OFG BANCORP
Form DEF 14A
March 14, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN

PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

OFG Bancorp

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 14, 2019

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders, which will be held at our offices located at Oriental Center, 254 Muñoz Rivera Avenue, Ground Floor, San Juan, Puerto Rico, on Wednesday, April 24, 2019. The meeting will begin promptly at 10:00 a.m. (EST).

Details of the business to be conducted at the annual meeting are given in the attached notice of annual meeting and proxy statement. Only shareholders of record as of February 27, 2019, are entitled to notice of, and to vote at, the annual meeting or any adjournments or postponements thereof.

Your vote is important. Please review the enclosed proxy statement and complete, sign and return your proxy card promptly in the accompanying reply envelope, even if you plan to attend the meeting.

If you attend the meeting, you must show at the entrance to the meeting proof of ownership of our shares of common stock, such as a broker's statement showing the shares held by you and a proper identification card. If your shares are not registered in your own name and you plan to attend the meeting and vote your shares in person, you must contact your broker or agent in whose name your shares are registered to obtain a broker's proxy issued in your name and bring it to the meeting in order to vote. Remember that you may also vote by telephone or over the Internet. For more details and instructions, please refer to the enclosed proxy statement and proxy card.

We look forward to seeing you at the annual meeting.

Sincerely,

Julian S. Inclán

Chairperson

P.O. Box 195115

San Juan, Puerto Rico 00919-5115

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 24, 2019

Notice is hereby given that the annual meeting of shareholders of OFG Bancorp ("we," "us," "our," or the "Company"), a financial holding company and corporation organized under the laws of the Commonwealth of Puerto Rico, is scheduled to be held at Oriental Center, 254 Muñoz Rivera Avenue, Ground Floor, San Juan, Puerto Rico, commencing at 10:00 a.m. (EST) on Wednesday, April 24, 2019, to consider and vote upon the following matters described in this notice and the accompanying proxy statement:

1. To elect seven directors for a one-year term expiring at the 2020 annual meeting of shareholders and until their successors are duly elected and qualified;
2. To provide an advisory vote on executive compensation;
3. To ratify the selection of the Company's independent registered public accounting firm for 2019; and
4. To transact such other business as may properly come before the annual meeting or at any adjournments or postponements thereof. Except with respect to procedural matters incident to the conduct of the annual meeting, the Company is not aware of any other business to be brought before the annual meeting.

These matters are described more fully in the accompanying proxy statement, which you are urged to read thoroughly. The Company's Board of Directors recommends a vote "FOR" each of the proposals. Only shareholders of record at the close of business on February 27, 2019, are entitled to notice of, and to vote at, the annual meeting.

To assure representation at the annual meeting, shareholders are urged to return a proxy as promptly as possible either by voting through the Internet or telephone, or by signing, dating and returning a proxy card in accordance with the enclosed instructions. Any shareholder attending the annual meeting may vote in person even if he or she previously returned a proxy.

In San Juan, Puerto Rico, on March 14, 2019.

By order of the Board of Directors,

Carlos O. Souffront

Secretary

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PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON WEDNESDAY, APRIL 24, 2019

This proxy statement contains important information related to the annual meeting of shareholders of OFG Bancorp ("we," "us," "our," or the "Company") to be held on Wednesday, April 24, 2019 at 10:00 a.m. (EST), at its offices located at Oriental Center, 254 Munoz Rivera Avenue, Ground Floor, San Juan, Puerto Rico, or any adjournments or postponements thereof. This proxy statement and the accompanying proxy card are expected to be made available to shareholders on or about March 14, 2019.

General Questions about the Annual Meeting

What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, our Board of Directors and its committees, the compensation of our directors and executive officers, and other required information.

Who is soliciting my vote?

Our Board of Directors is soliciting your vote at the annual meeting.

Who will bear the costs of soliciting proxies for the annual meeting?

This solicitation of proxies is made on behalf of our Board of Directors, and we will bear the costs of solicitation. The expense of preparing, assembling, printing and mailing this proxy statement and the materials used in this solicitation of proxies also will be borne by us. It is contemplated that proxies will be solicited principally through the internet or mail, but our directors, officers and employees may solicit proxies personally or by telephone. Upon request, we will reimburse banks, brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for distributing these proxy materials to our shareholders.

We have retained Georgeson LLC, an independent proxy solicitation firm, to assist us with the solicitation of proxies for a fee not to exceed $12,500, plus reimbursement for out-of-pocket expenses.

What is the purpose of the annual meeting?

At the annual meeting, shareholders will act upon the matters outlined in the accompanying notice of annual meeting of shareholders, including the election of seven directors, the advisory vote related to executive compensation, the ratification of the selection of the Company's independent registered public accounting firm for 2019, and the transaction of any other business that may properly come before the meeting or any adjournments or postponements thereof. Proxies solicited hereby may be exercised only at the annual meeting, including any adjournments or postponements thereof, and will not be used for any other purpose.

Who is entitled to vote?

Only shareholders of record at the close of business on the record date, February 27, 2019 are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or any adjournments or postponements thereof. As of the close of business on the record date, there were 51,293,924 shares of our common stock outstanding.

What is the difference between a holder of record and a beneficial owner of shares held in street name?

Holder of Record. If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are considered the holder (or shareholder) of record with respect to those shares. As a holder of record, you should have been furnished this proxy statement and a proxy card directly by us.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a securities broker, bank or other similar organization acting as a nominee, then you are considered the beneficial owner of shares held in "street name." The organization holding your account is considered the holder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. Accordingly, you should have been furnished this proxy statement and a voting instruction form by that organization.

How can I vote?

Holder of Record. If you are a holder of record, you may vote either in person at the annual meeting, via the Internet (by following the instructions provided on the proxy card), by telephone (by calling the toll free number found on the proxy card), or by mail (by filling out the proxy card and returning it in the reply envelope provided).

Beneficial Owner of Shares Held in Street Name. If you hold your shares in "street name," you should receive a voting instruction form from your securities broker, bank or other similar organization acting as a nominee asking you how you want to vote your shares. If you do not, you should contact your securities broker, bank or other similar organization acting as a nominee and obtain a voting instruction form from them. If you plan to attend the annual meeting and vote your shares in person, you must contact the securities broker, bank or other similar organization acting as a nominee in whose name your shares are registered to obtain a broker's proxy issued in your name and bring it to the annual meeting in order to vote.

How many votes do I have?

Each outstanding share of our common stock entitles its holder to cast one vote on each matter to be voted upon, except with respect to the election of directors in which you may cumulate your votes.

