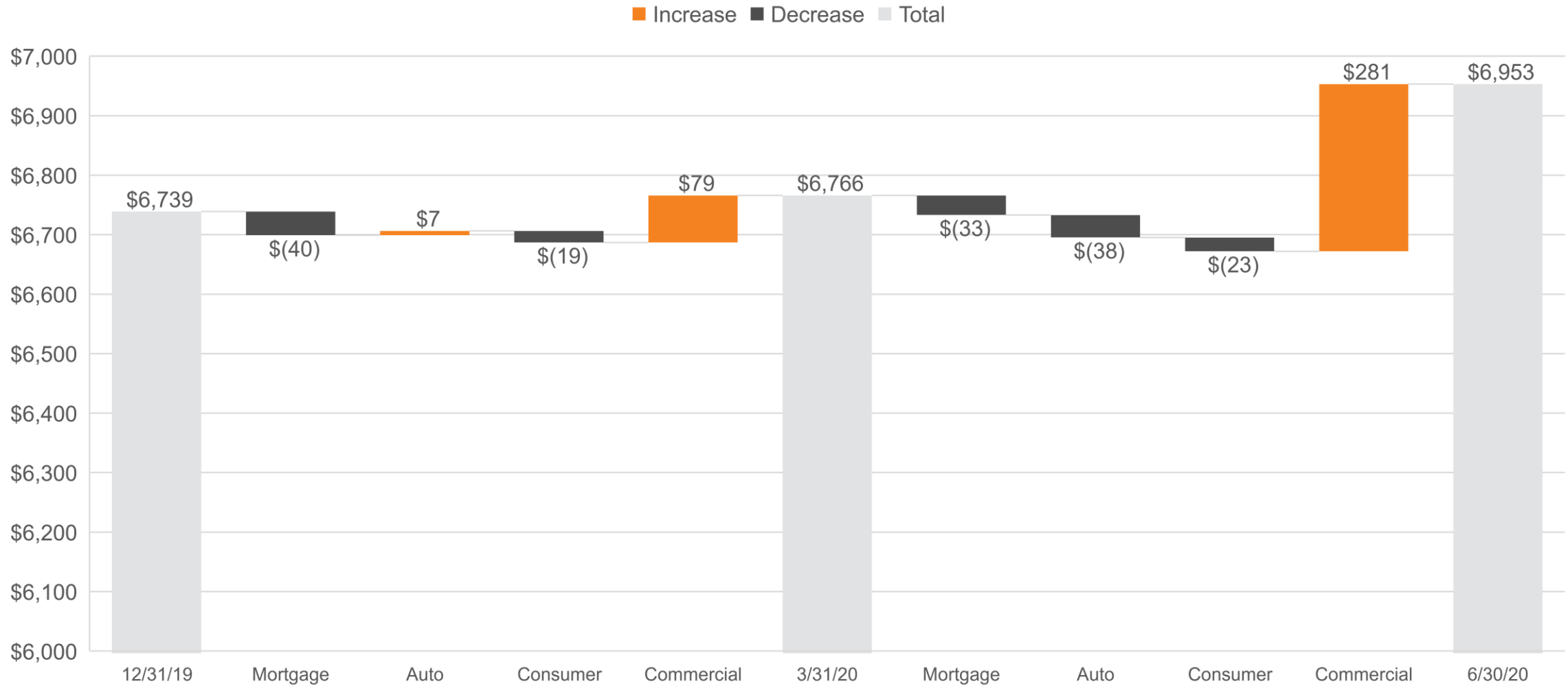
Loans



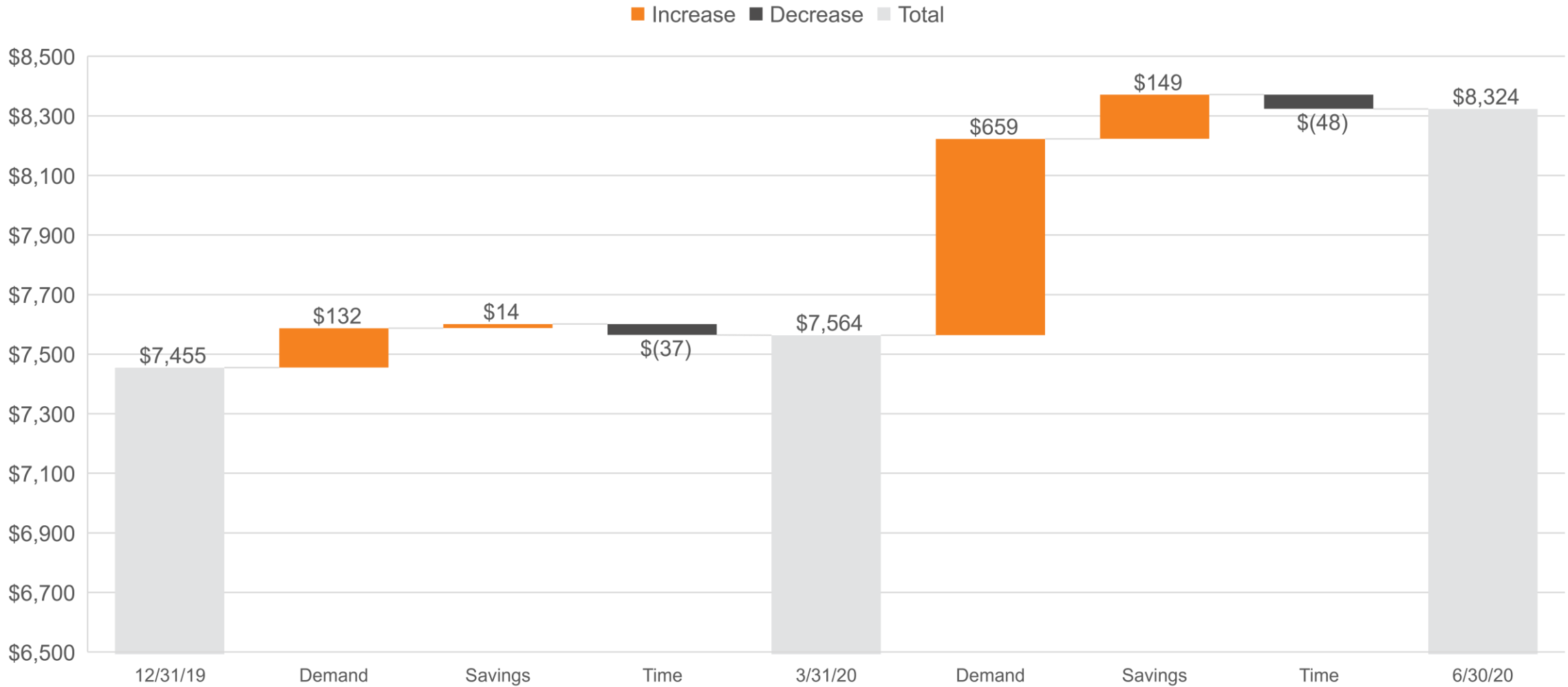
Deposits



2020 Loan Balance Evolution (\$M)



