



CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

I. INTRODUCTION

The Boards of Directors (the “Board”) of OFG Bancorp and Oriental Bank (collectively, the “Company”) has developed and adopted this set of corporate governance principles (the "Guidelines") to promote the functioning of the Board and its Committees, to protect and enhance stockholder value and to set forth a common set of expectations as to how the Board, its various Committees, individual Directors and management should perform their functions.

The Board intends that these Guidelines serve as a flexible framework within which the Board may conduct its business. These Guidelines are designed with the Company’s current business operations, ownership, capital structure and economic conditions in mind and are expected to evolve as circumstances change.

II . BOARD MISSION AND DIRECTOR RESPONSIBILITIES

The Board is elected by the stockholders to oversee their interest in the long-term health and overall success of the Company’s business and financial strength. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the President and CEO or the stockholders. The Board selects and oversees the President and CEO, who is charged by the Board with conducting the business of the Company.

The core responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. Directors must fulfill their responsibilities in a manner consistent with their fiduciary duties to the stockholders, in compliance with all applicable laws and regulations. Directors shall also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of communities in which the Company operates.

The Board provides advice and counsel to the President and CEO. The Board oversees the proper safeguarding of the assets of the Company, the maintenance of appropriate financial and other internal controls and the Company’s compliance with applicable laws and regulations and proper governance.

A handwritten signature in blue ink, appearing to be "C.J.", located in the bottom right corner of the page.

In discharging their duties, Directors may rely on the Company's senior executives and outside advisors and auditors. The Board has the authority to retain independent legal, financial and other advisors as they may deem necessary.

Directors owe their primary duty of loyalty to the Company and its stockholders. This duty of loyalty mandates that the best interests of the Company and its stockholders take precedence over any personal interests of a Director. To prevent inadvertent conflicts of interest or the appearance of a conflict of interest, Directors must disclose all other business relationships with the Company and shall not participate in any Board discussions and decisions affecting those other business relationships.

Directors are expected to attend all meetings of the Board and of the Board Committees on which they serve. Directors should devote the time and effort necessary to fulfill their responsibilities. Information important to Directors' understanding of issues to come before the Board or Committee will be sent to them sufficiently in advance of meetings to permit Directors to inform themselves. Directors are expected to review these materials before meetings.

The Board of Oriental Bank will hold regularly scheduled monthly meetings and the Board of OFG Bancorp will hold regularly scheduled meetings at least four (4) times a year. The Chairperson of the Board will set the agenda for Board meetings with the assistance of the President and CEO and, if applicable, the approval of the Lead Independent Director. Any Director may suggest items for inclusion on the agenda and may raise a subject that is not in the agenda, at any meeting. Certain items pertinent to the oversight and monitoring function of the Board will be brought to the Board regularly. The Board will review the Company's long-term strategic plans at least one Board meeting each year and review the most significant financial, accounting and risk management issues facing the Company on a regular basis.

Non-Executive Directors will meet in regular executive sessions. Normally, such executive sessions will occur during regularly scheduled Board meetings. If the Chairperson of the Board is part of management, meetings of the non-executive directors will be chaired by the Lead Independent Director.

Directors are encouraged to identify and seek new business opportunities that contribute to the Company's growth and profitability.

Directors shall comply with the Company's Officers and Directors Stock Ownership Policy while they are serving in the Company's Board.

Directors shall maintain the confidentiality of all non-public information about the Company affairs to which they have access by virtue of their functions as Board members. This obligation shall continue in effect after a Director cease to serve on the Board.

Directors shall inform the Chairperson of the Board and the Board's Secretary of (i) any change in their principal occupation or status as a member of the board of any other public company, including retirement; (ii) any change in circumstance that may cause his/her status as an "independent director" to change; and (iii) any activity that may rise to the level of a material conflict of interest, such as an affiliation with a competitor or supplier of Company. The Corporate Governance and Nominating Committee shall be informed by the Chairperson of the Board of any aforementioned changes in a Director's circumstances. The Committee shall consider the Director's change in circumstances and make appropriate recommendations to the Board in that regard.

III. BOARD LEADERSHIP

The Board believes that whether to have the same person occupy the offices of Chairperson of the Board and Chief Executive Officer should be decided by the Board, from time to time, in its business judgment after considering relevant factors, including the specific needs of the business and what is in the best interest of the Company's stockholders.

The Board annually elects one of its members to serve as Chairperson of the Board. The Chairperson of the Board shall preside at all meetings of the Board and stockholders, and shall perform such duties, and exercise such powers, as prescribed in the By-Laws or by the Board from time to time.

