

## OFG Bancorp Reports 3Q20 Results

SAN JUAN, Puerto Rico, October 23, 2020 – OFG Bancorp (NYSE: OFG), the financial holding company for Oriental Bank, reported results for the third quarter ended September 30, 2020.

### CEO Comment

José Rafael Fernández, President, Chief Executive Officer, and Vice Chairman of the Board, stated:

“We had a strong third quarter performance in our core business. This was due to an improved macro-economic environment in Puerto Rico and the U.S. Virgin Islands coupled with our being resilient, agile, and more than ready to service the changing needs of our customers and communities.

“The macro-economic environment benefited from reduced Covid-19 related government restrictions on economic activity, combined with growing liquidity from the federal stimulus programs Puerto Rico is receiving following 2017’s Hurricane Maria, the early 2020 earthquakes, and now the Covid-19 pandemic.

“Our success was driven by staying close to our customers and the communities we serve, providing the financial solutions they need as we enter what appears to be a nascent and potentially expanding recovery.

“Customer accounts grew, and digital migration expanded. Deposit gathering and loan production were robust. Credit quality continued to be under control. Operating efficiency improved, and the Scotiabank integration is proceeding on schedule.

“Return on average assets increased to 1.11%, return on average tangible common stockholders’ equity expanded to 12.23%, and tangible book value, at \$16.51 per share, continued to grow.

“Tremendous thanks go to our hardworking team who continues to put Oriental and its customers first throughout these challenging times.”

### 3Q20 Highlights<sup>1</sup>

- **Increased Earnings:** EPS diluted of \$0.50 increased 28% compared to \$0.39 in 2Q20 and 355% compared to \$0.11 in 3Q19. Total core revenues were \$127.0 million versus \$128.2 million in 2Q20 and \$99.3 million in 3Q19. Net interest margin was 4.30% compared to 4.78% in 2Q20. The effective tax rate was 18.7% based on a higher than originally anticipated proportion of exempt income.

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<sup>1</sup> Unless otherwise specified, comparisons noted in the bullet points are for 3Q20 versus 2Q20 or September 30, 2020 versus June 30, 2020 quarter, and balances shown are end of period.

- **Lower Provision:** Provision for credit losses fell 23% to \$13.7 million from \$17.7 million in 2Q20 and 69% from \$43.8 million in 3Q19. Credit quality also reflected reduced deferrals (2.0% of total loans compared to 30.0%), \$5.2 million in lower net charge offs, and increases in the total delinquency and non-performing loan rates of 11 bps and 52 bps, respectively, for non-PCD loans, from 2Q20.
- **Expense Reduction:** Non-interest expenses of \$83.4 million fell more than 2% or \$2.0 million compared to \$85.5 million in 2Q20, with the efficiency ratio improving 101 bps to 65.7%. Excluding merger and Covid-19 related costs, the adjusted efficiency ratio improved 369 bps to 62.2% from 2Q20, as increased operating leverage from the Scotiabank acquisition began to kick in.
- **Deposit and Cash Growth:** Customer deposits grew \$212.6 million to \$8.5 billion on September 30, 2020 from June 30, 2020. Due to the increased deposits as well as repayments of loans and securities, cash increased \$383.0 million, to \$2.3 billion. As a result, total assets grew \$83.6 million to \$10.0 billion, which OFG does not anticipate exceeding on December 31, 2020.
- **Strong Production:** Loan production totaled \$457.8 million compared to \$506.0 million in 2Q20. Excluding Paycheck Protection Program loans, production increased \$227.8 million, driven by commercial, auto, mortgage and consumer lending. Net loans were \$6.6 billion on September 30, 2020 compared to \$6.7 billion on June 30, 2020.
- **Capital Building:** Tangible book value per share expanded 3% or \$0.50 to \$16.51 compared to 2Q20. All regulatory capital ratios continued to be significantly above requirements for a well-capitalized institution. The CET1 ratio was 12.55% on September 30, 2020 compared to 12.03% on June 30, 2020 and 17.98% on September 30, 2019, the quarter before the Scotiabank acquisition.

## Conference Call

A conference call to discuss 3Q20 results, outlook and related matters will be held today at 10:00 AM ET. Phone (888) 562-3356 or (973) 582-2700. Conference ID: 899-3880. The call can also be accessed live on [www.ofgbancorp.com](http://www.ofgbancorp.com). Webcast replay will be available shortly thereafter.

## Financial Supplement & Conference Call Presentation

OFG's Financial Supplement, with full financial tables for the quarter ended September 30, 2020, and the 3Q20 Conference Call Presentation, can be found on the Quarterly Results page on OFG's Investor Relations website at [www.ofgbancorp.com](http://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, 8-2 and 8-3 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) 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) the potential impact of damages from future hurricanes, earthquakes and other natural disasters in Puerto Rico; (v) the fiscal and monetary policies of the federal government and its agencies; (vi) the performance of the stock and bond markets; (vii) competition in the financial services industry; (viii) possible legislative, tax or regulatory changes; and (ix) 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.

## About OFG Bancorp

Now in its 56<sup>th</sup> 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](http://www.ofgbancorp.com).

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## Contacts

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## **OFG Bancorp Financial Supplement**

The information contained in this Financial Supplement is preliminary and based on data available at the time of the earnings presentation, and investors should refer to our September 30, 2020 Quarterly Report on Form 10-Q once it is filed with the Securities and Exchange Commission.

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OFG Bancorp (NYSE: OFG)

Table 1: Financial and Statistical Summary - Consolidated

	2020	2020	2020	2019	2019	2020	2019
(Dollars in thousands, except per share data) (unaudited)	Q3	Q2	Q1	Q4	Q3	YTD	YTD
<b>Statement of Operations</b>							
Net interest income	\$ 99,533	\$ 105,060	\$ 105,101 (e)	\$ 79,209	\$ 80,710	\$ 309,694 (e)	\$ 243,584
Non-interest income, net (core) (2)	27,486	23,106	26,233 (e)	19,196	18,542	76,825 (e)	54,169
Total core revenues	127,019	128,166	131,334 (e)	98,405	99,252	386,519 (e)	297,753
Non-interest expense	83,444	85,481	87,322 (e)	78,913 (e)	50,727	256,247 (e)	154,331 (e)
Pre-provision net revenues (22)	47,415	46,731	49,229	20,007	52,161	143,375	152,035
Total provision for credit losses	13,669 (d)	17,696 (d)	47,131 (c)(d)	23,068 (g)	43,770 (g)	78,496 (c)(d)	73,724 (g)
Net income (loss) before income taxes	33,746	29,035	2,098	(3,061)	8,391	64,879	78,311
Income tax expense (benefit)	6,308	7,248	297	(2,070)	1,008	13,853	23,479
Net income (loss) available to common stockholders	\$ 25,810	20,159	173	(2,619)	5,755	46,142	49,948
<b>Common Share Statistics</b>							
Earnings (loss) per common share - basic (3)	\$ 0.50	0.39	-	(0.05)	0.11	0.90	0.97
Earnings (loss) per common share - diluted (4)	\$ 0.50	0.39	-	(0.05)	0.11	0.89	0.97
Average common shares outstanding	51,342	51,336	51,404	51,360	51,345	51,361	51,327
Average common shares outstanding and equivalents	51,527	51,470	51,713	51,791	51,772	51,563	51,695
Cash dividends per common share	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.21	\$ 0.21
Book value per common share (period end)	\$ 19.13	\$ 18.69	\$ 18.33 (c)	\$ 18.75	\$ 18.84	\$ 19.13 (c)	\$ 18.84
Tangible book value per common share (period end) (5)	\$ 16.51	\$ 16.01	\$ 15.60 (c)	\$ 15.96	\$ 17.11	\$ 16.51 (c)	\$ 17.11
<b>Balance Sheet (Average Balances)</b>							
Loans (6)	\$ 6,787,022 (a)	\$ 6,840,650 (a)	\$ 6,687,875	\$ 4,500,071	\$ 4,539,045	\$ 6,771,904 (a)	\$ 4,519,393
Interest-earning assets	9,218,717 (a)	8,845,744 (a)	8,556,421	5,886,379	5,981,756	8,874,886 (a)	6,055,475
Total assets	9,918,381 (a)	9,512,129 (a)	9,326,627	6,325,334	6,433,658	9,586,921 (a)	6,511,171
Core deposits	8,376,623	7,852,495	7,516,438	4,582,872	4,563,187	7,916,869	4,475,101
Total deposits	8,517,039	8,088,106	7,752,446	4,850,979	4,921,317	8,120,648	4,897,465
Borrowings	102,916	157,669	271,800	304,365	340,194	177,189	453,236
Stockholders' equity	1,062,460	1,037,195	1,043,481 (c)	1,062,720	1,061,541	1,047,766 (c)	1,038,869
Common stockholders' equity	980,590	955,325	961,611 (c)	980,850	979,671	965,896 (c)	956,999
<b>Performance Metrics</b>							
Net interest margin (7)	4.30%	4.78%	4.94%	5.34%	5.35%	4.65%	5.38%
Return on average assets (8)	1.11%	0.92%	0.08%	-0.06%	0.46%	0.71%	1.12%
Return on average tangible common stockholders' equity (9)	12.23%	9.88%	0.08%	-1.17%	2.58%	7.44%	7.67%
Efficiency ratio (10)	65.69%	66.70%	66.49%	80.19%	51.11%	66.30%	51.83%
Full-time equivalent employees, period end	2,334	2,373	2,449	2,455	1,436	2,334	1,436
<b>Credit Quality Metrics (1)(21)</b>							
Allowance for loan and lease losses	\$ 235,313	\$ 232,701	\$ 230,755 (c)(d)	\$ 116,539	\$ 154,343	\$ 235,313 (c)(d)	\$ 154,343
Allowance as a % of loans held for investment	3.48% (a)	3.35% (a)	3.41%	1.73%	3.41%	3.48% (a)	3.41%
Net charge-offs	\$ 10,570	\$ 15,750	\$ 24,034	\$ 14,395	\$ 34,486 (f)(g)	\$ 50,354	\$ 59,477
Net charge-off rate (11)	0.62%	0.92%	1.44%	1.28%	3.04% (f)(g)	0.99%	1.75% (f)(g)
Early delinquency rate (30 - 89 days past due)	2.50%	2.64%	3.16%	3.07%	3.63%	2.50%	3.63%
Total delinquency rate (30 days and over)	5.67%	5.56%	6.38%	5.85%	5.40%	5.67%	5.40%
<b>Capital Ratios (Non-GAAP) (12)(20)</b>							
Leverage ratio	10.00%	10.16%	10.14% (b)(c)	9.24%	15.41%	10.00% (b)(c)	15.41%
Common equity Tier 1 capital ratio	12.55%	12.03% (a)	11.69% (b)(c)	10.91%	17.98%	12.55% (a)(b)(c)	17.98%
Tier 1 risk-based capital ratio	14.25%	13.71% (a)	13.36% (b)(c)	12.64%	20.43%	14.25% (a)(b)(c)	20.43%
Total risk-based capital ratio	15.50%	14.96% (a)	14.62% (b)(c)	13.91%	21.71%	15.50% (a)(b)(c)	21.71%
Tangible common equity ("TCE") ratio	8.58%	8.39%	8.80%	8.96%	14.07%	8.58%	14.07%