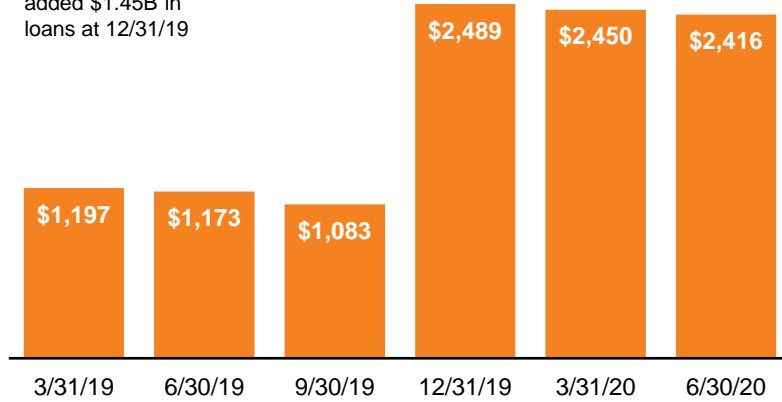
2020 Core Deposit Balance Evolution (\$M)



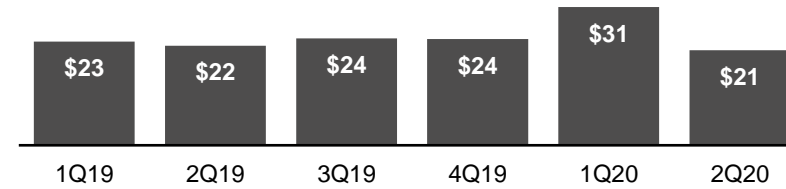
Residential Mortgage Loans (\$M)