Pursuant to our articles of incorporation and by-laws, you have the right to cumulate your votes at annual meetings in which more than one director is being elected. Cumulative voting entitles you to a number of votes equal to the number of shares of common stock held by you multiplied by the number of directors to be elected. As a holder of our shares of common stock, you may cast all or any number of such votes for one nominee or distribute such votes among any two or more nominees as you desire. Thus, for example, for the election of the seven nominees being considered at this annual meeting, a shareholder owning 1,000 shares of our common stock is entitled to 7,000 votes and may distribute such votes equally among the nominees for election, cast them for the election of only one of such nominees, or otherwise distribute such votes as he or she desires.

If you return an executed proxy but do not expressly indicate that your votes should be cumulated in a particular fashion, the votes represented by your proxy will be distributed equally among the nominees designated by our Board of Directors or in such other fashion as will most likely ensure the election of all the nominees.

How does our Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote “FOR” the election of each nominee to the Board, “FOR” the advisory vote related to the compensation of our executives, and “FOR” the ratification of our independent registered public accounting firm for 2019.

Each proxy also confers discretionary authority on our Board of Directors to vote the proxy with respect to: (i) the approval of the minutes of the last annual meeting of shareholders; (ii) the election of any person as director if any nominee is unable to serve or, for good cause, will not serve; (iii) matters incident to the conduct of the annual meeting; and (iv) such other matters as may properly come before the annual meeting. Except with respect to procedural matters incident to the conduct of the annual meeting, we are not aware of any business that may properly come before the meeting other than those matters described in this proxy statement. However, if any other matters should properly come before the annual meeting, it is intended that proxies solicited hereby will be voted with respect to those other matters as recommended by our Board of Directors or, if no recommendation is given, in accordance with the judgment of the proxy holders.

What constitutes a quorum at the annual meeting?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting us to hold the meeting. As of the record date, 51,293,924 shares of our common stock were outstanding. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining quorum. A “broker non-vote” occurs when a securities broker, bank or other nominee indicates on the proxy card that it does not have discretionary authority to vote on a particular matter. Votes cast by proxy will be counted by Broadridge Financial Solutions, Inc., an independent third party. We urge you to vote by proxy even if you plan to attend the meeting, so that we will know as soon as possible that enough votes will be present for us to hold the meeting.

How do I vote?

You can vote either in person at the meeting or by proxy even if you plan to attend the meeting. If you complete and properly sign the accompanying proxy card and return it in the enclosed reply envelope, it will be voted as you direct. If you are a shareholder of record and attend the meeting, you may deliver your completed proxy card in person. Alternatively, in lieu of signing the accompanying proxy card and returning it in the enclosed reply envelope, shareholders of record can vote their shares over the Internet, or by calling a specially designated telephone number. Internet and telephone voting procedures are designed to authenticate shareholders’ identities, to allow shareholders to provide their voting instructions and to confirm that their instructions have been recorded properly. Specific instructions for shareholders of record who wish to use the Internet or telephone voting procedures are set forth in the enclosed proxy card.

Beneficial owners of shares held in “street name” who wish to vote at the meeting will have to obtain a proxy from the securities broker, bank or other nominee that holds their shares. Such beneficial owners may vote their shares by telephone or the Internet if the brokers, banks or other nominees that hold their shares make those methods available. If that is the case, each broker, bank or other nominee will enclose instructions with the proxy statement.

To avoid delays in ballot taking and counting, and in order to ensure that your proxy is voted in accordance with your wishes, we respectfully request that you give your full title when signing a proxy as attorney, executor, administrator, trustee, guardian, authorized officer of an entity, or on behalf of a minor. If shares are registered in the name of more than one shareholder of record, all shareholders of record must sign the proxy card.

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Can I change my vote after I return my proxy card?

Yes. After you have submitted your proxy card, you may change your vote at any time before the proxy is exercised. To do so, just send in a new proxy card with a later date or cast a new vote by telephone or over the Internet, or send a written notice of revocation to the Secretary of our Board of Directors, P.O. Box 195115, San Juan, Puerto Rico 00919-5115, delivered before the proxy is exercised. If you attend the meeting, and want to vote in person, you may request that your previously submitted proxy not be used. Attendance at the meeting will not by itself revoke a previously granted proxy.

What vote is required to approve each item and how are abstentions and broker non-votes treated?

Action with respect to the election of directors will be taken by a majority of the votes cast by shareholders represented in person or by proxy at the annual meeting and entitled to vote on the election of directors (which number will take into account the accumulation of votes described above). To be elected, each director nominee must receive more votes cast "FOR" such nominee's election than votes cast "WITHOLD AUTHORITY" for such nominee's election. Abstentions and broker non-votes will not be counted as either an affirmative vote or a negative vote regarding the election of directors and, therefore, will not have a legal effect on such election.

For the advisory vote on the compensation of our executives and the ratification of our independent registered public accounting firm for 2019, the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the meeting and entitled to vote will be required for approval. Abstentions will have the same effect as a negative vote, and broker non-votes will not be counted in determining the number of shares necessary for approval.

What happens if I do not give specific voting instructions?

Holder of Record. If you are a holder of record and you sign and return a proxy card without giving specific instructions, then the proxy holders will vote your shares in the manner recommended by our Board of Directors and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the meeting.

Beneficial Owner of Shares Held in Street Name. If you are a beneficial owner of shares held in "street name" and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform us that it does not have the authority to vote on such matter with respect to your shares (that is, a "broker non-vote"). Except for the ratification of our independent registered public accounting firm for 2019, we believe that each of the proposals set forth in this proxy statement will be considered non-routine under the rules of the New York Stock Exchange (which apply to brokers), and therefore, there could be broker non-votes on such proposals.

What happens if the annual meeting is adjourned or postponed?

Your proxy will still be valid and may be voted at the adjourned or postponed meeting. You will still be able to change or revoke your proxy before it is exercised.

How can I obtain directions to attend the annual meeting?

If you need directions to be able to attend the annual meeting and vote in person, please visit our website at www.ofgbancorp.com or contact Anreder & Company, our investor relations firm, at (212) 532-3232; email:

ofg@anreder.com.

Proposal 1: Election of Directors

Our Board of Directors consists of one class of seven directors elected annually until the end of their one-year term and until their successors are duly elected and qualified. Our bylaws provide that directors in uncontested elections will be elected by a majority of the votes cast by our shareholders, rather than a plurality of the votes cast. Our Director Resignation Policy requires that any director that does not receive the majority of votes cast by our shareholders in an uncontested election submit his or her resignation to our Board of Directors promptly after the certification of the voting results. Thereafter, our Board of Directors will have 90 days to evaluate the resignation, and if the resignation is not accepted, will disclose the reasons therefore to our shareholders.