(a) In response to the Coronavirus (COVID-19) pandemic, CARES Act created funding for the Small Business Administration (SBA) Paycheck Protection Program (PPP), which provides loans to small businesses to keep their employees on payroll and make other eligible payments. The original funding for the PPP was fully allocated by mid-April 2020, with additional funding made available on April 24, 2020 under the Paycheck Protection Program and Health Care Enhancement Act. During 2Q 2020 and 3Q 2020, the Company participated in this program originating 4,342 and 732 PPP loans, respectively. At June 30, 2020 and September 30, 2020, Oriental had PPP loans amounting to \$278.1 million and \$289.2 million, respectively. These loans are fully guaranteed by the SBA and risk-weighted at 0%.

(b) During 1Q 2020, the Company decided to early implement Simplifications to the Capital Rule, which simplified the regulatory capital treatment for mortgage servicing assets (MSA) and certain deferred tax assets arising from temporary differences (temporary difference DTAs). It increased common equity tier 1 (CET1) capital threshold deductions from 10 percent to 25 percent and removes the aggregate 15 percent CET1 threshold deduction. However, it retains the 250 percent risk weight applicable to non-deducted amounts of MSAs and temporary difference DTAs.

(c) On January 1, 2020, the Company implemented ASU No. 2016-13: Measurement of Credit Losses on Financial Instruments ("CECL") using the modified retrospective approach. As a result, a \$39.2 million allowance for credit losses was recorded for Non-PCD loans and \$0.2 million for unused commitments with the corresponding adjustment reducing retained earnings, net of a \$13.9 million deferred tax effect. For PCD loans, including BBVA and Eurobank acquired book plus the recently acquired Scotiabank, the adjustment amounting to \$50.5 million was made through the allowance and loan balances with no impact in capital. As disclosed in the Company's 2019 Form 10-K, the Company had initially elected to phase-in the January 1, 2020 ("day 1") impact to retained earnings to regulatory capital, over a three-year transition period beginning in 2020. As part of its response to the impact of COVID-19, in March 2020, the Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency issued an interim final rule that provided the option to temporarily delay the effects of CECL on regulatory capital for two years, followed by a three-year transition period. In addition, for the first two years, a uniform 25% "scaling factor" is introduced to approximate the portion of the post day-one allowance attributable to CECL relative to the incurred loss methodology. The 25% scaling factor is calibrated to approximate an overall after-tax impact of differences in allowances under CECL vs the incurred loss methodology.

(d) In March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic significantly impacted the economic conditions in P.R. and the U.S., creating significant uncertainties. In response, we increased our provision for credit losses on loans in 1Q 2020 and 2Q 2020 by \$34.1 million and \$5.0 million, respectively, and established a provision for credit losses on accrued interest receivables under deferral plans in 3Q 2020 of \$826 thousand.

(e) On December 31, 2019, the Company acquired Scotiabank's Puerto Rico and USVI operations, incurring in merger and restructuring charges of \$21.5 million during 4Q 2019, \$3.0 million during 2Q 2020, and \$2.7 million during 3Q 2020. At December 31, 2019, the consolidated statement of financial condition contemplated the effects of the Scotiabank PR & USVI acquisition. Nevertheless, the consolidated statement of operations did not contemplated the effects of the Scotiabank PR & USVI acquisition until January 1, 2020.

(f) During 3Q 2019, the Company received \$2.4 million proceeds from the sale of fully charged-off originated auto and consumer loans.

(g) During 3Q 2019, the Company decided to sell mostly non-performing loans, increasing the provision by \$37.2 million. Originated loans that were transferred to held-for-sale amounted to \$25.3 million at September 30, 2019, the remaining were purchased credit impaired loans. Loans were sold during 4Q 2019, with an additional increase in the provision of \$6.6 million.

Table 2: Consolidated Statements of Operations

	Quarter Ended					Nine-Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019
<b>(Dollars in thousands, except per share data) (unaudited)</b>							
<b>Interest income:</b>							
Loans	(1)						
Non-PCD loans	\$ 83,029	\$ 83,832	\$ 87,482	\$ 74,142	\$ 74,910	\$ 254,343	\$ 220,583
PCD loans	29,018 (a)	34,700 (a)	28,953	10,762	10,862	92,671 (a)	34,388
Total interest income from loans	112,047	118,532	116,435	84,904	85,772	347,014	254,971
Investment securities	2,890	3,160	7,262	6,271	7,883	13,312	27,649
Total interest income	114,937	121,692	123,697 (d)	91,175	93,655	360,326 (d)	282,620
<b>Interest expense:</b>							
Deposits							
Core deposits	13,808	13,999	15,034	7,957	8,256	42,841	21,934
Brokered deposits	812	1,446	1,586	1,804	2,298	3,844	7,660
Total deposits	14,620	15,445	16,620 (d)	9,761	10,554	46,685 (d)	29,594
Borrowings	784	1,187	1,976	2,205	2,391	3,947	9,442
Total interest expense	15,404	16,632	18,596	11,966	12,945	50,632	39,036
Net interest income	99,533	105,060	105,101	79,209	80,710	309,694	243,584
Provision for credit losses, excluding PCD loans	(1) 13,845	15,227	40,951	18,859	23,427	70,023	43,675
(Recapture) provision for credit losses on PCD loans	(1) (176)	2,469	6,180	4,209	20,343	8,473	30,049
Total provision for credit losses	13,669 (c)	17,696 (c)	47,131 (c)(d)	23,068	43,770 (f)(g)(h)	78,496 (c)(d)	73,724 (f)(g)(h)
Net interest income after provision for loan and lease losses	85,864	87,364	57,970	56,141	36,940	231,198	169,860
<b>Non-interest income:</b>							
Banking service revenues	16,297	13,668	15,713	10,812	10,813	45,678	32,054
Wealth management revenues	7,272	6,366	7,286	7,062	6,611	20,924	19,162
Mortgage banking activities	3,917	3,072	3,234	1,322	1,118	10,223	2,953
Total banking and financial service revenues	27,486	23,106	26,233 (d)	19,196	18,542	76,825 (d)	54,169
Bargain purchase from Scotiabank PR & USVI acquisition	3,465 (b)	3,462 (b)	409	315	-	7,336 (b)	-
Other income, net	375	584	4,808 (e)	200	3,636 (e)	5,767 (e)	8,613 (e)
Total non-interest income, net	31,326	27,152	31,450	19,711	22,178	89,928	62,782
<b>Non-interest expense:</b>							
Compensation and employee benefits	31,955	34,506	35,544	21,817	20,500	102,005	60,716
Occupancy, equipment and infrastructure costs	11,943	11,837	11,439	7,488	7,307	35,219	22,564
General and administrative expenses	33,452	31,206	37,345	25,451	18,475	102,003	59,656
Net (gain) loss on sale of foreclosed real estate and other repossessed assets	(866)	316	(193)	541	794	(743)	1,885
Credit related expenses	2,189	2,602	2,715	2,118	2,095	7,506	6,954
Merger and restructuring charges	2,681 (d)	3,006 (d)	304	21,498 (d)	1,556	5,991 (d)	2,556
COVID 19 expenses	2,090	2,008	168	-	-	4,266	-
Total non-interest expense	83,444	85,481	87,322 (d)	78,913	50,727	256,247 (d)	154,331
Income (loss) before income taxes	33,746	29,035	2,098	(3,061)	8,391	64,879	78,311
Income tax expense (benefit)	6,308	7,248	297	(2,070)	1,008	13,853	23,479
<b>Net income (loss)</b>	<b>27,438</b>	<b>21,787</b>	<b>1,801</b>	<b>(991)</b>	<b>7,383</b>	<b>51,026</b>	<b>54,832</b>
Less: dividends on preferred stock	(1,628)	(1,628)	(1,628)	(1,628)	(1,628)	(4,884)	(4,884)
<b>Net income (loss) available to common shareholders</b>	<b>\$ 25,810</b>	<b>\$ 20,159</b>	<b>\$ 173</b>	<b>\$ (2,619)</b>	<b>\$ 5,755</b>	<b>\$ 46,142</b>	<b>\$ 49,948</b>

(a) During 2Q 2020 and 3Q 2020, the Company recognized interest recoveries on SOP loans acquired in the Scotiabank PR & USVI acquisition collected subsequently to the acquisition date amounting to \$6.0 million and \$469 thousand, respectively.

