

OFG Bancorp Reports 1Q24 Results

SAN JUAN, Puerto Rico, April 18, 2024 – OFG Bancorp (NYSE: OFG), the financial holding company for Oriental Bank, today reported results for the first quarter ended March 31, 2024. EPS diluted of \$1.05 compared to \$0.98 in 4Q23 and \$0.96 in 1Q23. Total core revenues of \$174.2 million compared to \$175.6 million in 4Q23 and \$164.4 million in 1Q23.

CEO Comment

José Rafael Fernández, Chief Executive Officer, said: “First quarter EPS-diluted increased 9.4% year-over-year on a 5.9% increase in total core revenues, reflecting an overall solid performance across all businesses in line with our plans. Our Digital First strategy continues to drive customer acquisition and engagement. Puerto Rico business activity and consumer liquidity looks good. Our balance sheet is well-positioned for a higher for longer interest rate environment. Thanks to our team members for their hard work and commitment to helping our customers and communities achieve progress.”

1Q24 Highlights

Performance Metrics: Net interest margin of 5.40%, return on average assets of 1.77%, return on average tangible common stockholders’ equity of 17.92%, and efficiency ratio of 52.49%.

Total Interest Income of \$183.4 million compared to \$176.2 million in 4Q23 and \$149.0 million in 1Q23. Compared to 4Q23, 1Q24 primarily reflected higher average balances and yields on investment securities, cash and loans. 1Q24 included one fewer day than 4Q23, which reduced interest income by about \$1.4 million.

Total Interest Expense of \$39.3 million compared to \$32.7 million in 4Q23 and \$13.1 million in 1Q23. Compared to the previous quarter, 1Q24 core deposit average balances increased 10% and the cost increased 40 basis points reflecting the full effect of the \$1.2B in government funds deposited late in 4Q23.

Total Banking & Financial Service Revenues of \$30.1 million compared to \$32.1 million in 4Q23 and \$28.5 million in 1Q23. 1Q24 reflected one fewer day compared to 4Q23, which included \$2.5 million of annual insurance recognition.

Pre-Provision Net Revenues of \$83.0 million compared to \$88.2 million in 4Q23 and \$74.6 million in 1Q23. 4Q23 included \$8.8 million from a gain on the sale of nonperforming commercial loans and from annual insurance recognition revenues.

Total Provision for Credit Losses of \$15.1 million compared to \$19.7 million in 4Q23 and \$9.4 million in 1Q23. 1Q24 provision reflected \$15.1 million related to loan volume and \$1.7 million as a result of the strategic sale of a performing U.S. commercial loan. This was partially offset by \$1.7 million mainly due to a reduction in specific reserves for payments received on substantially reserved U.S. commercial loans.

Credit Quality: Net charge-offs of \$19.8 million compared to \$16.3 million in 4Q23 and \$10.1 million in 1Q23. 1Q24 included \$3.5 million from previously and fully reserved nonperforming PPP loans. 1Q24 early and total delinquency rates were 2.41% and 3.30%, respectively, lower than 4Q23 and pre-pandemic levels. The nonperforming loan rate of 1.10% was the lowest over the last five quarters.

Total Non-Interest Expense of \$91.4 million compared to \$94.1 million in 4Q23 and \$90.2 million in 1Q23. 1Q24 included a higher level of FICA payments compared to 4Q23, which included \$3.2 million in workforce early retirement and rightsizing costs.

Effective Tax Rate of 26.8% compared to 31.9% in 4Q23 and 1Q23. 1Q24 reflected expected 2024 ETR of 29.0% due to higher forecasted business activities with preferential tax treatment under the Puerto Rico tax code, coupled with a \$1.1 million discrete benefit for stock vested in 1Q24.

Loans Held for Investment (EOP) of \$7.54 billion compared to \$7.53 billion in 4Q23 and \$6.85 billion in 1Q23. Loans were approximately level with December 31, 2023 balances and up 10.0% year-over-year. Compared to 4Q23, 1Q24 loans reflected increases in retail auto and consumer, partially offset by regular paydowns of residential mortgages and securitization and sale of conforming loans as well as seasonal paydowns of commercial lines of credit.

New Loan Production of \$536.6 million compared to \$663.9 million in 4Q23 and \$561.3 million in 1Q23. Compared to 4Q23, production reflected increased auto and consumer lending and lower commercial and residential mortgage lending.

Total Investments (EOP) of \$2.48 billion compared to \$2.69 billion in 4Q23 and \$1.92 billion in 1Q23. 1Q24 primarily reflected the sale of a Treasury bill position.

Customer Deposits (EOP) of \$9.55 billion compared to \$9.60 billion in 4Q23 and \$8.57 billion in 1Q23.

Total Borrowings & Brokered Deposits (EOP) of \$203.3 million compared to \$363.0 million in 4Q23 and \$226.8 million in 1Q23. Compared to 4Q23, 1Q24 reflected a reduced need for wholesale funding.

Cash & Cash Equivalents (EOP) of \$754.4 million compared to \$748.2 million in 4Q23 and \$847.5 million in 1Q23.

Capital: CET1 ratio was 14.45% compared to 14.12% in 4Q23 and 14.07% in 1Q23. The Tangible Common Equity ratio was 10.06% compared to 9.68% in 4Q23 and 9.85% in 1Q23. Tangible Book Value (TBV) of \$23.55 per share compared to \$23.13 in 4Q23 and \$20.57 in 1Q23. 1Q24 TBV reflected increased retained earnings.

Conference Call, Financial Supplement & Presentation

A conference call to discuss 1Q24 results, outlook and related matters will be held today at 10:00 AM ET. Phone (800) 225-9448 or (203) 518-9708. Conference ID: OFGQ124. The call can also be accessed live on www.ofgbancorp.com with webcast replay shortly thereafter.

OFG's Financial Supplement, with full financial tables for the quarter ended March 31, 2024, and the 1Q24 Conference Call Presentation, can be found on the Quarterly Results page on OFG's Investor Relations website at www.ofgbancorp.com.

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 SEC Regulation G, to clarify and enhance understanding of past performance and prospects for the future. Please refer to Tables 8-1 and 8-2 in OFG’s above-mentioned Financial Supplement for a reconciliation of GAAP to non-GAAP measures and calculations.

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) general business and economic conditions, including changes in interest rates; (ii) cybersecurity breaches; (iii) hurricanes, earthquakes, pandemics and other natural disasters; and (iv) competition in the financial services industry.

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, 2023, 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.

About OFG Bancorp

Now in its 60th year in business, OFG Bancorp is a diversified financial holding company that operates under U.S., Puerto Rico and U.S. Virgin Islands banking laws and regulations. Its three principal subsidiaries, Oriental Bank, Oriental Financial Services, and Oriental Insurance, provide a wide range of retail and commercial banking, lending and wealth management products, services, and technology, primarily in Puerto Rico and U.S. Virgin Islands. Visit us at www.ofgbancorp.com.

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