There are no arrangements or understandings between us and any person pursuant to which such person has been elected as a director. No director is related to any of our directors or executive officers, by blood, marriage or adoption (excluding those that are more remote than first cousin).

Set forth below is certain information with respect to each nominee.

Julian S. Inclán Dorado, PR	Mr. Inclán is the CEO and Chairman of the Board of American Paper Corporation, a distributor of fine papers, office supplies and graphic art supplies, where he also served as President from September 1994 to January 2013. He is also the Managing Partner, President and Administrator of various real estate development and investment companies. He holds an M.B.A. from Columbia University.
Director since 2008 Independent Age: 71	Our Board of Directors recommended Mr. Inclán as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his extensive experience as a director of the Company and in managing his distribution and real estate businesses, which assist the Company in evaluating and overseeing diverse business opportunities. Our Board of Directors also determined as required by our bylaws that due to the importance of Mr. Inclán's independent leadership role, at this time, he should continue to serve after having attained the age of 71.

Board and Committees	Meeting	Attendance	
Board (Chair)	11 of 11	100	%
Audit	7 of 7	100	%
Risk and Compliance	10 of 10	100	%
Corporate Governance and Nominating	2 of 2	100	%
Compensation	4 of 4	100	%

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
106,130	12,680	$2,063,900	16.78	4

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José R. Fernández San Juan, PR Director since 2005 Non-Independent Age: 55	Mr. Fernández is the President, CEO and a Vice Chairperson of the Board of Directors of the Company and Oriental Bank. He is also the Chairperson of the Boards of Directors of all of our other subsidiaries, and the President of Oriental Insurance LLC and Oriental International Bank, Inc. Since becoming CEO, Mr. Fernández has successfully developed the Company into a full service commercial bank that today has grown into one of Puerto Rico's leading banking and financial services companies through successful acquisitions. Prior to being named CEO, Mr. Fernández managed each of our core businesses and established the Company's leadership in trust and retirement services in Puerto Rico. From 2011 to 2016, he was appointed to the Community Depository Institutions Advisory Council established by the Federal Reserve Bank of New York.

Mr. Fernández holds a B.S. from the University of Notre Dame and an M.B.A. from the University of Michigan. He is a member of the Business Advisory Council of the University of Notre Dame's Mendoza Business School and of the Advisory Board of the Puerto Rico Conservation Trust. He also serves on the Board of Trustees of Sacred Heart University, Santurce, Puerto Rico.

Our Corporate Governance and Nominating Committee recommended Mr. Fernández as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his extensive knowledge of our business, his 30 years of experience in the financial services industry, and his instrumental role in our continued success. As our CEO and Vice Chairperson, Mr. Fernández has consistently demonstrated an ability to exercise sound business judgment and prudent management skills. Furthermore, his active involvement in community and civic affairs represents an ethical character that we seek in our leaders and company culture.

Board and Committees	Meeting	Attendance	
Board (Vice Chair)	11 of 11	100	%

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
494,398	5,560	$8,276,791	9.57	5

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Pedro Morazzani, CPA, CVA, CFE, CGMA San Juan, PR Director since 2006 Independent Age: 66	Mr. Morazzani is a partner of the accounting firm Zayas, Morazzani & Co. and a Certified Public Accountant, Certified Valuation Analyst, Certified Fraud Examiner and Chartered Global Management Accountant. He is also the President of the Puerto Rico Chapter of the National Association of Certified Valuation Analysts. Previously, he was a Senior Manager at Peat, Marwick, Mitchell & Co. (presently known as KPMG LLP). Mr. Morazzani holds a bachelor's degree in Business Administration from the University of Puerto Rico. Our Corporate Governance and Nominating Committee recommended Mr. Morazzani as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his extensive accounting and financial expertise and his strong advocacy for corporate governance, ethics and fairness, which make him highly qualified to serve on the Board and its Audit Committee.

Board and Committees	Meeting	Attendance	
Board	11 of 11	100	%
Audit (Chair)	7 of 7	100	%

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
35,020	—	$576,429	7.12	4

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Jorge Colón-Gerena San Juan, PR Director since 2014 Independent Age: 52	Mr. Colón-Gerena is the President, CEO and principal shareholder of various restaurant franchise operations that have the exclusive rights in Puerto Rico to the Wendy's, Applebee's, Famous Dave's, Sizzler, Longhorn, Olive Garden and Red Lobster franchises. He serves on the Boards of Directors of the Center for a New Economy, an economic policy think-tank, and the non-profit organizations Centro para Puerto Rico and Sila M. Calderón Foundation. Mr. Colón-Gerena holds bachelor's degree in Arts & Sciences from the Interamerican University, San Juan, Puerto Rico, and has completed executive management courses at Northwestern University and Harvard Business School.

Our Corporate Governance and Nominating Committee recommended Mr. Colón-Gerena as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his extensive experience in retail food service franchises, which complements the diversity of experience of our Board.

Board and Committees	Meeting	Attendance	
Board	11 of 11	100	%
Audit	6 of 7	88.9	%
Compensation (Chair)	4 of 4	100	%

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
43,317	—	$712,998	12	4

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Juan C. Aguayo, PE, MSCE San Juan,PR Director since 2004 Independent	Mr. Aguayo is President and CEO of various companies dedicated to construction, steel fabrication, industrial real estate and integrated design-build-maintenance services, including SSW Engineering & Construction, LLC, Structural Steel Works, Inc., Structural Steel Manufacturing, Inc., SSW Realty, Inc. and DBM Group, LLC. He has also served on the Boards of Directors of several non-profit organizations, including the Board of Directors of the Association of Structural Steel Fabricators, Associated General Contractors of America (Puerto Rico Chapter), and the Board of Trustees of the Sacred Heart University, San Juan, Puerto Rico. Mr. Aguayo holds a B.S. (Civil Engineering) from Princeton and a Masters (Civil Engineering) from the Massachusetts Institute of Technology.
Age: 55	Our Corporate Governance and Nominating Committee recommended Mr. Aguayo as a nominee, and our Board of Directors concluded that he should continue serve as a director of the Company based on his success as a CEO in the construction and manufacturing industries, and his participation in business associations, which may be valuable towards identifying and evaluating business risks and opportunities for the Company.