Portfolio

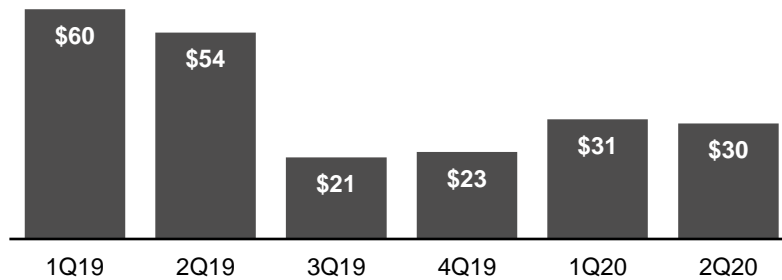
Scotia acquisition added \$1.45B in loans at 12/31/19



New Production

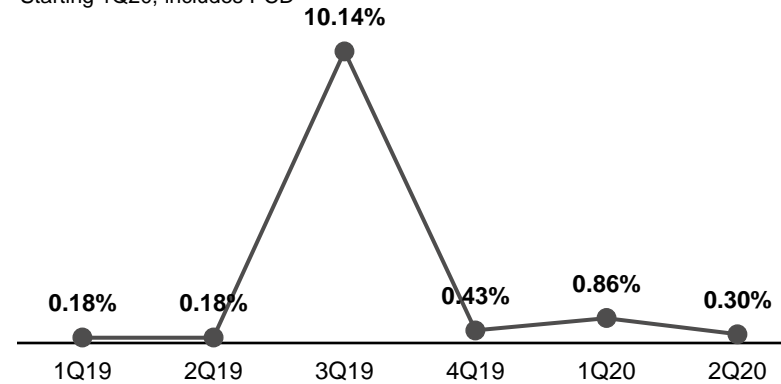


Non-Performing Loans (excludes PCD)



NCO Rate*

Starting 1Q20, includes PCD

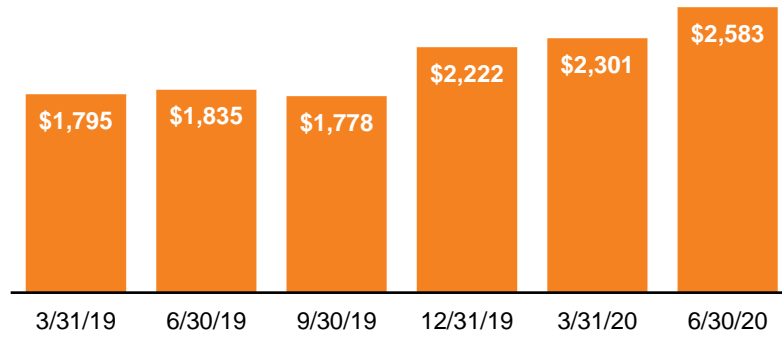


* 3Q19 reflects sale of large amount of NPLs.

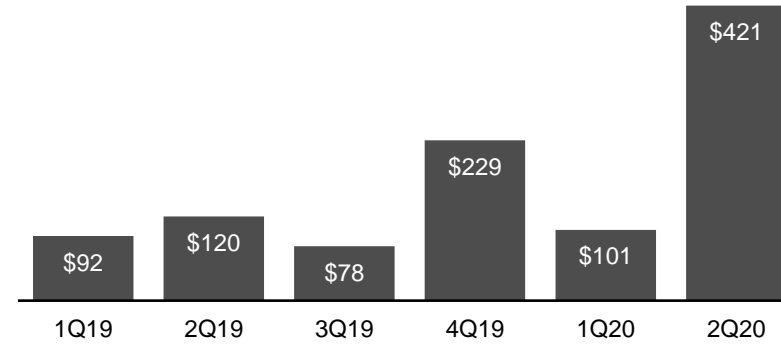
Commercial Loans (\$M)

Portfolio

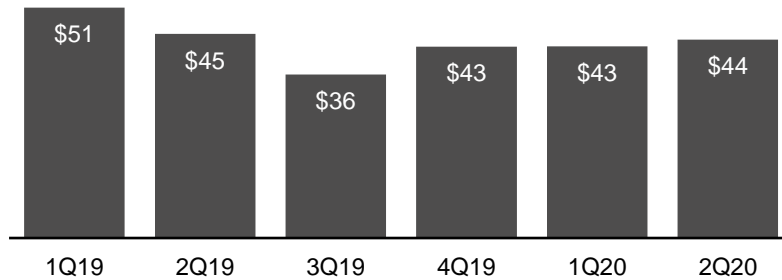
Scotia acquisition added \$406M in loans at 12/31/19