(b) During 2Q 2020, the Company increased the Bargain purchase from Scotiabank PR & USVI acquisition by \$3.5 million to adjust the fair value of accrued interest receivable in Day 1, net of taxes. During 3Q 2020, the Company increased the Bargain purchase from Scotiabank PR & USVI acquisition by \$3.5 million to adjust the deferred tax asset in Day 1.

(c) In March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic significantly impacted the economic conditions in P.R. and the U.S., creating significant uncertainties. In response, we increased our provision for credit losses on loans in 1Q 2020 and 2Q 2020 by \$34.1 million and \$5.0 million, respectively, and established a provision for credit losses on accrued interest receivables under deferral plans in 3Q 2020 of \$826 thousand.

(d) On December 31, 2019, the Company acquired Scotiabank's Puerto Rico and USVI operations, incurring in merger and restructuring charges of \$21.5 million during 4Q 2019, \$3.0 million during 2Q 2020, and \$2.7 million during 3Q 2020. At December 31, 2019, the consolidated statement of financial condition contemplated the effects of the Scotiabank PR & USVI acquisition. Nevertheless, the consolidated statement of operations did not contemplate the effects of the Scotiabank PR & USVI acquisition until January 1, 2020.

(e) During 1Q 2020, 2Q 2019 and 3Q 2019, the Company sold \$316 million, \$350 million and \$322 million available-for-sale mortgage-backed securities, respectively, and recognized a gain in the sale of \$4.7 million, \$4.8 million and \$3.5 million.

(f) During 3Q 2019, the Company received \$2.4 million proceeds from the sale of fully charged-off originated auto and consumer loans.

(g) During 3Q 2019, the Company decided to sell mostly non-performing loans, increasing the provision by \$37.2 million. Originated loans that were transferred to held-for-sale amounted to \$25.3 million at September 30, 2019, the remaining were purchased credit impaired loans. Loans were sold during 4Q 2019, with an additional increase in the provision of \$6.6 million.

(h) During 2Q 2019, the Company decided to sell mostly non-performing mortgage loans increasing the provision by \$8.8 million. Most of these loans were sold in 3Q 2019, increasing the provision by an additional \$1.8 million.

OFG Bancorp (NYSE: OFG)

Table 3: Consolidated Statements of Financial Condition

(Dollars in thousands) (unaudited)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
<b>Cash and cash equivalents</b>	\$ 2,283,050 (b)	\$ 1,900,037 (b)	\$ 1,325,941	\$ 852,757	\$ 962,887
<b>Investments:</b>					
Trading securities	22	22	29	37	41
Investment securities available-for-sale, at fair value, with amortized cost of \$412,899 (June 30, 2020 - \$529,985; March 31, 2020 - \$648,565; December 31, 2019 - \$1,074,474; September 30, 2019 - \$520,960; no allowance for credit losses for any period)					
Mortgage-backed securities	329,719	340,192	355,637	673,886	505,102
US treasury notes	91,531	197,340	298,986	397,183	10,938
Other investment securities	2,565	2,707	2,837	3,100	3,055
Total investment securities available-for-sale	423,815	540,239	657,460 (e)	1,074,169 (d)	519,095
Federal Home Loan Bank (FHLB) stock, at cost	8,322	8,366	10,301	13,048	10,525
Other investments	2,205	1,076	973	560	57
Total investments	434,364	549,703	668,763	1,087,814	529,718
<b>Loans, net</b>	<b>6,579,140 (b)</b>	<b>6,739,243 (b)</b>	<b>6,541,174 (c)</b>	<b>6,641,847 (d)</b>	<b>4,407,190</b>
<b>Other assets:</b>					
Prepaid expenses	51,915	40,119	44,633	52,648	14,244
Deferred tax asset, net	178,957	186,730	196,129 (c)	176,740	112,602
Foreclosed real estate and repossessed properties	21,374	26,152	30,388	33,236	30,488
Premises and equipment, net	83,270	82,234	81,834	81,105	69,754
Goodwill	86,069	86,069	86,069	86,069	86,069
Right of use assets	35,900	34,692	36,844	39,112	19,318
Core deposit, customer relationship intangible and other intangibles	48,650	51,406	54,174	56,965	2,491
Servicing asset	47,242	47,926	49,287	50,779	10,125
Accounts receivable and other assets	166,392	188,408 (a)	123,335	138,589	88,619
<b>Total assets</b>	<b>\$ 10,016,323</b>	<b>\$ 9,932,719</b>	<b>\$ 9,238,571</b>	<b>\$ 9,297,661</b>	<b>\$ 6,333,505</b>
<b>Deposits:</b>					
Demand deposits	\$ 4,682,991 (b)	\$ 4,370,419 (b)	\$ 3,711,492	\$ 3,579,115	\$ 2,228,256
Savings accounts	1,919,859	1,978,118	1,829,054	1,815,044	1,206,569
Time deposits	1,933,517	1,975,223	2,023,211	2,060,953	1,154,871
Brokered deposits	96,090	218,166	255,514	243,498	288,362
Total deposits	8,632,457	8,541,926	7,819,271	7,698,610 (d)	4,878,058
<b>Borrowings:</b>					
Securities sold under agreements to repurchase	-	-	50,103	190,274	190,261
Advances from FHLB and other borrowings	66,781	68,340	77,601	79,204	79,603
Subordinated capital notes	36,083	36,083	36,083	36,083	36,083
Total borrowings	102,864	104,423	163,787	305,561	305,947
<b>Other liabilities:</b>					
Derivative liabilities	1,895	2,078	2,059	913	1,159
Acceptances outstanding	18,291	20,034	11,763	21,599	21,796
Lease liability	37,029	35,694	37,702	39,840	21,081
Accrued expenses and other liabilities	159,465	187,280	181,395	185,660	56,388
<b>Total liabilities</b>	<b>8,952,001</b>	<b>8,891,435</b>	<b>8,215,977</b>	<b>8,252,183</b>	<b>5,284,429</b>
<b>Stockholders' equity:</b>					
Preferred stock	92,000	92,000	92,000	92,000	92,000
Common stock	59,885	59,885	59,885	59,885	59,885
Additional paid-in capital	621,978	621,860	621,206	621,515	620,948
Legal surplus	101,233	98,347	95,945	95,779	95,783
Retained earnings	284,053	264,725	250,557 (c)	279,646	285,854
Treasury stock, at cost	(103,095)	(103,121)	(103,289)	(102,339)	(102,936)
Accumulated other comprehensive (loss) income, net	8,268	7,588	6,290	(1,008)	(2,458)
<b>Total stockholders' equity</b>	<b>1,064,322</b>	<b>1,041,284</b>	<b>1,022,594</b>	<b>1,045,478</b>	<b>1,049,076</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 10,016,323</b>	<b>\$ 9,932,719</b>	<b>\$ 9,238,571</b>	<b>\$ 9,297,661</b>	<b>\$ 6,333,505</b>

(a) During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in P.R. and the U.S., creating significant uncertainties. After recent disruptions in economic conditions caused by COVID-19, the Company has offered several deferral programs for the payment of principal and interest for auto, personal, credit cards and mortgage, and commercial loans, for customers whose payments were not over 89 days past due at March 12, 2020 and requested to be included in these programs, which contributed to the increase of accrued interest receivable from 1Q 2020 to 2Q 2020 of approximately \$40 million.

(b) In response to the Coronavirus (COVID-19) pandemic, CARES Act created funding for the Small Business Administration (SBA) Paycheck Protection Program (PPP), which provides loans to small businesses to keep their employees on payroll and make other eligible payments. The original funding for the PPP was fully allocated by mid-April 2020, with additional funding made available on April 24, 2020 under the Paycheck Protection Program and Health Care Enhancement Act. During 2Q 2020 and 3Q 2020, the Company participated in this program originating 4,342 and 732 PPP loans, respectively. At June 30, 2020 and September 30, 2020, Oriental had PPP loans amounting to \$278.1 million and \$289.2 million, respectively. These loans are fully guaranteed by the SBA and risk-weighted at 0%. These funds have been disbursed into the customers' deposit accounts and, along with other government stimulus and relief during the pandemic, they have increased the Company's cash and core deposits.

(c) On January 1, 2020, the Company implemented ASU No. 2016-13: Measurement of Credit Losses on Financial Instruments ("CECL") using the modified retrospective approach. As a result, a \$39.2 million allowance for credit losses was recorded for Non-PCD loans and \$0.2 million for unused commitments with the corresponding adjustment reducing retained earnings, net of a \$13.9 million deferred tax effect. For PCD loans, including BBVA and Eurobank acquired book plus the recently acquired Scotiabank, the adjustment amounting to \$50.5 million was made through the allowance and loan balances with no impact in capital.