If the individual elected as Chairperson of the Board is the Chief Executive Officer, or if the Chairperson of the Board is not independent, the Board will appoint a Lead Independent Director to help ensure robust independent leadership on the Board. When this is the case, the independent Directors shall annually elect a Lead Independent Director for a one-year term.

The Lead Independent Director shall:

- (i) Preside at all meetings of the Board at which the Chairperson of the Board is not present, including all meetings of independent Directors;
- (ii) Encourage and facilitate active participation of all Directors;
- (iii) Serve as liaison between the independent Directors and the Chairperson of the Board on sensitive issues and otherwise when appropriate;
- (iv) Approve Board meeting agendas after conferring with the Chairperson of the Board and may add agenda items in his or her discretion;



- (v) Approve Board meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- (vi) Have the authority to call meetings of the independent Directors;
- (vii) Assist in the Board's annual evaluation of the Chairperson of the Board and the Chief Executive Officer;
- (viii) Monitor and coordinate with management on corporate governance issues and developments;
- (ix) Be available to advise the Committee chairs in fulfilling their designated roles and responsibilities to the Board; and
- (x) Perform such other functions as the Board may request.

Agendas, schedules, and information distributed for meetings of Board Committees are the responsibility of the respective Committee chairs. All Directors may request agenda items, additional information, and/or modifications to schedules as they deem appropriate, both for the Board and the Committees on which they serve, and they are encouraged to do so.

IV. DIRECTOR QUALIFICATIONS

Directors may be nominated by the Board or by stockholders in accordance with the By-Laws. The Corporate Governance and Nominating Committee will review all nominees for the Board, including proposed nominees of stockholders, in accordance with its Charter. The assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's or other related industries, and such other factors as the Committee concludes are pertinent in light of the current needs of the Board. The Board believes that its membership should reflect a diversity of experience, gender, race and age. The Committee will select qualified nominees and make its recommendations to the Board, which will decide whether to invite the nominee to join the Board. The Chairperson of the Board should extend the Board's invitation to join the Board.

V. DIRECTOR TERM AND TENURE

In accordance with the By-Laws, Directors are elected for a term of one year. The Board does not believe that it should establish limits on the number of terms a Director may serve. Term limits may cause the loss of experience and expertise important to the



optimal operation of the Board. However, to ensure that the Board continues to evolve and is composed of individuals that can significantly contribute to the Company's strategic direction, the Corporate Governance and Nominating Committee will evaluate the qualifications and performance of each incumbent Director before recommending the nomination of that Director for an additional term.

VI. DIRECTORS' INDEPENDENCE

The Board shall consist of a majority of independent Directors. The Board shall make an annual determination regarding the independence of each Director. In making independence determinations, the Board will observe all applicable requirements, including the corporate governance listing standards established by the New York Stock Exchange ("NYSE"). The Board will carefully consider all relevant facts and circumstances in making an independent determination.

To be considered "independent" for purposes of the Director qualifications standards, (i) the Director must meet the independence standards under the NYSE listing standards, and (ii) the Board must affirmatively determine that the Director otherwise has no material relationship with the Company, directly or as an officer, shareholder or partner of an organization that has a relationship with the Company. In each case, the Board shall broadly consider all relevant facts and circumstances and apply the Board approved Categorical Standards for Director Independence Policy (the "Policy").

Annually, the Board will review all relevant relationships of Directors to determine whether Directors meet the categorical standards set forth in the Policy. The Board may determine that a Director who has a relationship that exceeds the categorical standard limits established by the Policy (to the extent that any such relationship would not constitute a bar to independence under the NYSE listing standards), is nonetheless independent. The Company will explain in the next proxy statement related to its annual meeting of stockholders the basis for any Board determination that a relationship is immaterial despite the fact that it does not come within the Policy's categorical standards.

In addition to meeting the independence standards for Directors set forth above, Audit Committee members may not receive direct or indirect compensation from the Company other than as Director, and may not be affiliated persons of the Company (as such term is defined in the Company's Affiliate Transaction Policy) and must otherwise satisfy the independence requirements set forth in Rule 10A-3 (b) (1) of the Securities and Exchange Commission (the "SEC"). Audit Committee members may receive Directors' fees.

VII. BOARD COMMITTEES

The purpose of Board Committees is to help the Board effectively and efficiently fulfill its responsibilities, although they do not replace the oversight responsibilities of the Board as a whole. Committees will report the results of their significant activities to the full Board or make recommendations to the full Board as appropriate.

The Board has six standing Committees: Audit Committee, Risk and Compliance Committee, Corporate Governance and Nominating Committee, Compensation Committee, and Board Credit Committee (Oriental Bank) which must operate in accordance with applicable law, their respective Charters, as adopted and amended from time to time by the Board, and the rules of the SEC and the NYSE, if applicable. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company’s By-Laws.