New Production

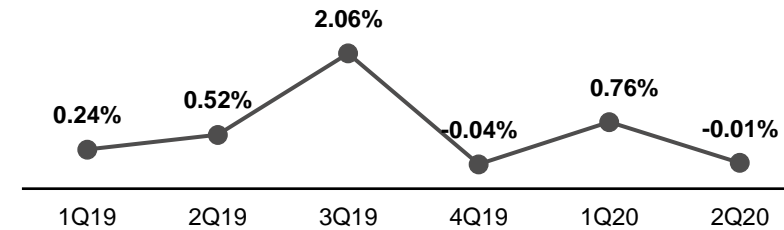


Non-Performing Loans (excludes PCD)



NCO Rate

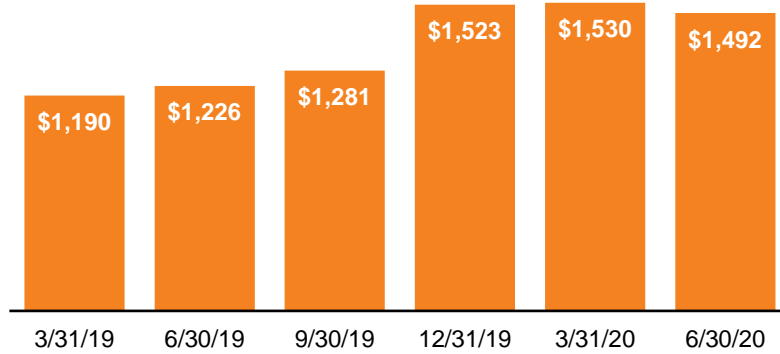
Starting 1Q20, includes PCD



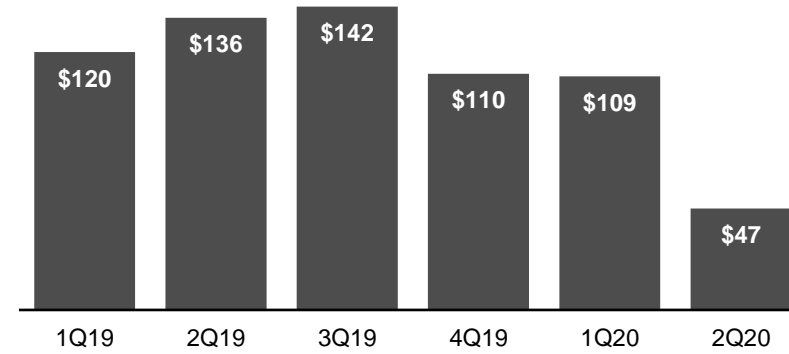
Auto Loans (\$M)

Portfolio

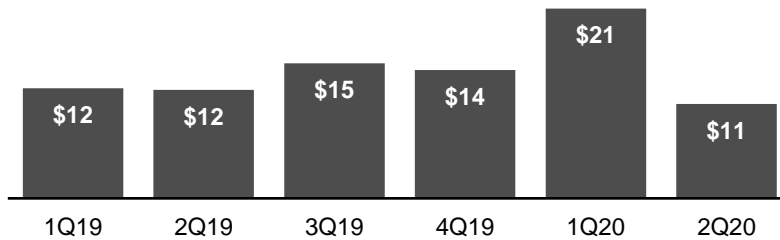
Scotia acquisition added \$233M in loans at 12/31/19



New Production

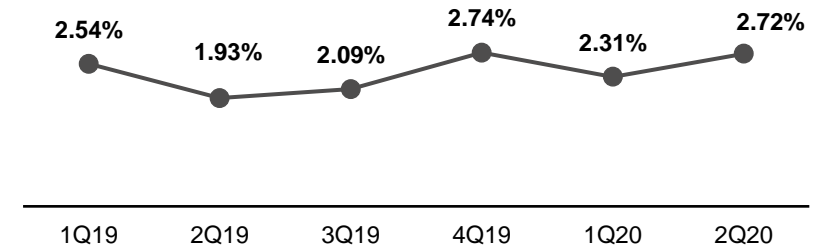


Non-Performing Loans (excludes PCD)