Board and Committees	Meeting	Attendance
Board	11 of 11	100 %
Risk and Compliance	9 of 10	90 %
Corporate Governance and Nominating (Chair)	2 of 2	100 %

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
35,472	—	$583,869	9	4

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Néstor de Jesús Guaynabo, PR	Mr. de Jesús was an investment banker for 30 years, most recently serving as the Director of the Puerto Rico Office of Barclays Capital. He also recently served on the Board of Directors and as Chair of the Audit Committee of the Government Development Bank for Puerto Rico. Mr. de Jesús holds a B.S. in Economics from the Wharton School of the University of Pennsylvania and an M.B.A. from University of Michigan.

Director since 2016

Independent

Age: 67

Our Corporate Governance and Nominating Committee recommended Mr. de Jesús as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his prior investment banking experience, his experience as a director of a major Puerto Rico public instrumentality, and his extensive financial expertise, which make him highly qualified to fulfill his responsibilities as a director of the Company.

Board and Committees	Meeting	Attendance	
Board	11 of 11	100	%
Corporate Governance and Nominating	2 of 2	100	%
Risk and Compliance (Chair)	10 of 10	100	%

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
17,900	—	$294,634	5.00	1.33

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Edwin Pérez San Juan, PR Director since October 2018 Independent	Mr. Pérez is the owner and President of Puerto Rico Supplies Group, Inc., one of the largest consumer goods distributors in Puerto Rico, distributing leading brands of frozen foods, household goods, groceries, snacks, candy, health and beauty, prestige fragrances and tobacco products, among over 5,000 products. He also serves on the Board of the Food Bank and CODERI, a school for children with disabilities. Mr. Pérez holds a business degree from the University of Puerto Rico and a Master's in Labor Relations from Michigan State University.
Age: 65	Our Corporate Governance and Nominating Committee recommended Mr. Pérez as a nominee, and our Board of Directors concluded that he should continue to serve as a director of the Company based on his extraordinary accomplishments as an entrepreneur, which make him highly qualified to fulfill his responsibilities as a director of the Company.

Board and Committees	Meeting	Attendance
Board	3 of 3	100 %

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
—	—	—	—	N/A

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If any person named as a nominee is unable or unwilling to stand for election at the time of the annual meeting, the proxy holders will nominate and vote for a replacement nominee or nominees recommended by our Board of Directors. At this time, the Board knows of no reason why any of the nominees listed above may not be able to serve as a director if elected.

Our Board of Directors recommends that you vote “FOR ALL” in this proposal.

Information with Respect to Certain Executive Officers Who Are Not Directors

The following information is provided with respect to the executive officers who do not serve on our Board of Directors. There are no arrangements or understandings pursuant to which any of the following executive officers was selected as an officer of the Company. No executive officer is related to any of our directors or executive officers, by blood, marriage or adoption (excluding those that are more remote than first cousin).

Ganesh Kumar Senior Executive Vice President and Chief Operating Officer San Juan, PR Age: 54	In March 2017, Mr. Kumar was appointed Senior Executive Vice President and Chief Operating Officer. In this role, he leads a consolidated retail business under one customer centric structure and is responsible for the Company's strategic business development and expansion. Prior to his appointment, Mr. Kumar served as Executive Vice President and Chief Financial Officer responsible for corporate finance, strategic planning, accounting and financial reporting, and business analytics. Previously, he served as our Chief Operating Officer and Chief Risk Officer. Before joining the Company in 2004, he was a director of consulting at Gartner Inc. (NYSE: IT), an industry leading research and advisory firm where he assisted a wide array of financial service companies develop technology-enabled strategies and operational plans to meet desired results. Prior to Gartner, he was a manager at McKesson Corporation (NYSE: MCK) from 1997 to 1999; a planning and technology architect at Intercontinental Hotels Group (NYSE: IHG) from 1995 to 1997; and a consultant to financial services clients worldwide from 1986 to 1995. Mr. Kumar holds a doctorate in management from Case Western Reserve University, Cleveland, OH, where he is currently a member of the Alumni Advisory Council.

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
168,013	—	$2,765,494	5.71	3

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Maritza Arizmendi, CPA, Esq.	In March 2017, Ms. Arizmendi was named Executive Vice President and Chief Financial Officer responsible for corporate finance, accounting and financial planning and reporting and treasury. She previously served as our Senior Vice President of Corporate Finance and Chief Accounting Officer. Previously at BBVAPR, she served in turn as Chief Financial Officer and Treasurer, Senior

Executive Vice President and Chief Financial Officer San Juan, PR Age: 50	Vice President of Financial Planning, and Vice President of Risk Management. Prior to its acquisition by BBVAPR, Ms. Arizmendi was a Vice President of Loan Review at Poncebank. Her career began at PricewaterhouseCoopers LLP, where she attained the position of Senior Auditor. Ms. Arizmendi received her B.S. (Accounting) and Juris Doctor from the University of Puerto Rico. She is a Certified Public Accountant and is admitted to practice law in Puerto Rico.

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
28,000	—	$460,880	1.62	2.00

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Rafael Cruz Senior Vice President and Chief Risk and Compliance Officer San Juan, PR Age: 63	In March 2018, Mr. Cruz was appointed the Chief Risk and Compliance Officer responsible for risk management, regulatory and BSA/AML compliance, and security. Mr. Cruz joined the Company in 2002 and has served in various leadership roles, including Head of Operations, Head of Compliance and Loss Share Director. Previously, he was Associate Professor and Associate Director of Industrial Engineering at the Polytechnic University of Puerto Rico and a productivity improvement and competitiveness consultant to various Fortune 100 companies. Mr. Cruz holds a master's and bachelor's degree in Industrial Engineering from Lehigh University, Bethlehem, Pennsylvania, and Pontificia Universidad Catolica Madre y Maestra, Santiago, Dominican Republic, respectively.

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
20,450	—	$336,607	1.51	2

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Ramón Rosado-Linera, Esq. Senior Vice President Former Treasurer and U.S. Loan Program Director San Juan, PR Age: 55	Mr. Rosado-Linera was our Senior Vice President and Treasurer until his recent appointment in December 2018 as Senior Vice President and U.S. Loan Program Director. Mr. Rosado-Linera has over 30 years of experience in bank treasury and investment portfolio management. Prior to joining the Company in October 2010, he was the Treasurer and Chief Investment Officer of Westernbank Puerto Rico, and before that, he was Executive Vice President and Treasurer of BBVAPR. He served as a member of the various executive committees, including the Asset/Liability Management Committees, of both banks. Mr. Rosado-Linera has a B.S. (Finance) from Georgetown University, an M.B.A. from George Washington University, and a Juris Doctor from the University of Puerto Rico. He is admitted to practice law in Puerto Rico.