(d) On December 31, 2019, the Company acquired Scotiabank's Puerto Rico and USVI operations, increasing investments by \$576.2 million, loans by \$2.2 billion and deposits by \$3.0 billion.

(e) During 1Q 2020, the Company sold \$316 million available-for-sale mortgage-backed securities and recognized a gain in the sale of \$4.7 million.

OFG Bancorp (NYSE: OFG)

Table 4-1: Information on Loan Portfolio and Production

(Dollars in thousands) (unaudited)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
<b>Non-PCD:</b> (1)					
Mortgage	\$ 847,588	\$ 874,286	\$ 887,950	\$ 898,118	\$ 588,535
Commercial	1,785,022	1,918,424	1,910,192	1,862,484	1,575,491
Commercial Paycheck Protection Program (PPP Loans)	289,218 (a)	278,059 (a)	-	-	-
Consumer	434,546	458,714	481,710	495,244	383,819
Auto	1,511,829	1,454,987	1,487,701	1,479,612	1,277,114
	<u>4,868,203</u>	<u>4,984,470</u>	<u>4,767,553</u>	<u>4,735,458 (c)</u>	<u>3,824,959</u>
Less: Allowance for credit losses	(156,409)	(151,507)	(149,961) (b)	(85,044)	(80,579)
Total non- PCD loans held for investment, net	<u>4,711,794</u>	<u>4,832,963</u>	<u>4,617,592</u>	<u>4,650,414</u>	<u>3,744,380</u>
<b>PCD:</b> (1)					
Mortgage	1,504,914	1,541,637	1,561,557	1,591,112	494,278
Commercial	352,555	386,046	391,158	359,601	202,065
Consumer	2,336	2,950	3,350	9,263	802
Auto	31,836	37,409	42,466	43,361	3,883
	<u>1,891,641</u>	<u>1,968,042</u>	<u>1,998,531</u>	<u>2,003,337 (c)</u>	<u>701,028</u>
Less: Allowance for credit losses (1)	(78,904)	(81,194)	(80,794) (b)	(31,495)	(73,764)
Total PCD loans held for investment, net	<u>1,812,737</u>	<u>1,886,848</u>	<u>1,917,737</u>	<u>1,971,842</u>	<u>627,264</u>
Total loans held for investment	<u>6,524,531</u>	<u>6,719,811</u>	<u>6,535,329</u>	<u>6,622,256</u>	<u>4,371,644</u>
Mortgage loans held for sale	54,609	19,432	5,845	19,591	23,504
Other loans held for sale	-	-	-	-	12,042
Total loans, net	<u>\$ 6,579,140</u>	<u>\$ 6,739,243</u>	<u>\$ 6,541,174</u>	<u>\$ 6,641,847</u>	<u>\$ 4,407,190</u>
<b>Loan Portfolio Summary:</b>					
Loans held for investment:					
Mortgage	\$ 2,352,502	\$ 2,415,923	\$ 2,449,507	\$ 2,489,230	\$ 1,082,813
Commercial	2,426,795	2,582,529	2,301,350	2,222,085	1,777,556
Consumer	436,882	461,664	485,060	504,507	384,621
Auto	1,543,665	1,492,396	1,530,167	1,522,973	1,280,997
	<u>6,759,844</u>	<u>6,952,512</u>	<u>6,766,084</u>	<u>6,738,795 (c)</u>	<u>4,525,987</u>
Less: Allowance for credit losses	(235,313)	(232,701)	(230,755) (b)	(116,539)	(154,343)
Total loans held for investment, net	<u>6,524,531</u>	<u>6,719,811</u>	<u>6,535,329</u>	<u>6,622,256</u>	<u>4,371,644</u>
Mortgage loans held for sale	54,609	19,432	5,845	19,591	23,504
Other loans held for sale	-	-	-	-	12,042
Total loans, net	<u>\$ 6,579,140</u>	<u>\$ 6,739,243</u>	<u>\$ 6,541,174</u>	<u>\$ 6,641,847</u>	<u>\$ 4,407,190</u>

(a) In response to the Coronavirus (COVID-19) pandemic, CARES Act created funding for the Small Business Administration (SBA) Paycheck Protection Program (PPP), which provides loans to small businesses to keep their employees on payroll and make other eligible payments. The original funding for the PPP was fully allocated by mid-April 2020, with additional funding made available on April 24, 2020 under the Paycheck Protection Program and Health Care Enhancement Act. During 2Q 2020 and 3Q 2020, the Company participated in this program originating 4,342 and 732 PPP loans, respectively. At June 30, 2020 and September 30, 2020, Oriental had PPP loans amounting to \$278.1 million and \$289.2 million, respectively. These loans are fully guaranteed by the SBA and risk-weighted at 0%.

(b) On January 1, 2020, the Company implemented ASU No. 2016-13: Measurement of Credit Losses on Financial Instruments ("CECL") using the modified retrospective approach. As a result, a \$39.2 million allowance for credit losses was recorded for Non-PCD loans and \$0.2 million for unused commitments with the corresponding adjustment reducing retained earnings, net of a \$13.9 million deferred tax effect. For PCD loans, including BBVA and Eurobank acquired book plus the recently acquired Scotiabank, the adjustment amounting to \$50.5 million was made through the allowance and loan balances with no impact in capital.

(c) On December 31, 2019, the Company acquired Scotiabank's Puerto Rico and USVI operations, increasing investments by \$576.2 million, loans by \$2.2 billion and deposits by \$3.0 billion.

OFG Bancorp (NYSE: OFG)

Table 4-2: Information on Loan Portfolio and Production

(Dollars in thousands) (unaudited)	Quarter Ended					Nine-Months Ended	
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	September 30, 2020	September 30, 2019
<b>Loan production</b> <sup>(13)</sup>							
Mortgage	\$ 93,650	\$ 23,744	\$ 30,988	\$ 23,680	\$ 23,805	\$ 148,382	\$ 69,098
Commercial	83,488	98,558	54,113	216,610	65,635	236,159	190,199
Commercial PPP Loans	10,318	286,420	-	-	-	296,738	-
US Loan Programs	90,878	35,711	47,125	12,482	12,225	173,714	100,304
Consumer	23,540	14,231	39,199	41,947	48,257	76,970	136,776
Auto	155,880	47,374	109,344	110,184	141,506	312,598	397,968
Total	\$ 457,754	\$ 506,038	\$ 280,769	\$ 404,903	\$ 291,428	\$ 1,244,561	\$ 894,346

OFG Bancorp (NYSE: OFG)