NCO Rate

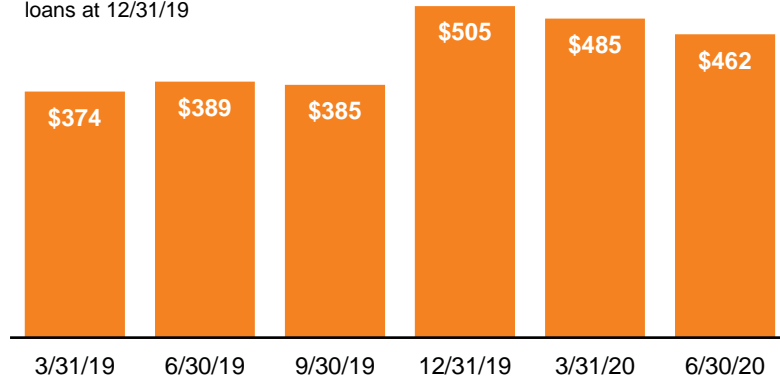
Starting 1Q20, includes PCD



Consumer Loans (\$M)

Portfolio

Scotia acquisition added \$121M in loans at 12/31/19



New Production

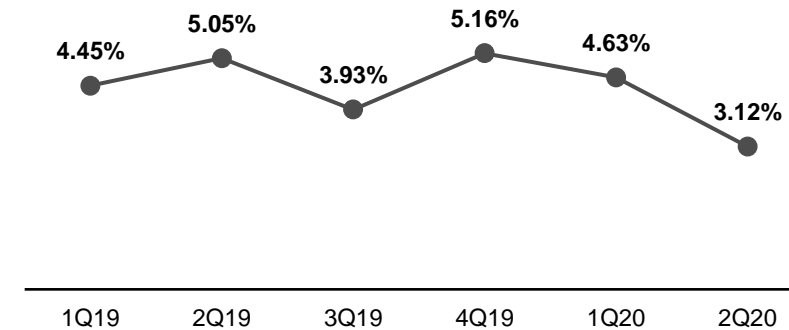


Non-Performing Loans (excludes PCD)



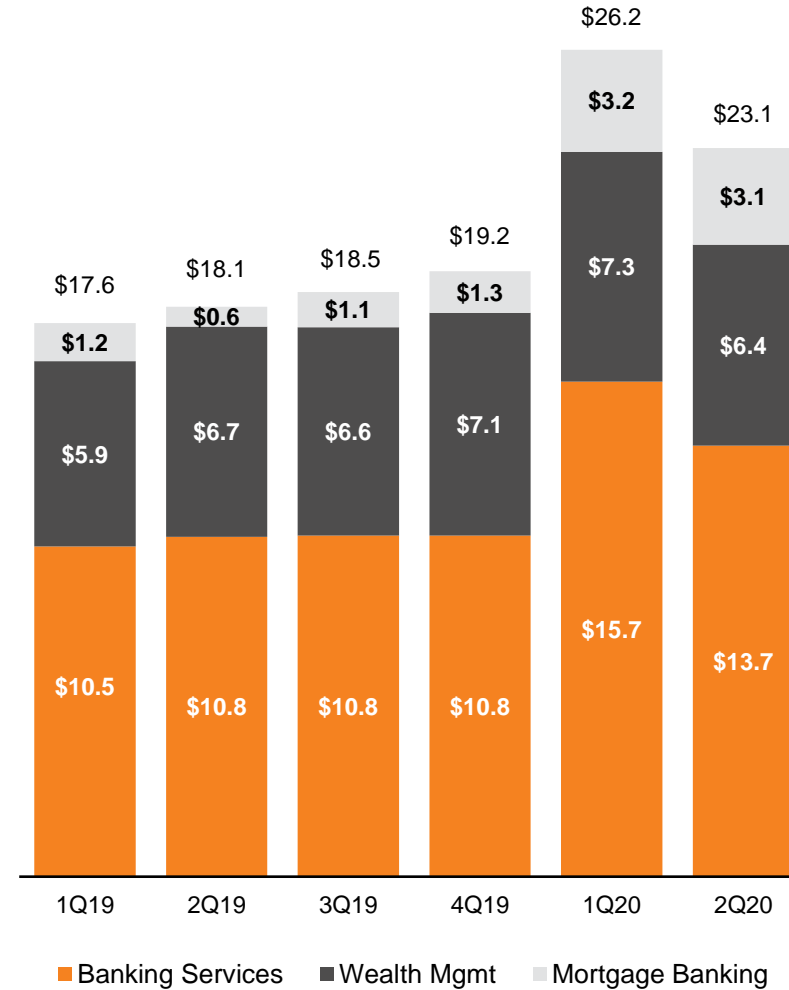
NCO Rate

Starting 1Q20, includes PCD



Core Non-Interest Income (\$M)