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
36,489	—	$600,609	2.32	2

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César Ortiz, CPA., Esq. Senior Vice President and Director of Commercial Credit and Operations San Juan, PR Age: 44	Mr. Ortiz is the director of Commercial Credit and Operations overseeing commercial credit underwriting, administration and workouts since March 2018. Previously, he served as our Chief Risk Officer and as our Chief Accounting Officer. Prior to joining the Company, he worked at Doral Financial Corporation as Chief Accounting Officer and Controller. He started his career in the financial services industry at PricewaterhouseCoopers, LLP where he attained the position of Senior Manager. Mr. Ortiz received his B.S. (Business Administration) from the University of Puerto Rico, his M.B.A. from the MIT Sloan School of Management, and his Juris Doctor from the Interamerican University. He is a Certified Public Accountant, Certified Management Accountant, Certified Financial Manager and Certified Bank Auditor, and is admitted to practice law in Puerto Rico.

Stock Ownership Policy Compliance as of December 31, 2018:

Qualifying Common Stock	Qualifying Preferred Stock	Total Value	Multiple of Compensation	Applicable Minimum Multiple Requirement
32,201	—	$530,028	2.08	2

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as to our shares of common stock beneficially owned by persons, including any “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), known to us to be beneficial owners of more than 5% of the outstanding shares. The information is based exclusively upon filings made by such persons or entities pursuant to the Exchange Act.

Name and Address of Beneficial Owner	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power	Aggregate Amount of Shares Beneficially Owned	Percent of Class[1]
BlackRock, Inc.	6,444,554	0	6,565,378	0	6,565,378	12.8 %

55 East 52nd Street New York, NY 10055							
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	44,339	3,300	5,289,830	41,126	5,330,956	10.39	%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	3,575,668	0	3,739,745	0	3,739,745	7.29	%

1. Beneficial owners of greater than 10% reported such holdings on Schedule 13G filed under Rule 13d-1(b), which is available only to shareholders that acquired such securities in the ordinary course of their business and not with the purpose nor with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect.

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The following tables set forth information as to the number of our shares of common stock and serial preferred stock beneficially owned as of December 31, 2018, by (i) the directors; (ii) the Chief Executive Officer, Chief Financial Officer, the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers on December 31, 2018, and an additional individual for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the registrant at the end of 2018 (collectively, the "Named Executive Officers" or "NEOs"); and (iii) the directors and executive officers, including the NEOs, as a group. The information is based upon filings made by such individuals pursuant to the Exchange Act, and information furnished by each of them.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock (#)		Percent of Common Stock[1]	
Directors				
Julian S. Inclán	142,186	2	—	
José Rafael Fernández	467,923	3	—	
Juan C. Aguayo	32,072		—	
Jorge Colón-Gerena	40,117		—	
Néstor de Jesús	15,000		—	
Pedro Morazzani	31,120		—	
Edwin Pérez	—		—	
Named Executive Officers				
José R. Fernández	467,923	3	—	
Ganesh Kumar	163,403	4	—	
Maritza Arizmendi	15,500	5	—	
Rafael Cruz	22,064	7	—	
Ramón Rosado-Linera	36,514	6	—	
César Ortiz	27,801	8	—	
Directors and Executive Officers as a Group[9]	1,188,618		2.32	%

1. Unless otherwise indicated, each of the persons named in the table beneficially holds less than 1% of the outstanding shares of common stock. This percentage is calculated on the basis of the 51,293,924 shares of common stock outstanding as of December 31, 2018.
2. This amount includes 32,377 shares as to which he has shared investment and voting power.
3. This amount includes 300,525 shares that he may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days, 6,813 shares that he owns through our 401(k)/1081.01(d) Plan, and 7,000 shares owned by his wife.
4. This amount includes 116,293 shares that he may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days, 43 shares that he owns through our 401(k)/1081.01(d) Plan, and 10,000 shares that he owns through his deferred compensation trust account.
5. This amount includes 10,500 shares that she may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days.
6. This amount includes 27,000 shares that he may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days and 2,364 shares that he owns through our 401(k)/1081.01(d) Plan.
7.

This amount includes 20,150 shares that he may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days and 1,914 shares that he owns through our 401(k)/1081.01(d) Plan.

8. This amount includes 27,800 shares that he may acquire upon the exercise of stock options that are exercisable or that will become exercisable within 60 days and 1 share that he owns through our 401(k)/1081.01(d) Plan.
9. The group consists of 13 persons including all directors, Named Executive Officers, and executive officers who are not directors.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Series D Preferred Stock (#)	Percent of Series D Preferred Stock[1]
Directors and Named Executive Officers		
Julian S. Inclán	12,680	1.32 %
José R. Fernández	5,560	—
Directors and Executive Officers as a Group[2]	32,260	3.36 %

1. Unless otherwise indicated, each of the persons named in the table beneficially holds less than 1% of the outstanding shares of such preferred stock.
2. The group consists of 13 persons including all directors, Named Executive Officers, and executive officers who are not directors.

For purposes of the foregoing tables, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which shares are deemed to be beneficially owned by a person if he or she directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote or direct the voting of the shares, and/or the power to dispose or direct the disposition of the shares, whether or not he or she has any economic interest therein. Unless otherwise indicated in the foregoing tables, the named beneficial owner has sole voting and investment power with respect to the shares, subject, in the case of those directors and officers who are married, to the marital community property laws of Puerto Rico. Under Rule 13d-3, a person is deemed to have beneficial ownership of any shares of common stock which he or she has a right to acquire within 60 days, including, without limitation, pursuant to the exercise of any option, warrant or right. Shares of common stock which are subject to such options or other rights of acquisition are deemed to be outstanding for the purpose of computing the percentage of outstanding common stock owned by such person but are not deemed outstanding for the purpose of computing the percentage of common stock owned by any other person.

Board Independence, Leadership Structure and Risk Oversight

Except for José Rafael Fernández, who is our President and CEO, all of our directors are “independent” pursuant to the corporate governance listing standards adopted by the New York Stock Exchange (“NYSE”) for listed companies.

Our Board of Directors has adopted standards and definitions to assist it in the evaluation of the independence of its members. The standards and definitions adopted by the Board describe various types of relationships that could potentially exist between a director and the Company and sets thresholds at which such relationships would be deemed to be material. If no relationship or transaction exists that would disqualify a director from being independent under such standards and definitions, and no other relationships or transactions exist of a type not specifically mentioned therein that in the Board’s opinion, taking into account all facts and circumstances, would impair a director’s ability to exercise his or her independent judgment, the Board will deem such director to be independent. Such standards and definitions are available on our website at www.ofgbancorp.com.