Table 5-1: Average Balances, Net Interest Income and Net Interest Margin

(Dollars in thousands) (unaudited)	2020 Q3			2020 Q2			2020 Q1			2019 Q4			2019 Q3		
	Average Balance	Interest Income/Expense	Yield/Rate												
<b>Interest earning assets:</b>															
Cash equivalents	\$ 1,929,024	\$ 613	0.13 %	\$ 1,393,187	\$ 359	0.10 %	\$ 943,581	\$ 2,788	1.19 %	\$ 863,497	\$ 3,684	1.69 %	\$ 734,105	\$ 4,086	2.21 %
Investment securities	502,671	2,278	1.81 %	611,907	2,801	1.83 %	924,965	4,474	1.93 %	522,811	2,587	1.98 %	708,606	3,797	2.14 %
Loans held for investment (1)															
Non-PCD loans	4,870,753	83,028	6.78 %	4,857,281	83,832	6.94 %	4,613,878	87,482	7.63 %	3,888,442	74,142	7.56 %	3,873,743	74,910	7.67 %
PCD loans	1,916,269	29,018	6.06 %	1,983,369	34,700	7.00 %	2,073,997	28,953	5.58 %	611,629	10,762	7.04 %	665,302	10,862	6.53 %
Total loans	6,787,022	112,046	6.57 %	6,840,650	118,532	6.97 %	6,687,875	116,435	7.00 %	4,500,071	84,904	7.49 %	4,539,045	85,772	7.50 %
Total interest-earning assets	\$ 9,218,717	\$ 114,937	4.96 %	\$ 8,845,744	\$ 121,692	5.53 %	\$ 8,556,421	\$ 123,697	5.81 %	\$ 5,886,379	\$ 91,175	6.15 %	\$ 5,981,756	\$ 93,655	6.21 %
<b>Interest bearing liabilities:</b>															
<b>Deposits</b>															
NOW accounts	\$ 2,227,687	\$ 2,247	0.40 %	\$ 2,069,247	\$ 2,138	0.42 %	\$ 1,980,505	\$ 2,389	0.48 %	\$ 1,119,371	\$ 1,471	0.52 %	\$ 1,118,214	\$ 1,616	0.57 %
Savings accounts	1,927,680	2,010	0.41 %	1,809,517	1,976	0.44 %	1,797,658	2,440	0.55 %	1,195,689	1,843	0.61 %	1,199,678	2,012	0.67 %
Time deposits	1,944,856	7,512	1.54 %	1,990,639	7,835	1.58 %	2,039,311	8,131	1.60 %	1,156,965	4,442	1.52 %	1,151,248	4,427	1.53 %
Brokered deposits	140,416	812	2.30 %	235,611	1,446	2.47 %	236,008	1,586	2.70 %	268,108	1,804	2.67 %	358,130	2,298	2.55 %
	6,240,639	12,581	0.80 %	6,105,014	13,395	0.88 %	6,053,482	14,546	0.97 %	3,740,133	9,560	1.01 %	3,827,270	10,353	1.07 %
Non-interest bearing deposit accounts	2,276,400	-	-	1,983,092	-	-	1,698,964	-	-	1,110,847	-	-	1,094,047	-	-
Fair value premium amortization and core deposit intangible amortization	-	2,039	-	-	2,051	-	-	2,074	-	-	-	201	-	201	-
Total deposits	8,517,039	14,620	0.68 %	8,088,106	15,446	0.77 %	7,752,446	16,620	0.86 %	4,850,980	9,761	0.80 %	4,921,317	10,554	0.85 %
<b>Borrowings</b>															
Securities sold under agreements to repurchase	-	-	-	46,154	334	2.91 %	158,462	1,002	2.54 %	190,000	1,189	2.48 %	224,783	1,342	2.37 %
Advances from FHLB and other borrowings	66,833	476	2.83 %	75,432	505	2.69 %	77,255	539	2.81 %	78,282	541	2.74 %	79,328	550	2.75 %
Subordinated capital notes	36,083	308	3.39 %	36,083	347	3.87 %	36,083	435	4.85 %	36,083	475	5.22 %	36,083	499	5.49 %
Total borrowings	102,916	784	3.03 %	157,669	1,186	3.03 %	271,800	1,976	2.92 %	304,365	2,205	2.87 %	340,194	2,391	2.79 %
Total interest-bearing liabilities	\$ 8,619,955	\$ 15,404	0.71 %	\$ 8,245,775	\$ 16,632	0.81 %	\$ 8,024,246	\$ 18,596	0.93 %	\$ 5,155,345	\$ 11,966	0.92 %	\$ 5,261,511	\$ 12,945	0.98 %
Interest rate spread		\$ 99,533	4.25 %		\$ 105,060	4.72 %		\$ 105,101	4.88 %		\$ 79,209	5.23 %		\$ 80,710	5.23 %
Net interest margin			4.30 %			4.78 %			4.94 %			5.34 %			5.35 %
SOP loan cost recoveries (interest recoveries in 2Q and 3Q 2020)		\$ 469			\$ 5,982			\$ -			\$ 1,033			\$ 371	
Adjusted excluding cost/interests recoveries (Non-GAAP):															
Total interest-earning assets	\$ 9,218,717	\$ 114,468	4.94 %	\$ 8,845,744	\$ 115,710	5.26 %	\$ 8,556,421	\$ 123,697	5.81 %	\$ 5,886,379	\$ 90,142	6.08 %	\$ 5,981,756	\$ 93,284	6.19 %
Interest rate spread		\$ 99,064	4.23 %		\$ 99,078	4.45 %		\$ 105,101	4.88 %		\$ 78,176	5.16 %		\$ 80,339	5.21 %
Net interest margin			4.28 %			4.50 %			4.94 %			5.27 %			5.33 %
<b>Core deposits: (Non-GAAP)</b>															
<b>Deposits</b>															
NOW accounts	\$ 2,227,687	\$ 2,247	0.40 %	\$ 2,069,247	\$ 2,138	0.42 %	\$ 1,980,505	\$ 2,389	0.48 %	\$ 1,119,371	\$ 1,471	0.52 %	\$ 1,118,214	\$ 1,616	0.57 %
Savings accounts	1,927,680	2,010	0.41 %	1,809,517	1,976	0.44 %	1,797,658	2,440	0.55 %	1,195,689	1,843	0.61 %	1,199,678	2,012	0.67 %
Time deposits	1,944,856	7,512	1.54 %	1,990,639	7,835	1.58 %	2,039,311	8,131	1.60 %	1,156,965	4,442	1.52 %	1,151,248	4,427	1.53 %
	6,100,223	11,769	0.77 %	5,869,403	11,949	0.82 %	5,817,474	12,960	0.90 %	3,472,025	7,756	0.89 %	3,469,140	8,055	0.92 %
Non-interest bearing deposit accounts	2,276,400	-	-	1,983,092	-	-	1,698,964	-	-	1,110,847	-	-	1,094,047	-	-
Total core deposits	\$ 8,376,623	\$ 11,769	0.56 %	\$ 7,852,495	\$ 11,949	0.61 %	\$ 7,516,438	\$ 12,960	0.69 %	\$ 4,582,872	\$ 7,756	0.67 %	\$ 4,563,187	\$ 8,055	0.70 %

Table 5-2: Average Balances, Net Interest Income and Net Interest Margin (Continued)

(Dollars in thousands) (unaudited)	2020 YTD			2019 YTD		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
<b>Interest earning assets:</b>						
Cash equivalents	\$ 1,423,781	\$ 3,760	0.35 %	\$ 535,865	\$ 9,357	2.33 %
Investment securities	679,201	9,552	1.88 %	1,000,217	18,292	2.44 %
Loans held for investment						
Non-PCD loans	4,780,966	254,343	7.09 %	3,822,312	220,583	7.72 %
PCD loans	1,990,938	92,671	6.21 %	697,081	34,388	6.58 %
Total loans	6,771,904	347,014	6.83 %	4,519,393	254,971	7.54 %
Total interest-earning assets	\$ 8,874,886	\$ 360,326	5.41 %	\$ 6,055,475	\$ 282,620	6.24 %
<b>Interest bearing liabilities:</b>						
Deposits						
NOW accounts	\$ 2,092,973	\$ 6,772	0.43 %	\$ 1,120,825	\$ 4,800	0.57 %
Savings accounts	1,845,253	6,426	0.46 %	1,187,020	5,508	0.62 %
Time deposits	1,991,432	23,480	1.57 %	1,070,111	11,024	1.38 %
Brokered deposits	203,779	3,844	2.51 %	422,364	7,660	2.42 %
	6,133,437	40,522	0.88 %	3,800,320	28,992	1.02 %
Non-interest bearing deposit accounts	1,987,211	-	-	1,097,145	-	-
Fair value premium amortization and core deposit intangible amortization	-	6,163	-	-	602	-
Total deposits	8,120,648	46,685	0.77 %	4,897,465	29,594	0.81 %
Borrowings						
Securities sold under agreements to repurchase	67,956	1,335	2.62 %	336,859	6,235	2.47 %
Advances from FHLB and other borrowings	73,150	1,521	2.77 %	80,294	1,671	2.78 %
Subordinated capital notes	36,083	1,091	4.02 %	36,083	1,536	5.69 %
Total borrowings	177,189	3,947	2.97 %	453,236	9,442	2.79 %
Total interest-bearing liabilities	\$ 8,297,837	\$ 50,632	0.81 %	\$ 5,350,701	\$ 39,036	0.98 %
Interest rate spread		\$ 309,694	4.60 %		\$ 243,584	5.26 %
Net interest margin			4.65 %			5.38 %
<b>SOP loan cost recoveries (interest recoveries in 2020)</b>		\$ 6,451			\$ 1,338	
<b>Adjusted excluding cost/interests recoveries (Non-GAAP):</b>						
Total interest-earning assets	\$ 8,874,886	\$ 353,875	5.31 %	\$ 6,055,475	\$ 281,282	6.21 %
Interest rate spread		\$ 303,243	4.50 %		\$ 242,246	5.23 %
Net interest margin			4.55 %			5.35 %
<b>Core deposits: (Non-GAAP)</b>						
Deposits						
NOW accounts	\$ 2,092,973	\$ 6,772	0.43 %	\$ 1,120,825	\$ 4,800	0.57 %
Savings accounts	1,845,253	6,426	0.46 %	1,187,020	5,508	0.62 %
Time deposits	1,991,432	23,480	1.57 %	1,070,111	11,024	1.38 %
	5,929,658	36,678	0.83 %	3,377,956	21,332	0.84 %
Non-interest bearing deposit accounts	1,987,211	-	-	1,097,145	-	-
Total core deposits	\$ 7,916,869	\$ 36,678	0.62 %	\$ 4,475,101	\$ 21,332	0.64 %

OFG Bancorp (NYSE: OFG)

Table 6-1: Loan Information and Performance Statistics (1)