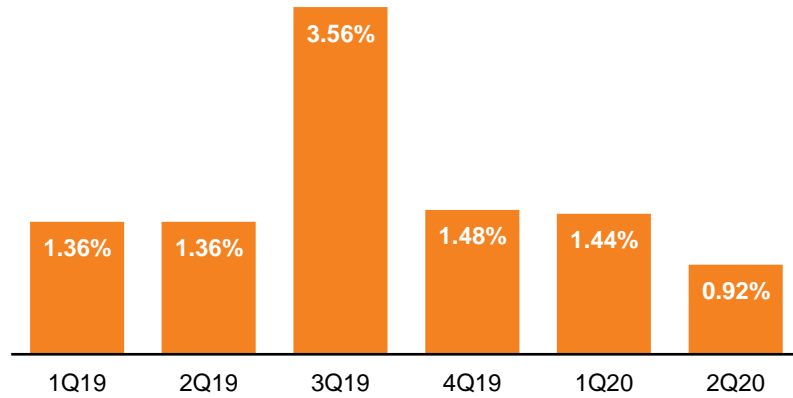
- Banking services enhanced through financial technology offerings
- Mortgage banking reflects production levels, amounts sold into the secondary market, servicing fees, and MSR valuation
- 1Q20 & 2Q20 growth due to benefits of the Scotiabank acquisition partially offset by Covid-19 shutdowns



Credit Quality

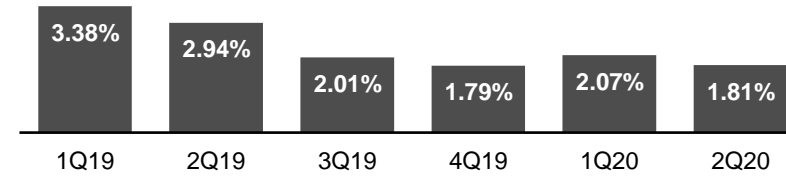
Excludes acquired loans

Net Charge Off Rate*

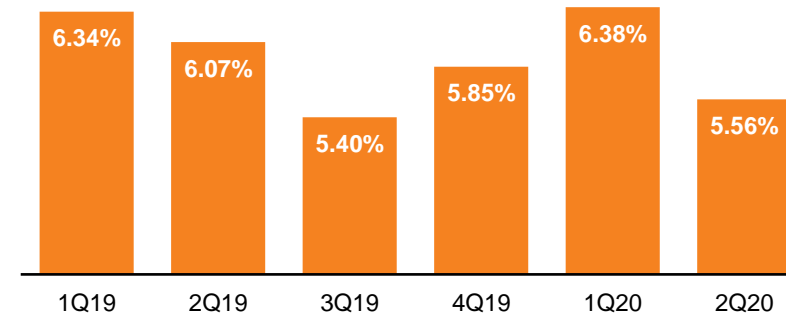


- 2Q20 metrics benefitted from coronavirus related deferral relief

Non-Performing Loan Rate (excludes PCD)