Our Board of Directors has seven positions and only one who is a non-independent member, the CEO. At present, the roles of Chairperson and CEO are split. The position of Chairperson is held by Mr. Inclán, an independent director since 2008, and the position of CEO is held by Mr. Fernández, a director and CEO since 2005.

Pursuant to our bylaws, and as part of its review of corporate governance and succession planning, our Board of Directors, led by the Corporate Governance and Nominating Committee, conducts an annual self-evaluation and determines the most effective board leadership structure for the Company. Our Board of Directors also recognizes that different structures may be appropriate for the Company at different times. In this regard, the Board chooses whether to keep the roles of CEO and Chairperson separate or whether to have one person serve in both capacities. At this time, the Board has decided that the most appropriate structure for the Company is to have a corporate leadership structure that splits the roles of the Chairperson of the Board and the CEO. The position of Board Chairperson is held by Mr. Inclán, an independent director, whereas the position of CEO is held by Mr. Fernández.

In order to align the interests of our directors and top executives with our shareholders, the Board adopted the Officers and Directors Stock Ownership Policy. Pursuant to such policy, our directors are required to hold common and preferred stock of the Company with a total value that is not less than four times their annual cash compensation within a period of 3 years of their first equity award.

Our Board of Directors, its Audit Committee, Compensation Committee, Risk and Compliance Committee, Corporate Governance and Nominating Committee and the Bank's Credit Committee and management's Asset and Liability Management Committee (the "ALCO Committee"), Credit Risk Committee and Risk Management and Compliance Committee, are actively involved in overseeing the management of the risks involved in our business and operations. However, the Board ultimately determines the level of risk that is acceptable for the Company within general guidelines and regulatory requirements. The Board considers that effective risk management is a fundamental part of good management practice and is committed to maintaining sound risk management systems. To this end, the Board is responsible for adopting several risk policies and reviewing the effectiveness of our risk management program. In order to appropriately discharge their risk oversight functions, the Board and its committees have access to senior management and the right to consult with and retain independent legal and other advisors at our expense pursuant to our Corporate Governance Principles and Guidelines. The Board, the Audit Committee and the Risk and Compliance Committee also regularly meet with and receive written reports from senior management, including our Chief Risk and Compliance Officer and Internal Audit Department, who evaluate significant risk exposures and contribute to our risk management and internal control system. The Compensation Committee assists the Board in ensuring that our compensation program encourages decision-making that is in the best long-term interest of the Company and its shareholders and does not encourage excessive or inappropriate risk-taking. Moreover, the ALCO Committee has responsibility for overseeing the management of our assets and liabilities to balance our risk exposures. Its principal objective is to enhance profitability while maintaining appropriate levels of liquidity and interest rate risks. The Credit Committee of the Bank's Board and management's Credit Risk Committee have responsibility for setting strategies to achieve our credit risk goals and objectives in accordance with the credit policy approved by our Board of Directors. The Risk Management and Compliance Committee has responsibility for the implementation of our risk management program. In sum, all such committees assist and report to the Board in connection with the monitoring and oversight of certain risks and/or the implementation of the policies and objectives adopted by the Board.

Board Meetings

Our Board of Directors held 11 meetings in 2018. No incumbent director attended fewer than 75% of the aggregate of the total number of Board meetings and the total number of meetings of Board committees in which he served in that year. Board members are required to attend our annual meeting of shareholders. All Board members then in office attended last year's annual meeting of shareholders.

Executive Meetings of Non-Management Directors

Our Board of Directors holds regular meetings of "non-management directors" (that is, directors who are not executive officers of the Company) to promote open discussions and better communication among such directors. Julian S. Inclán, the Chairperson of the Board, has been chosen to preside at such meetings.

Board Committees

Our Board of Directors has a standing Audit Committee, Risk and Compliance Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Strategic Committee.

The Audit Committee assists our Board of Directors in its oversight of our financial reporting process and meets without management's presence. It fulfills its oversight responsibilities by reviewing: (a) the integrity of the financial reports and other financial information provided by us to any governmental or regulatory body or to the public; and (b) our auditing, accounting, and financial reporting processes generally. The members of this committee are Pedro Morazzani, Chairperson, Jorge Colón-Gerena and Julian S. Inclán. Our Board of Directors has determined that each member of this committee is financially literate or has accounting or related financial management expertise, and that Pedro Morazzani is an "audit committee financial expert," as such term is defined in Item 407(d)(5) of U.S. Securities and Exchange Commission ("SEC") Regulation S-K. It met 7 times in 2018.

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The Audit Committee operates pursuant to a written charter that has been approved by our Board of Directors, a current copy of which is available on our website at www.ofgbancorp.com. All of its members are independent directors as required by the NYSE and the SEC.

The Risk and Compliance Committee assists our Board of Directors in its oversight of our internal controls, enterprise risk management, and legal and regulatory compliance. It fulfills its oversight responsibilities by reviewing our systems of internal controls regarding finance, accounting, legal and regulatory compliance, and ethics that management and our Board of Directors have established. The members of this committee are Néstor de Jesús, Chairperson, Juan C. Aguayo, Vice Chairperson, and Julian S. Inclán. It met 10 times in 2018.

The Risk and Compliance Committee operates pursuant to a written charter that has been approved by our Board of Directors, a current copy of which is available on our website at www.ofgbancorp.com. All of its members are independent directors.

The Compensation Committee discharges the responsibilities of our Board of Directors relating to compensation of our directors and executive officers. Its general responsibilities are: (a) reviewing and approving corporate goals and objectives relevant to the compensation of the CEO; (b) evaluating the CEO's performance in light of those goals and objectives; (c) making recommendations to our Board of Directors with respect to CEO compensation, and approving director and executive officer compensation; (d) producing a committee report on executive compensation; (e) succession planning; and (f) conducting an annual performance evaluation of itself. This committee also administers our equity-based compensation plan and is given absolute discretion to, among other things, construe and interpret the plan; to prescribe, amend and rescind rules and regulations relating to the plan; to select the persons to whom plan awards will be given; to determine the number of shares subject to each plan award; and to determine the terms and conditions to which each plan award is subject. The members of this committee are Jorge Colón-Gerena, Chairperson, Julian S. Inclán, Vice Chairperson and Edwin Pérez. It met 4 times in 2018.