(Dollars in thousands) (unaudited)	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
<b>Net Charge-offs</b> (21)					
<b>Non-PCD</b>					
Mortgage:					
Charge-offs	\$ 56	\$ 185	\$ 418	\$ 1,075	\$ 16,299 (b)
Recoveries	(269)	(9)	(249)	(437)	(493)
Total mortgage	(213)	176	169	638	15,806
Commercial:					
Charge-offs	298	497	3,771	463	8,421 (b)
Recoveries	(253)	(631)	(1,522)	(606)	(176)
Total commercial	45	(134)	2,249	(143)	8,245
Consumer:					
Charge-offs	5,114	4,187	6,015	5,289	5,317
Recoveries	(663)	(443)	(644)	(196)	(1,463) (a)
Total consumer	4,451	3,744	5,371	5,093	3,854
Auto:					
Charge-offs	10,123	13,300	13,053	12,930	12,383
Recoveries	(5,950)	(3,405)	(4,211)	(4,123)	(5,802) (a)
Total auto	4,173	9,895	8,842	8,807	6,581
Total	\$ 8,456	\$ 13,681	\$ 16,631	\$ 14,395	\$ 34,486
<b>PCD</b>					
Mortgage:					
Charge-offs	\$ 1,677	\$ 2,178	\$ 5,143	\$ -	\$ -
Recoveries	(89)	(580)	(122)	-	-
Total mortgage	1,588	1,598	5,021	-	-
Commercial:					
Charge-offs	293	386	2,357	-	-
Recoveries	(91)	(286)	(375)	-	-
Total commercial	202	100	1,982	-	-
Consumer:					
Charge-offs	60	30	431	-	-
Recoveries	1	(30)	(63)	-	-
Total consumer	61	-	368	-	-
Auto:					
Charge-offs	474	600	375	-	-
Recoveries	(211)	(229)	(343)	-	-
Total auto	263	371	32	-	-
Total	\$ 2,114	\$ 2,069	\$ 7,403	\$ -	\$ -
<b>Total Net Charge-offs</b>	\$ 10,570	\$ 15,750	\$ 24,034	\$ 14,395	\$ 34,486
<b>Net Charge-off Rates</b> (21)					
Mortgage	0.24%	0.30%	0.86%	0.24%	5.68%
Commercial	0.04%	-0.01%	0.76%	-0.03%	1.86%
Consumer	3.94%	3.12%	4.63%	5.15%	3.93%
Auto	1.17%	2.72%	2.31%	2.73%	2.09%
Total	0.62%	0.92%	1.44%	1.28%	3.04% (b)
<b>Average Loans Held For Investment</b> (21)					
Mortgage	\$ 2,325,756	\$ 2,366,600	\$ 2,414,685	\$ 1,062,845	\$ 1,112,488
Commercial	2,484,977	2,484,573	2,239,684	1,753,069	1,772,332
Consumer	457,620	479,957	496,313	395,611	392,725
Auto	1,518,669	1,509,521	1,537,194	1,288,546	1,261,501
Total	\$ 6,787,022	\$ 6,840,650	\$ 6,687,875	\$ 4,500,071	\$ 4,539,045

(a) During 3Q 2019, the Company received \$2.4 million proceeds from the sale of fully charged-off originated auto and consumer loans.

(b) During 3Q 2019, the Company decided to sell several non-performing originated loans, which were sold during 4Q 2019, increasing charge-offs by \$15.9 million, \$4.4 million in commercial loans and \$11.5 million in residential mortgages.

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Table 6-2: Loan Information and Performance Statistics (Excludes PCD Loans) (1)

	2020	2020	2020	2019	2019
(Dollars in thousands) (unaudited)	Q3	Q2	Q1	Q4	Q3
<b>Early Delinquency (30 - 89 days past due)</b>					
Mortgage	\$ 16,783	\$ 15,665	\$ 20,518	\$ 22,389	\$ 21,631
Commercial	5,151	7,704	6,074	9,895	4,467
Consumer	12,032	18,254	13,127	9,560	9,360
Auto	87,912	89,825	110,959	103,749	103,452
Total	\$ 121,878	\$ 131,448	\$ 150,678 (a)	\$ 145,593	\$ 138,910
<b>Early Delinquency Rates (30 - 89 days past due)</b>					
Mortgage	1.98%	1.79%	2.31%	2.49%	3.68%
Commercial	0.29%	0.40%	0.32%	0.53%	0.28%
Consumer	2.77%	3.98%	2.73%	1.93%	2.44%
Auto	5.81%	6.17%	7.46%	7.01%	8.10%
Total	2.50%	2.64%	3.16%	3.07%	3.63%
<b>Total Delinquency (30 days and over past due)</b>					
Mortgage:					
Traditional, Non traditional, and Loans under Loss Mitigation	\$ 51,123	\$ 40,719	\$ 46,768	\$ 41,314	\$ 40,194
GNMA's buy-back option program	62,651	75,091	75,314	75,181	11,403
Total mortgage	113,774	115,810	122,082	116,495	51,597
Commercial	35,596	38,258	33,746	30,111	25,271
Consumer	17,080	22,796	16,808	12,258	11,927
Auto	109,735	100,027	131,715	118,020	117,716
Total	\$ 276,185	\$ 276,891	\$ 304,351 (a)	\$ 276,884	\$ 206,511
<b>Total Delinquency Rates (30 days and over past due)</b>					
Mortgage:					
Traditional, Non traditional, and Loans under Loss Mitigation	6.03%	4.66%	5.27%	4.60%	6.83%
GNMA's buy-back option program	7.39%	8.59%	8.48%	8.37%	1.94%
Total mortgage	13.42%	13.25%	13.75%	12.97%	8.77%
Commercial	1.99%	1.99%	1.77%	1.62%	1.60%
Consumer	3.93%	4.97%	3.49%	2.48%	3.11%
Auto	7.26%	6.87%	8.85%	7.98%	9.22%
Total	5.67%	5.56%	6.38%	5.85%	5.40%
<b>Nonperforming Assets</b> (14)					
Mortgage	\$ 40,477	\$ 30,491	\$ 31,073	\$ 22,552	\$ 21,138
Commercial	44,941	44,187	42,668	42,606	36,409
Consumer	5,206	4,933	3,690	5,287	4,213
Auto	22,583	10,539	21,147	14,295	15,063
Total nonperforming loans	113,207	90,150	98,578 (a)	84,740	76,823
Foreclosed real estate	21,374	24,792	27,292	29,909	26,952
Other repossessed assets	1,918	1,360	3,096	3,327	3,537
Total nonperforming assets	\$ 136,499	\$ 116,302	\$ 128,966	\$ 117,976	\$ 107,312
<b>Nonperforming Loan Rates</b>					
Mortgage	4.78%	3.49%	3.50%	2.51%	3.59%
Commercial	2.52%	2.30%	2.23%	2.29%	2.31%
Consumer	1.20%	1.08%	0.77%	1.07%	1.10%
Auto	1.49%	0.72%	1.42%	0.97%	1.18%
Total loans	2.33%	1.81%	2.07%	1.79%	2.01%

(a) During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in P.R. and the U.S., creating significant uncertainties. After recent disruptions in economic conditions caused by COVID-19, the Company has offered several deferral programs for the payment of principal and interest for auto, personal, credit cards and mortgage, and commercial loans, for customers whose payments were not over 89 days past due at March 12, 2020 and requested to be included in these programs. These loans may have been classified as delinquent loans in 1Q 2020, due to the short proximity to quarter end, and subsequently adjusted when the deferral program was granted. Deferrals dropped to 2% of loans in 3Q 2020 from 30% in 2Q 2020. Most of that relates to about \$112 million commercial loans, and most of that represents well-capitalized customers in the hospitality industry.

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Table 6-3: Loan Information and Performance Statistics (1)

(Dollars in thousands) (unaudited)	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
<b>Nonperforming PCD Loans</b> <span style="float: right;">(14)</span>					
Mortgage	\$ 1,003	\$ 1,373	\$ 1,341	\$ -	\$ -
Commercial	79,631	81,064	82,411	225	242
Consumer	4	12	10	499	560
Total nonperforming loans	<u>\$ 80,638</u>	<u>\$ 82,449</u>	<u>\$ 83,762</u>	<u>\$ 724</u>	<u>\$ 802</u>
<b>Nonperforming PCD Loan Rates</b>					
Mortgage	0.07%	0.09%	0.09%	0.00%	0.00%
Commercial	22.59%	21.00%	21.07%	0.06%	0.12%
Consumer	0.17%	0.41%	0.30%	5.39%	69.83%
Total	<u>4.26%</u>	<u>4.19%</u>	<u>4.19%</u>	<u>0.04%</u>	<u>0.11%</u>
<b>Total PCD Loans Held for Investment</b> <span style="float: right;">(21)</span>					
Mortgage	\$ 1,504,914	\$ 1,541,637	\$ 1,561,557	\$ 1,591,112	\$ 494,278
Commercial	352,555	386,046	391,158	359,601	202,065
Consumer	2,336	2,950	3,350	9,263	802
Total loans	<u>\$ 1,859,805</u>	<u>\$ 1,930,633</u>	<u>\$ 1,956,065</u>	<u>\$ 1,959,976</u>	<u>\$ 697,145</u>

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Table 7: Allowance for Credit Losses (1)

(Dollars in thousands) (unaudited)	Quarter Ended September 30, 2020				
	Mortgage	Commercial	Consumer	Auto	Total
<b>Allowance for credit losses Non-PCD:</b>					
Balance at beginning of period	\$ 19,973	\$ 43,011	\$ 31,954	\$ 56,569	\$ 151,507
(Recapture) provision for credit losses	(564)	(1,771)	(378)	16,071	13,358
Charge-offs	(56)	(298)	(5,114)	(10,123)	(15,591)
Recoveries	269	253	663	5,950	7,135
Balance at end of period	<u>\$ 19,622</u>	<u>\$ 41,195</u>	<u>\$ 27,125</u>	<u>\$ 68,467</u>	<u>\$ 156,409</u>
<b>Allowance for credit losses PCD:</b>					
Balance at beginning of period	\$ 30,919	\$ 48,914	\$ 169	\$ 1,192	\$ 81,194
Provision (recapture) for credit losses	1,077	(1,262)	-	9	(176)
Charge-offs	(1,677)	(293)	(60)	(474)	(2,504)
Recoveries	89	91	(1)	211	390
Balance at end of period	<u>\$ 30,408</u>	<u>\$ 47,450</u>	<u>\$ 108</u>	<u>\$ 938</u>	<u>\$ 78,904</u>
<b>Allowance for credit losses summary:</b>					
Balance at beginning of period	\$ 50,892	\$ 91,925	\$ 32,123	\$ 57,761	\$ 232,701
Provision (recapture) for credit losses	513	(3,033)	(378)	16,080	13,182
Charge-offs	(1,733)	(591)	(5,174)	(10,597)	(18,095)
Recoveries	358	344	662	6,161	7,525
Balance at end of period	<u>\$ 50,030</u>	<u>\$ 88,645</u>	<u>\$ 27,233</u>	<u>\$ 69,405</u>	<u>\$ 235,313</u>
Allowance coverage ratio	<u>2.13%</u>	<u>3.65%</u>	<u>6.23%</u>	<u>4.50%</u>	<u>3.48%</u>
Allowance coverage ratio excluding PPP loans (Non-GAAP)	<u>2.13%</u>	<u>4.15%</u>	<u>6.23%</u>	<u>4.50%</u>	<u>3.64%</u>

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**Table 8-1: Reconciliation of GAAP to Non-GAAP Measures and Calculation of Regulatory Capital**

In addition to disclosing required regulatory capital measures, we also report certain non-GAAP capital measures that management uses in assessing its capital adequacy. These non-GAAP measures include tangible common equity ("TCE") and TCE ratio. The table below provides the details of the calculation of our regulatory capital and non-GAAP capital measures. While our non-GAAP capital measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly titled measures reported by other companies.