Each of the standing Committees has its own charter, which sets forth the responsibilities of the Committees. Each Committee will conduct a self-evaluation annually.

The Chairperson of the Board annually reviews the composition of each standing Committee and presents to the Board recommendations for Committee membership and leadership positions. Only independent Directors may serve on the Audit Committee, the Board Risk and Compliance Committee, the Corporate Governance and Nomination Committee, and the Compensation Committee.

The Chairperson of the Board of Directors shall serve as a voting member of all Board Committees so long as he or she is an independent director. If the Chairperson of the Board of Directors is not an independent director, the Lead Independent Director may serve as a voting member of Board Committees.

The minutes of Board Committees meetings shall be made available to the Board. Board Committees shall periodically report to the Board on significant matters handled by the Committees.

The Board shall name a Chairperson and a Vice Chairperson for each Board Committee.

The Chairperson of each Committee will determine the frequency of Committee meetings, consistent with the Committee’s charter and the Company needs. Board Committees meetings shall be presided by the Committee’s Chairperson and, in the absence of the Committee Chairperson, by the Vice Chairperson.



The Board Committee's Vice Chairperson will assist the Committee Chairperson in the discharge of his/her duties. In the event of incapacity or unavailability of the Chairperson, the Vice Chairperson will discharge the responsibilities of the Chairperson. The Vice Chairperson will perform such other duties as may be delegated to him/her by the Chairperson.

The policy of the Board is to rotate periodically Directors appointed as Board Committees Chairpersons, and Vice Chairpersons. As a general rule, it is the Board's policy that Board Committees Chairpersons will serve as such for at least three (3) year terms, which provides for continuity and experience.

VIII. NOMINATIONS

The Corporate Governance and Nominating Committee will adopt and propose to the Board a procedure for nominating director candidates for election to the Board.

IX. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

The Company shall provide Directors reasonable access to its management, subject to advance notice to the Chief Executive officer through the Board's Chairperson/Lead Independent Director, and reasonable efforts to avoid disruption to the Company's business and operations. The Board and its Committees shall have the right to consult with and retain independent legal and other advisors at the expense of the Company.

X. DIRECTOR COMPENSATION

The Board Compensation Committee shall review and determine the form and amount of Directors' compensation, including cash, equity-based awards and other forms of Directors' compensation. In determining the reasonable compensation of Directors, the Board shall consider what are the customary forms and amounts of compensation paid to directors of its peers.

In determining reasonable compensation of Directors for their service on the Board and Board Committees, the Compensation Committee will avoid compromising the independence of Directors by making contributions to charitable organizations in which a Director is significantly involved or the Company entering into consulting contracts with, or paying other compensation for services to a Director. The Board will consider the foregoing in determining a Directors' independence.



XI. DIRECTOR ORIENTATION

All new Directors must participate in the Company's Orientation Program, which should be conducted as soon as reasonably practicable after the meeting at which a new Director is elected. The orientation will include presentations by senior management to familiarize new Directors with the Company's business and strategic plans, its significant financial, accounting, and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. Any sitting Director may attend the Orientation Program.

XII. CONTINUING EDUCATION

The Company will provide adequate resources to facilitate and encourage Directors to participate in continuing Director education.

XIII. DIRECTOR'S AGE ELIGIBILITY

All candidates for election to the Board shall be at least 31 years of age at the time of their nomination.

XIV. CEO EVALUATION AND SUCCESSION

The Compensation Committee shall adopt criteria for an annual evaluation of the performance of the Chief Executive Officer. After completing its evaluation of the Chief Executive Officer, the Compensation Committee will make recommendations to the Board on his/her compensation. The independent Directors meeting in an executive session will consider the results of the evaluation of the Chief Executive Officer by the Compensation Committee's and the Committee's recommendations regarding his/her compensation and decide accordingly.

The Compensation Committee in consultation with the Chief Executive Officer and any others it may consider appropriate, will make recommendations to the Board regarding the Chief Executive Officer's succession.

XV. ANNUAL PERFORMANCE EVALUATION

The Board will conduct an annual self-evaluation to determine whether it and its Committees and each of its Directors, individually, are functioning effectively and whether they are contributing to the Company. The Board will review and discuss the results of the self-evaluation to determine which actions, if any, should be considered and implemented to improve the performance of the Board and its Committees.

XVI. AMENDMENT, MODIFICATION AND WAIVER

The Board, with the assistance of the Corporate Governance and Nominating Committee, shall review these Guidelines at least every three (3) years to determinate whether any changes are necessary or appropriate. These Guidelines may be amended or modified by the Board from time to time.