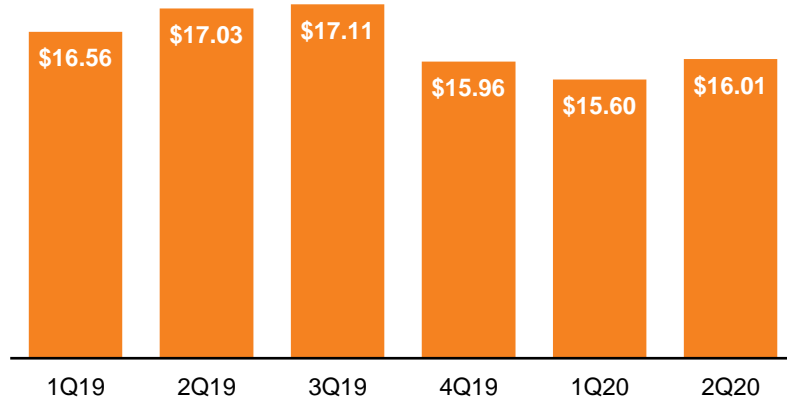
Total Delinquency Rate



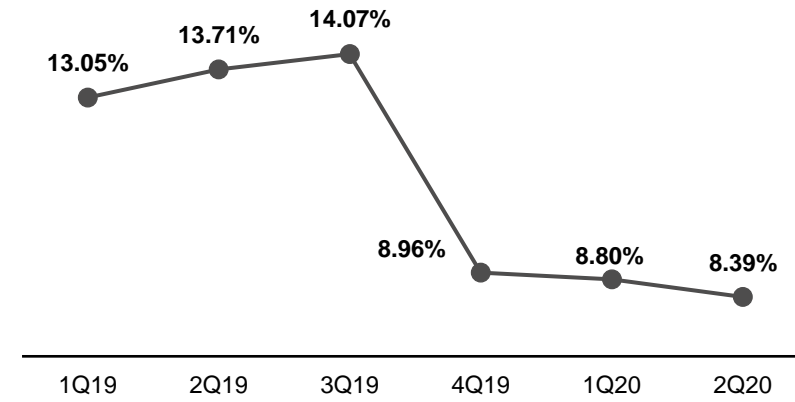
* Starting 1Q20, includes PCD

Tangible Common Equity

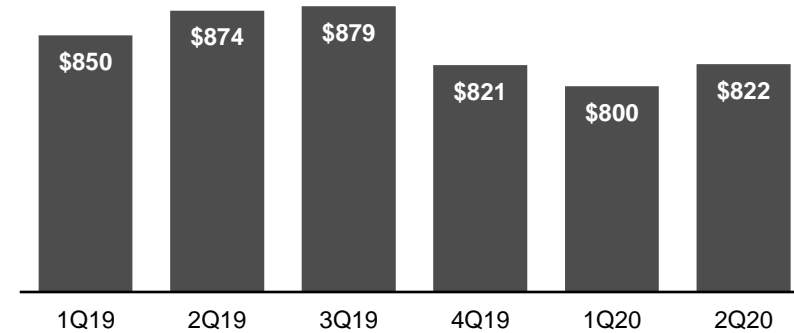
TBV Per Common Share



TCE Ratio



Tangible Common Equity (\$M)



Income Statement Highlights: 2Q20 vs. 2Q19

| \$ in millions | 2Q20 | 2Q19 | Δ | Comment |
|---|---------|--------|--------|--|
| Total Interest Income | | | | |
| • Cash | \$0.4 | \$2.9 | -\$2.5 | <ul style="list-style-type: none"> • Significant rate cuts partially offset by higher balances • Lower balances • Higher balances and \$6.0M interest recoveries on Scotiabank loans partially offset by impact of rate cuts on variable commercial loans |
| • Investment Securities | 2.8 | 6.3 | -3.5 | |
| • Loans | \$118.5 | 85.1 | +33.4 | |
| Total Interest Expense | | | | |
| • Core Deposits | 11.9 | 7.3 | -4.6 | <ul style="list-style-type: none"> • Higher balances partially offset by lower rate • Amortization of fair value premium and core deposit intangible from Scotiabank acquisition • Lower balances due to higher level of core deposits and excess liquidity position • Lower balances due to higher level of core deposits and excess liquidity position |
| • Deposit intangible amortization | 2.1 | 0.2 | -1.9 | |
| • Brokered Deposits | 1.4 | 2.5 | +1.1 | |
| • Borrowings | 1.2 | 3.2 | +2.0 | |
| Total Provision for Loan & Lease Losses | 17.7 | 17.7 | -- | <ul style="list-style-type: none"> • 2Q20: Included \$5.0M based on additional data available to forecast the effects of the pandemic • 2Q19: Included \$8.8M for loans transferred to held for sale |
| Total Banking & Financial Service Revenues | 23.1 | 18.1 | +5.0 | • Higher banking activity and mortgage servicing partially offset by 2Q20 economic shutdown due to the coronavirus |
| Other Income | 4.0 | 4.9 | -0.9 | <ul style="list-style-type: none"> • 2Q20: Included \$3.5M bargain purchase gain from Scotiabank acquisition • 2Q19: Included \$4.8M gain on sale of MBS |
| Total Non-Interest Expenses | 85.5 | 51.5 | -34.0 | • Scotiabank expenses, \$3.0M in merger and restructuring charges, \$2.4M in legal claims, and \$2.0M in expenses necessary to deal with Covid-19's impact on operations. |
| Income Tax Expense | 7.2 | 10.9 | +3.7 | • 2Q20 reflected a 24.2% full year estimated ETR |
| Net Income Available to Common Shareholders | \$20.2 | \$22.4 | -2.2 | |