<b>(Dollars in thousands) (unaudited)</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>
<b>Stockholders' Equity to Non-GAAP Tangible Common Equity</b>					
Total stockholders' equity	\$ 1,064,322	\$ 1,041,284	\$ 1,022,594 (a)	\$ 1,045,478	\$ 1,049,076
Less: Intangible assets	(134,719)	(137,475)	(140,243)	(143,034)	(88,560)
Noncumulative perpetual preferred stock	(92,000)	(92,000)	(92,000)	(92,000)	(92,000)
Noncumulative perpetual preferred stock issuance costs	10,130	10,130	10,130	10,130	10,130
Tangible common equity	<u>\$ 847,733</u>	<u>\$ 821,939</u>	<u>\$ 800,481</u>	<u>\$ 820,574</u>	<u>\$ 878,646</u>
Common stock outstanding at end of period	51,345	51,342	51,327	51,399	51,347
Tangible book value (Non-GAAP)	<u>\$ 16.51</u>	<u>\$ 16.01</u>	<u>\$ 15.60</u>	<u>\$ 15.96</u>	<u>\$ 17.11</u>
<b>Total Assets to Tangible Assets</b>					
Total assets	\$ 10,016,323	\$ 9,932,719	\$ 9,238,571	\$ 9,297,661	\$ 6,333,505
Less: Intangible assets	(134,719)	(137,475)	(140,243)	(143,034)	(88,560)
Tangible assets (Non-GAAP)	<u>\$ 9,881,604</u>	<u>\$ 9,795,244</u>	<u>\$ 9,098,328</u>	<u>\$ 9,154,627</u>	<u>\$ 6,244,945</u>
<b>Non-GAAP TCE Ratio</b>					
Tangible common equity	\$ 847,733	\$ 821,939	\$ 800,481	\$ 820,574	\$ 878,646
Tangible assets	9,881,604	9,795,244	9,098,328	9,154,627	6,244,945
TCE ratio	8.58%	8.39%	8.80%	8.96%	14.07%
<b>Average Equity to Non-GAAP Average Tangible Common Equity</b>					
Average total stockholders' equity	\$ 1,062,460	\$ 1,037,195	\$ 1,043,481	\$ 1,062,720	\$ 1,061,541
Less: Average noncumulative perpetual preferred stock	(92,000)	(92,000)	(92,000)	(92,000)	(92,000)
Average noncumulative perpetual preferred stock issuance costs	10,130	10,130	10,130	10,130	10,130
Average total common stockholders' equity	<u>\$ 980,590</u>	<u>\$ 955,325</u>	<u>\$ 961,611</u>	<u>\$ 980,850</u>	<u>\$ 979,671</u>
Less: Average intangible assets	(136,138)	(139,094)	(141,875)	(89,005)	(88,701)
Average tangible common equity	<u>\$ 844,452</u>	<u>\$ 816,231</u>	<u>\$ 819,736</u>	<u>\$ 891,845</u>	<u>\$ 890,970</u>

(a) On January 1, 2020, the Company implemented ASU No. 2016-13: Measurement of Credit Losses on Financial Instruments "(CECL)" using the modified retrospective approach. As a result, a \$39.2 million allowance for credit losses was recorded for Non-PCD loans and \$0.2 million for unused commitments with the corresponding adjustment reducing retained earnings, net of a \$13.9 million deferred tax effect. For PCD loans, including BBVA and Eurobank acquired book plus the recently acquired Scotiabank, the adjustment amounting to \$50.5 million was made through the allowance and loan balances with no impact in capital.

Table 8-2: Reconciliation of GAAP to Non-GAAP Measures and Calculation of Regulatory Capital Measures (Continued)

(Dollars in thousands) (unaudited)	BASEL III Standardized				
	2020	2020	2020	2019	2019
	Q3	Q2	Q1	Q4	Q3
<b>Regulatory Capital Metrics</b>					
Common equity Tier 1 capital	\$ 862,636	\$ 836,899	\$ 816,356	\$ 735,442	\$ 858,092
Tier 1 capital	979,506	953,769	933,226	852,312	974,962
Total risk-based capital (15)	1,065,711	1,040,987	1,020,748	937,963	1,035,910
Risk-weighted assets	6,873,472	6,957,906	6,983,626 (a)	6,740,846	4,771,165
<b>Regulatory Capital Ratios</b>					
Common equity Tier 1 capital ratio (16)	12.55%	12.03%	11.69%	10.91%	17.98%
Tier 1 risk-based capital ratio (17)	14.25%	13.71%	13.36%	12.64%	20.43%
Total risk-based capital ratio (18)	15.50%	14.96%	14.62%	13.91%	21.71%
Leverage ratio (19)	10.00%	10.16%	10.14%	9.24%	15.41%
<b>Common Equity Tier 1 Capital Ratio Under Basel III Standardized Approach</b>					
Total stockholders' equity (1)	\$ 1,064,322	\$ 1,041,284	\$ 1,022,594	\$ 1,045,478	\$ 1,049,076
CECL transition adjustment (20)	33,494	32,269	31,882	-	-
Less: Noncumulative perpetual preferred stock	(92,000)	(92,000)	(92,000)	(92,000)	(92,000)
Noncumulative perpetual preferred stock issuance costs	10,130	10,130	10,130	10,130	10,130
Unrealized gains on available-for-sale securities, net of income tax	(9,453)	(8,885)	(7,576)	441	1,742
Unrealized losses on cash flow hedges, net of income tax	1,185	1,297	1,286	567	716
	1,007,678	984,095	966,316	964,616	969,664
Less: Disallowed goodwill	(86,069)	(86,069)	(86,069)	(86,069)	(86,069)
Disallowed other intangible assets, net	(33,810)	(35,563)	(37,241)	(39,127)	(1,557)
Disallowed deferred tax assets, net	(25,163)	(25,564)	(26,650) (a)	(95,879)	(23,946)
Threshold 15%	-	-	- (a)	(8,099)	-
Common equity Tier 1 capital	862,636	836,899	816,356	735,442	858,092
Plus: Qualifying noncumulative perpetual preferred stock	92,000	92,000	92,000	92,000	92,000
Qualifying noncumulative perpetual preferred stock issuance costs	(10,130)	(10,130)	(10,130)	(10,130)	(10,130)
Subordinated capital notes	35,000	35,000	35,000	35,000	35,000
Tier 1 capital	979,506	953,769	933,226	852,312	974,962
Plus tier 2 capital: Qualifying allowance for loan and lease losses	86,205	87,218	87,522	85,651	60,948
Total risk-based capital	\$ 1,065,711	\$ 1,040,987	\$ 1,020,748	\$ 937,963	\$ 1,035,910

(a) During 1Q 2020, the Company decided to early implement Simplifications to the Capital Rule, which simplified the regulatory capital treatment for mortgage servicing assets (MSA) and certain deferred tax assets arising from temporary differences (temporary difference DTAs). It increased common equity tier 1 (CET1) capital threshold deductions from 10 percent to 25 percent and removes the aggregate 15 percent CET1 threshold deduction. However, it retains the 250 percent risk weight applicable to non-deducted amounts of MSAs and temporary difference DTAs.

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Table 8-3: Reconciliation of GAAP to Non-GAAP with adjustments to exclude the impact of significant events.

The Company prepared its Consolidated Financial Statement using accounting principles generally accepted in the U.S. ("U.S. GAAP" or the "reported basis"). In addition to analyzing the Company's results on the reported basis, management monitors the "Adjusted net income" of the Company and excludes the impact of certain transactions on the results of its operations. Management believes that "Adjusted net income" provides meaningful information to investors about the underlying performance of the Company's ongoing operations. "Adjusted net income" is a non-GAAP financial measure.

The table below describes adjustments to net income for the quarters ended September 30, 2020, June 30, 2020 and March 31, 2020.

