



OFG Bancorp Reports 4Q22 & 2022 Results

SAN JUAN, Puerto Rico, January 26, 2023 – OFG Bancorp (NYSE: OFG), the financial holding company for Oriental Bank, reported results for the fourth quarter and year ended December 31, 2022.

Summary

4Q22: EPS diluted of \$0.97 compared to \$0.87 in 3Q22 and \$0.66 in 4Q21. Total core revenues of \$168.3 million compared to \$156.8 million in 3Q22 and \$141.0 million in 4Q21.

Full Year 2022: EPS diluted of \$3.44 compared to \$2.81 in 2021. Total Core Revenues of \$607.8 million compared to \$536.6 million.

CEO Comment

José Rafael Fernández, Chief Executive Officer, said: “The fourth quarter reflected total core revenue growth of 7.3% quarter-over-quarter. Key performance metrics improved, with return on average assets of 1.86%, return on average tangible common stockholders’ equity of 20.36%, and an efficiency ratio of 54.45%. Tangible Book Value per share increased to \$19.56.”

“Puerto Rico businesses and consumers remain in good financial shape. We look forward to a year of continued progress in 2023, keeping a watchful eye to uncertainties from Federal Reserve Bank rate actions, inflation, and the forecasted mainland recession. We owe a debt of thanks to our team members for their continued dedication, tireless commitment to sales and service, and purposeful drive to bring financial progress to our customers and the communities we serve every day.”

4Q22 Highlights

Net Interest Income of \$135.3 million compared to \$126.5 million in 3Q22 and \$104.2 million in 4Q21. Net interest margin expanded to 5.69% from 5.23% in 3Q22 reflecting FRB rate increases, along with increased investments and loan balances.

Interest Income of \$145.7 million compared to \$134.7 million in 3Q22 and \$112.6 million in 4Q21. Compared to the previous quarter, 4Q22 benefited from higher yields on increased average balances of loans and investment securities.

Total Interest Expense of \$10.4 million compared to \$8.2 million in 3Q22 and \$8.4 million in 4Q21. Compared to 3Q22, 4Q22 interest expense reflected an 11 basis point cost increase partially offset by a 1.8% balance decline.

Banking & Financial Service Revenues of \$33.0 million compared to \$30.3 million in 3Q22 and \$36.8 million in 4Q21. 4Q22 reflected higher electronic banking activity and higher gain on sale of mortgages compared to 3Q22, which was impacted by business interruptions from Hurricane Fiona. 4Q22 annual insurance commission recognition of \$1.0 million was \$1.2 million lower than a year ago due to Fiona related claims.

Pre-Provision Net Revenues of \$76.9 million compared to \$69.6 million in 3Q22 and \$55.8 million in 4Q21.

Provision for Credit Losses of \$8.8 million compared to \$7.1 million in 3Q22 and \$7.2 million in 4Q21. 4Q22 reflected \$9.2 million in higher provision due to increased loan volume and a net release of \$0.4 million mainly related to reduction in the qualitative adjustment due to the improved macro-economic environment in Puerto Rico as well as stable delinquency trends.

Credit Quality: Net charge-offs of \$11.2 million compared to \$11.3 million in 3Q22 and \$32.5 million in 4Q21. 4Q22 reflected \$5.4 million for auto loans, \$4.0 million for consumer loans, and \$3.3 million for a commercial loan previously reserved. 4Q22 early and total delinquency rates and the non-performing loan rate fell from the previous quarter. 4Q21 net charge-offs reflected the decision to sell \$65.5 million of past due loans.

Non-Interest Expense of \$91.6 million compared to \$87.5 million in 3Q22 and \$86.5 million in 4Q21. Compared to 3Q22, 4Q22 reflected higher compensation expense due to hourly salary increases implemented in the previous quarter, increases in year-end performance bonuses, and added technology staffing; increased amortization related to new digital projects; and reduced hurricane Fiona related expenses.

Loans Held for Investment (EOP) of \$6.84 billion compared to \$6.68 billion in 3Q22 and \$6.40 billion in 4Q21. Loans increased 2.3% from the previous quarter and 6.8% year-over-year. Compared to 3Q22, 4Q22 loan growth reflected increased balances of commercial, auto, and consumer loans.

New Loan Origination of \$616.4 million compared to \$511.3 million in 3Q22 and \$632.7 million in 4Q21. Compared to 3Q22, 4Q22 originations increased 20.5%, reflecting strong production of commercial loans in Puerto Rico and the mainland, and continued high levels of auto loans at a record \$221.4 million.

Total Investments (EOP) of \$1.97 billion compared to \$2.04 billion in 3Q22 and \$895.8 million in 4Q21. Investments declined 3.5% from 3Q22 due to sales of Treasury Bills and paydowns of mortgage backed securities.

Customer Deposits (EOP) of \$8.56 billion compared to \$8.84 billion in 3Q22 and \$8.59 billion in 4Q21. 4Q22 core deposits declined \$286.8 million from 3Q22, reflecting lower account balances of approximately \$115 million in retail and of \$172 million in commercial, including \$59 million in public funds.

Total Assets (EOP) of \$9.82 billion compared to \$10.06 billion in 3Q22 and \$9.90 billion in 4Q21.

Capital: CET1 ratio of 13.64% compared to 13.38% in 3Q22 and 13.77% in 4Q21. The change from 3Q22 reflected increased retained earnings and other comprehensive income. Tangible Book Value per share of \$19.56 compared to \$18.46 in 3Q22 and \$19.08 in 4Q21.

Conference Call, Financial Supplement & Presentation

A conference call to discuss 4Q22 results, outlook and related matters will be held today at 10:00 AM ET. Phone (800) 579-2543 or (203) 518-9708. Conference ID: OFGQ422. 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 and year ended December 31, 2022, and the 4Q22 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, and other natural disasters; (iv) competition in the financial services industry; and (v) the severity, magnitude and duration of the COVID-19 pandemic, and its impact on our operations, personnel, and customers.

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, 2021, 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 59th 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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