Income Statement Highlights: 2Q20 vs. 1Q20

| \$ in millions | 2Q20 | 1Q20 | Δ | Comment |
|---|--------|-------|---------|---|
| Total Interest Income | | | | |
| • Cash | \$0.4 | \$2.8 | -\$2.4 | <ul style="list-style-type: none"> • Significant rate cuts partially offset by higher balances • Lower balances • Higher balances, \$6.0M interest recoveries on Scotiabank loans, and impact of rate cuts on variable commercial loans |
| • Investment Securities | 2.8 | 4.5 | -1.7 | |
| • Loans | 118.5 | 116.4 | +2.1 | |
| Total Interest Expense | | | | |
| • Core Deposits | 11.9 | 13.0 | +1.1 | <ul style="list-style-type: none"> • Rate decline partially offset by significant increase in deposits • Amortization of fair value premium and core deposit intangible from Scotiabank acquisition • Lower balances due to higher level of core deposits and excess liquidity position • Lower balances due to higher level of core deposits and excess liquidity position |
| • Deposit intangible amortization | 2.1 | 2.1 | -- | |
| • Brokered Deposits | 1.4 | 1.6 | +0.2 | |
| • Borrowings | 1.2 | 2.0 | +0.8 | |
| Total Provision for Loan & Lease Losses | 17.7 | 47.1 | +29.4 | <ul style="list-style-type: none"> • 2Q20: Included \$5.0M based on additional data available to forecast the effects of the pandemic • 1Q20: Included original \$34.1M provision to incorporate changes as a result of the pandemic |
| Total Banking & Financial Service Revenues | 23.1 | 26.2 | -3.1 | • Lower level of activity due to the economic shutdown related to the coronavirus |
| Other Income | 4.0 | 5.2 | -1.2 | <ul style="list-style-type: none"> • 2Q20: Included \$3.5M bargain purchase gain from Scotiabank acquisition • 1Q20: Included \$4.7M gain on sale of MBS |
| Total Non-Interest Expenses | 85.5 | 87.3 | +1.8 | • Lower general and administrative expenses due to lower transaction volumes reflecting the coronavirus economic shutdown, \$3.0M in merger and restructuring charges, \$2.4M in legal claims, and \$2.0M in expenses necessary to deal with Covid-19's impact on operations. |
| Income Tax Expense | 7.2 | 0.3 | -6.9 | <ul style="list-style-type: none"> • 2Q20: Reflected a 24.2% full year estimated ETR • 1Q20: ETR of 14.2% included quarter specific item |
| Net Income Available to Common Shareholders | \$20.2 | \$0.2 | +\$20.0 | |

6 Quarter Trend

| \$ in thousands, except per share data | 2Q20 ¹ | 1Q20 ² | 4Q19 ³ | 3Q19 ⁴ | 2Q19 | 1Q19 |
|--|-------------------|-------------------|-------------------|-------------------|-------------|-------------|
| Loans (average balances) | \$6,840,650 | \$6,687,875 | \$4,500,071 | \$4,539,045 | \$4,514,030 | \$4,504,725 |
| Interest-earning assets (average balances) | \$8,845,744 | \$8,556,421 | \$5,886,379 | \$5,981,756 | \$6,034,338 | \$6,152,202 |
| Net interest income | \$105,060 | \$105,101 | \$79,209 | \$80,710 | \$81,085 | \$81,789 |
| Net interest margin | 4.78% | 4.94% | 5.34% | 5.35% | 5.39% | 5.39% |
| Total provision for credit losses | \$17,696 | \$47,131 | \$23,068 | \$43,770 | \$17,705 | \$12,249 |
| Non-interest income, net (core) | \$23,106 | \$26,233 | \$19,196 | \$18,542 | \$18,074 | \$17,553 |
| Non-interest expense | \$85,481 | \$87,332 | \$78,913 | \$50,727 | \$51,452 | \$52,152 |
| Efficiency ratio | 66.70% | 66.49% | 80.19% | 51.11% | 51.89% | 52.50% |
| Net income available to common stockholders | \$20,159 | \$173 | (\$2,619) | \$5,755 | \$22,351 | \$21,842 |
| Diluted EPS | \$0.39 | \$0.00 | (\$0.05) | \$0.11 | \$0.43 | \$0.42 |

1) 2Q20 included \$6.0M interest recoveries on Scotiabank loans, \$5.0M in added provision related to Covid-19, \$3.5M bargain purchase gain from the Scotiabank acquisition, \$3.0M in merger and restructuring charges, and \$2.0M in coronavirus related operational expenses

2) 1Q20 includes \$34.1M provision to incorporate changes in the macro-economic scenario and qualitative adjustments as a result of the Covid-19 situation

3) 4Q19 operations and average balances are pre-Scotiabank acquisition but include \$21.5M pre-tax in acquisition merger and restructuring charges

4) 3Q19 the Company decided to sell mostly non-performing loans, increasing the provision by \$37.2M. The sale closed in 4Q19 resulting in an additional increase in the provision of \$6.6M.

Thank you.

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