The Compensation Committee operates pursuant to a written charter that has been approved by our Board of Directors, a current copy of which is available on our website at www.ofgbancorp.com. All of its members are independent directors as required by the NYSE.

The Corporate Governance and Nominating Committee assists our Board of Directors by: (a) identifying individuals qualified to become directors consistent with criteria approved by the Board; (b) selecting or recommending that the Board select the director nominees for the next annual meeting of shareholders; (c) developing and recommending to the Board a set of corporate governance principles applicable to us that are consistent with sound corporate governance practices and in compliance with applicable legal, regulatory, or other requirements; (d) monitoring and reviewing any other corporate governance matters which the Board may refer to this committee; and (e) performing an annual evaluation of the Board, Board committees and each of the directors individually. The members of this committee are Juan Carlos Aguayo, Chairperson, Julian S. Inclán, Vice Chairperson, and Néstor de Jesús. It met 2 times in 2018.

The Corporate Governance and Nominating Committee operates pursuant to a written charter that has been approved by our Board of Directors, a current copy of which is available on our website at www.ofgbancorp.com. All of its members are independent directors as required by the NYSE.

Pursuant to our by-laws, no nominations for directors, except those made by our Board of Directors upon the recommendation of the Corporate Governance and Nominating Committee, will be voted upon at the annual meeting unless other nominations by shareholders are made in writing, together with certain information about the nominating shareholder and the nominee, including the nominee's qualifications for service and his or her written consent to serve on our Board of Directors if elected, and delivered to the Secretary of the Board at least 120 days prior to the anniversary date of the mailing of proxy materials in connection with last year's annual meeting. Ballots bearing the names of all of the persons nominated by our Board of Directors and by shareholders, if properly made, will be provided for use at the annual meeting. The Corporate Governance and Nominating Committee has not established any specific, minimum qualifications that it believes must be met by a nominee recommended by such committee for a position on our Board of Directors. The Committee instead considers general factors, including, without limitation, the candidate's experience with other businesses and organizations, the interplay of such experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any of its committees.

Board Diversity

The Corporate Governance and Nominating Committee generally identifies qualified candidates based on recommendations made by existing directors, management, or independent consultants. There are no differences in the manner in which the committee evaluates nominees for director based on whether the nominee is recommended by a shareholder. The committee will consider potential nominees by management, shareholders or other members of the Board, and develop and evaluate information from a variety of sources regarding the potential nominee before making a decision.

Pursuant to its charter, the Corporate Governance and Nominating Committee considers diversity, among other factors such as competencies, experience, age and other appropriate qualities, to determine which candidates it recommends to our Board of Directors for approval as nominees. The committee focuses mainly on achieving a balance of experience on the Board that represents a cross-section of the local community, including directors with experience in the public and private sectors, experience in the medical, legal and accounting professions, and experience in a variety of industries relevant to our business needs.

After evaluating our strategic plan and the current composition of our Board, our Corporate Governance and Nominating Committee has identified the need to recruit women candidates and candidates based in the continental United States. To assist with our search for qualified women candidates, our Corporate Governance and Nominating Committee engaged the services of the National Association of Corporate Directors ("NACD"). Our Corporate Governance and Nominating Committee has already interviewed several women candidates and continues to evaluate the candidates identified by the NACD. To ensure an appropriately diverse Board, our Corporate Governance and Nominating Committee is committed to recruiting a woman candidate in the short-term.

Corporate Social Responsibility

Our Company's corporate social responsibility program seeks to harness our culture of constant innovation that has led to our success to improve the communities we serve. Our program carries out this spirit of transformation through three pillars, social innovation, education and entrepreneurship. Through this program, we coordinated over 1,000 community service hours by our participant employees last year and have provided more than 30 grants to cover higher education expenses of children of our employees. More information regarding our corporate social responsibility program, including our commitment to our workforce, is available on our website www.orientalbank.com.

Corporate Governance Principles and Guidelines

We have adopted a set of Corporate Governance Principles and Guidelines to promote the functioning of our Board of Directors and its committees, to protect and enhance shareholder 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. We have also adopted a Code of Business Conduct and Ethics that reaffirms our basic policies of business conduct and ethics for our directors, officers, employees and agents. It consists of basic and general standards of business as well as personal conduct. The Corporate Governance Principles and Guidelines and the Code of Business Conduct and

Ethics are available on our website at www.ofgbancorp.com.

Any shareholder who desires to contact our Board of Directors or any of its members may do so by writing to: Chairperson of the Board, OFG Bancorp, P.O. Box 195145, San Juan, Puerto Rico 00919-5145. Alternatively, any interested party, including, without limitation, shareholders and employees, may communicate directly with the independent members of the Board or report possible legal or ethical violations, including, without limitation, concerns regarding questionable accounting or auditing matters. Any such interested party may direct his or her written communication or report, anonymously, to the Chairperson of the Audit Committee. The mailing, postage prepaid, should be marked "confidential" and addressed as follows:

Chairperson of Audit Committee	or	Chairperson of Audit Committee
OFG Bancorp		OFG Bancorp
P.O. Box 195145		Oriental Center
San Juan, Puerto Rico 00919-5145		254 Muñoz Rivera Avenue, 15th Floor
		San Juan, Puerto Rico 00918

Proposal 2: Advisory Vote on Executive Compensation

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), we are required to have a separate non-binding shareholder vote to approve the compensation of our Named Executive Officers at least once every three years. This is commonly known as a "say-on-pay" vote. At the annual meeting of shareholders held in 2018, a majority of our shareholders voted in favor of holding the say-on-pay vote every year. As previously disclosed, the Company has decided to hold such vote every year until the next shareholder advisory vote on the frequency of future advisory votes on executive compensation.

We have in place a comprehensive executive compensation program under the oversight of the Compensation Committee of our Board of Directors. Our program is described under the heading "Compensation Discussion and Analysis" and in the tabular and narrative disclosures related to Named Executive Officers in this proxy statement. The Compensation Committee continually monitors the program as well as general economic, regulatory and legislative developments affecting executive compensation.

Our executive compensation program is intended to reward achievements of Company performance objectives aligned with our strategic plan and the creation of shareholder value. We seek to attract and retain the most talented and effective executive team for the Company by providing an appropriate mix of fixed versus variable compensation while emphasizing pay-for-performance in accordance with our short and long-term goals. We will continue to pursue compensation arrangements that are intended to align the financial interests of our executives with the long-term interests of our shareholders.