(Dollars in thousands) (unaudited)	Quarter ended September 30, 2020			Quarter ended June 30, 2020			Quarter ended March 31, 2020		
	Pre-tax	Income Tax Effect	Impact on Net Income	Pre-tax	Income Tax Effect	Impact on Net Income	Pre-tax	Income Tax Effect	Impact on Net Income
<b>U.S. GAAP net income</b>			<b>\$ 27,438</b>			<b>\$ 21,787</b>			<b>\$ 1,801</b>
Non-GAAP adjustments:									
Sale of mortgage-backed securities available-for-sale	\$ -	\$ -	-	\$ -	\$ -	-	\$ (4,728)	\$ 1,324	(3,404) (a)
Merger expenses	2,681	(1,005)	1,676 (b)	3,006	(1,127)	1,879 (b)	304	(114)	190 (b)
Bargain purchase from Scotiabank PR & USVI	(3,465)	-	(3,465) (c)	(3,462)	-	(3,462) (c)	(409)	-	(409) (c)
Interest recoveries on PCI loans acquired in the Scotiabank PR & USVI acquisition	(469)	176	(293) (d)	(5,982)	2,243	(3,739) (d)	-	-	-
COVID 19 additional provision for credit losses	826	(310)	516 (e)	5,000	(1,875)	3,125 (e)	34,083	(12,781)	21,302 (e)
COVID 19 expenses	2,090	(784)	1,306 (f)	2,008	(753)	1,255 (f)	168	(63)	105 (f)
<b>Adjusted net income (Non-GAAP)</b>			<b>\$ 27,178</b>			<b>\$ 20,845</b>			<b>\$ 19,585</b>
Less: dividends on preferred stock			(1,628)			(1,628)			(1,628)
<b>Adjusted net income available to common shareholders (Non-GAAP)</b>			<b>\$ 25,550</b>			<b>\$ 19,217</b>			<b>\$ 17,957</b>
<b>Adjusted earnings per common share - diluted (Non-GAAP)</b>			<b>\$ 0.50</b>			<b>\$ 0.37</b>			<b>\$ 0.35</b>
<b>Adjusted Performance Metrics - Reconciliation to GAAP Financial Measures:</b>									
Net income			\$ 27,438			\$ 21,787			\$ 1,801
Non-GAAP adjustments			(260)			(942)			17,784
Adjusted net income (Non-GAAP)			27,178			20,845			19,585
Average assets			9,918,381			9,512,129			9,326,627
<b>Return on average assets</b>			<b>1.11%</b>			<b>0.92%</b>			<b>0.08%</b>
<b>Adjusted return on average assets (Non-GAAP)</b>			<b>1.10%</b>			<b>0.88%</b>			<b>0.84%</b>
Net income available to common shareholders			\$ 25,810			\$ 20,159			\$ 173
Non-GAAP adjustments			(260)			(942)			17,784
Adjusted net income available to common shareholders (Non-GAAP)			25,550			19,217			17,957
Average tangible common equity			844,452			816,231			819,736
<b>Return on average tangible common stockholders' equity</b>			<b>12.23%</b>			<b>9.88%</b>			<b>0.08%</b>
<b>Adjusted return on average tangible common stockholders' equity (Non-GAAP)</b>			<b>12.10%</b>			<b>9.42%</b>			<b>8.76%</b>
Total non-interest expense			\$ 83,444			\$ 85,481			\$ 87,322
Non-GAAP adjustments, pre-tax			(4,771)			(5,014)			(472)
Adjusted total non-interest expense (Non-GAAP)			78,673			80,467			86,850
Net interest income			99,533			105,060			105,101
Total banking and financial service revenues			27,486			23,106			26,233
Non-GAAP adjustments			(469)			(5,982)			-
			126,550			122,184			131,334
<b>Efficiency ratio</b>			<b>65.69%</b>			<b>66.70%</b>			<b>66.49%</b>
<b>Adjusted efficiency ratio (Non-GAAP)</b>			<b>62.17%</b>			<b>65.86%</b>			<b>66.13%</b>

(a) During 1Q 2020, the Company sold \$316 million available-for-sale mortgage-backed securities and recognized a gain in the sale of \$4.7 million.

(b) On December 31, 2019, the Company acquired Scotiabank's Puerto Rico and USVI operations ("the SBPR & USVI Acquisition"). During 1Q 2020, 2Q 2020 and 3Q 2020, \$0.3 million, \$3.0 million, and \$2.7 million, respectively, were incurred in related expenses.

(c) In 2019, the Company recognized a bargain purchase gain of \$5.7 million from the SBPR & USVI Acquisition. During 1Q 2020, 2Q 2020 and 3Q 2020, the Company increased the bargain purchase gain from Scotiabank PR & USVI acquisition by \$0.4 million, \$3.5 million and \$3.5 million, respectively, as remeasurement period adjustments.

(d) During 2Q 2020 and 3Q 2020, the Company recognized interest recoveries on SOP loans acquired in the Scotiabank PR & USVI acquisition collected subsequently to the acquisition date amounting to \$6.0 million and \$0.5 million, respectively.

(e) During 1Q 2020 and 2Q 2020, the Company recorded a \$34.1 million and \$5.0 million provision for credit losses, respectively, in relation to the global pandemic from the coronavirus COVID-19. During 3Q 2020, the Company recorded \$0.8 million provision for credit losses on accrued interest receivable from the pandemic deferral plans.

(f) During 1Q 2020, 2Q 2020 and 3Q 2020, the Company recorded \$0.2 million, \$2.0 million and \$2.1 million expenses, respectively, in relation to the global pandemic from the coronavirus COVID-19.

**OFG Bancorp (NYSE: OFG)****Table 9: Notes to Financial Summary, Selected Metrics, Loans, and Consolidated Financial Statements (Tables 1 - 8)**

- (1) We used the terms "PCI" and "SOP" to refer to loans acquired with credit deterioration from the Scotiabank acquisition (December 31, 2019), the BBVAPR acquisition (December 18, 2012) and the Eurobank FDIC-Assisted acquisition (April 30, 2010), recorded at fair value at acquisition. On January 1, 2020, the Company implemented ASU No. 2016-13: Measurement of Credit Losses on Financial Instruments ("CECL") using the modified retrospective approach. CECL replaces the concept of purchased credit impaired loans (PCI) with the concept of purchased financial assets with credit deterioration (PCD). PCD accounting is called 'gross-up accounting' because, at acquisition, an entity grosses up the amortized cost basis of the PCD asset for the initial estimate of credit losses. This Day 1 allowance for credit losses is established without an income statement effect. The Company elected to maintain previously existing pools on adoption, therefore the pool continues to be the unit of account, and the allowance and non-credit discount or premium is not allocated to the individual assets. These loans are not classified as delinquent or nonperforming even though the customer may be contractually past due because we expect that we will fully collect the carrying value of these loans.
- (2) Total banking and financial service revenues.
- (3) Calculated based on net income available to common shareholders divided by average common shares outstanding for the period.
- (4) Calculated based on net income available to common shareholders plus the preferred dividends on the convertible preferred stock, divided by total average common shares outstanding and equivalents for the period as if
- (5) Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity divided by common shares outstanding. See "Table 9: Reconciliation of GAAP to Non-GAAP Measures and Calculation of Regulatory Capital Measures" for additional information.
- (6) Information includes all loans held for investment, including PCD loans.
- (7) Calculated based on annualized net interest income for the period divided by average interest-earning assets for the period.
- (8) Calculated based on annualized income, net of tax, for the period divided by average total assets for the period.
- (9) Calculated based on annualized income available to common shareholders for the period divided by average tangible common equity for the period.
- (10) Calculated based on non-interest expense for the period divided by total net interest income and total banking and financial services revenues for the period.
- (11) Calculated based on annualized net charge-offs for the period divided by average loans held for investment for the period.
- (12) Non-GAAP ratios. See "Table 9: Reconciliation of GAAP to Non-GAAP Measures and Calculation of Regulatory Capital Measures" for information on the calculation of each of these ratios.
- (13) Production of new loans (excluding renewals).
- (14) Most PCD loans are considered to be performing due to the application of the accretion method, in which these loans will accrete interest income over the remaining life of the loans using estimated cash flow analyses. Therefore, they are not included as non-performing loans. PCD loan pools that are not accreting interest income are deemed to be non-performing loans and presented separately.
- (15) Total risk-based capital equals the sum of Tier 1 capital and Tier 2 capital.
- (16) Common equity Tier 1 capital ratio is a regulatory capital measure calculated based on Common equity Tier 1 capital divided by risk-weighted assets.
- (17) Tier 1 risk-based capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.
- (18) Total risk-based capital ratio is a regulatory capital measure calculated based on Total risk-based capital divided by risk-weighted assets.
- (19) Leverage capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by average assets, after certain adjustments.
- (20) In March 2020, in light of recent strains on the U.S. economy as a result of the coronavirus disease 2019 (COVID-19), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued an interim final rule that provided the option to temporarily delay the effects of CECL on regulatory capital for two years, followed by a three-year transition period. In addition, for the first two years, a uniform 25% "scaling factor" is introduced to approximate the portion of the post day-one allowance attributable to CECL relative to the incurred loss methodology. The 25% scaling factor is calibrated to approximate an overall after-tax impact of differences in allowances under CECL vs the incurred loss methodology.
- (21) CECL replaces the concept of purchased credit impaired loans (PCI assets) with the concept of purchased financial assets with credit deterioration (PCD assets). An entity records a PCD asset at the purchase price plus the allowance for credit losses expected at the time of acquisition. Under this method, there is no credit loss expense affecting net income on acquisition. Changes in estimates of expected credit losses after acquisition are recognized as credit loss expense (or reversal of credit loss expense) in subsequent periods as they arise.
- (22) Pre-provision net revenues is a non-GAAP measure calculated based on net interest income plus total non-interest income, net, less total non-interest expenses for the period.