This proposal gives you the opportunity to vote for or against, or abstain from voting on, the following resolution related to the compensation of our Named Executive Officers:

RESOLVED, that the compensation paid to the Company's named executive officers disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

Since your vote is advisory, it is not binding on the Company or our Board of Directors, and may not be construed as overruling any of our executive compensation decisions. However, our Board of Directors and its Compensation Committee may take into account the voting results when considering future compensation arrangements.

Our Board of Directors recommends that you vote "FOR" this proposal.

Compensation Discussion and Analysis

Overview

Our executive compensation program aims to promote our long-term success, to attract and retain qualified and talented leaders and motivate them to accomplish our financial goals. To this end, our executive compensation program considers our corporate results in light of our competitive position and goals, and also each executive's individual performance, commitment and achievements.

This Compensation Discussion and Analysis explains our executive compensation program for our Named Executive Officers ("NEOs") listed below. It also describes how compensation decisions are made and the reasons for specific decisions made in 2018.

Name	Title
José R. Fernández	President, CEO and Vice Chairperson of the Board
Ganesh Kumar	Senior Executive Vice President and Chief Operating Officer
Maritza Arizmendi	Executive Vice President and Chief Financial Officer
Rafael Cruz	Senior Vice President and Chief Risk and Compliance Officer
Ramón Rosado	Senior Vice President and U.S. Loan Program Director
César Ortiz	Senior Vice President and Director of Commercial Credit and Operations

Executive Summary

2018 Compensation Highlights. During 2018, we enhanced our equity compensation program to better align our NEOs' interests with creating long-term shareholder value. Upon the recommendation of our independent external consultant and based on feedback received from shareholders, our Compensation Committee adopted a framework under our Omnibus Plan governing future grants of equity awards. Under such framework, half of the value (50%) of equity awards granted to our NEOs will be in the form of performance shares with a three-year performance cycle. To further increase our focus on long-term performance-based compensation, for both Mr. Fernández and Mr. Kumar, the Compensation Committee approved grants of performance shares and decreases to their annual cash bonus targets. In addition, our Board increased the minimum stock ownership requirements for our CEO to five times base salary and adopted an anti-hedging and pledging policy and clawback policy.

2018 Advisory Vote on Executive Compensation. At the 2018 annual meeting of shareholders, our executive compensation program received the support of 75% of our shareholders, which was lower than the levels of support we have received in the past. As a result, we communicated with shareholders to better understand their expectations and engaged Pearl Meyer & Partners, LLC ("Pearl Meyer"), an independent compensation consultant, to provide us with recommendations as to how we can better align our compensation program with evolving best practices and better meet our shareholders' expectations. Based on these efforts, we increased our focus on long-term performance-based equity compensation to better align our executives' interests with creating long-term shareholder value. We continue to believe that our executive compensation program is designed to support the Company and our business strategies in concert with our compensation philosophies and objectives.

2018 Business and Financial Highlights. In 2018, we executed on our strategy of distinguishing Oriental Bank as a leader in quality of service among Puerto Rico banks and of diversifying our credit risk geographically into the continental United States. Below are some highlights of the Company's financial and operational performance for

2018:

- Our disciplined approach to our retail banking franchise in Puerto Rico led to a quick recovery from the aftermath of Hurricanes Irma and Maria and a return to growth in our auto, consumer and commercial loan portfolios as well as our core deposits.

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- We launched first in market technological solutions to continue to differentiate ourselves in providing the best service to our clients in Puerto Rico, including Oriental SmallBiz, a platform for receiving applications and managing small and middle market commercial loans, and My Payments, an online payment platform for loan customers.
- We initiated our loan production efforts in the continental United States of middle market syndicated loans, which added $182 million to our loan portfolio in credit risk unrelated to the Puerto Rico economy.
- Net income available to shareholders of $72.4 million or $1.52 per fully diluted share compared to $38.8 million or $0.88 per share in 2017.
- Increased originated loans 17.3%, average deposits 6.4% and customer count by 4.6%.
- Record total stockholders' equity of approximately $1 billion, with book value per common share of $17.90, tangible book value per common share of $16.15, and capital ratios at multi-year highs.
- Strong financial performance with a net interest margin of 5.26%, return on average assets of 1.50%, return on average tangible common stockholders' equity of 11.67%, and efficiency ratio of 51.06%.
- Increased regular quarterly cash dividend per share of common stock 16.7% to $0.07, which will result in future annualized cash dividends at a rate of $0.28 per share.

Summary of Executive Compensation Practices. Our executive compensation program includes the following practices and policies, which we believe promote sound compensation governance and are in the best interests of our shareholders and NEOs.

WHAT WE DO	WHAT WE DON'T DO
Performance based variable compensation	NO short-selling, hedging or pledging of Company securities
No or significantly limited annual cash bonus if minimum earnings goals is not achieved	NO supplemental executive retirement plans
Benchmarking against a relevant peer group	NO severance benefits exceeding 3x base salary and annual cash bonus
Independent external compensation consultant	NO excise tax gross-ups
Clawback of variable cash and equity compensation for malfeasance	NO repricing, buyout or exchange of underwater stock options
Annual risk assessment of compensation program	NO guaranteed bonuses
Double-trigger vesting for all outstanding equity awards in connection with change in control	NO uncapped incentives
Stock ownership requirements	NO excessive perquisites
Annual say on pay vote	NO equity compensation plans with evergreen provisions

What Guides Our Program

Compensation Philosophy and Objectives. The philosophy of our executive compensation program is to provide competitive compensation that rewards achievements of our strategic objectives supporting the creation of shareholder value. Accordingly, the main objectives of our program are to:

- Align the interests of our executives with our shareholders;
- Reward short and long-term financial performance by the Company;
- Reward superior individual performance;
- Attract and retain seasoned executives; and
- Ensure proper governance practices.

Our philosophy is to align the interests of our executives with our shareholders by promoting ownership of our Company's common stock through equity awards and minimum stock ownership requirements. Furthermore, a significant component of our compensation program for executives, including the NEOs, is incentive (variable) compensation that is tied to financial, operational and strategic results over both short and long-term performance periods. For certain executives, such as Mr. Rosado and Mr. Cruz, we provide incentives tied to the accomplishment of business unit and individual objectives to reward their contributions.

We are cognizant of our competitive environment for superior executive talent and seek to maintain a compensation strategy that is competitive in the financial services industry in Puerto Rico and the United States.

Elements of Compensation. To assure the appropriate mix of fixed versus variable compensation and focus on both short and long-term business performance, we have established three primary elements for our executive compensation program: base salary, annual cash bonus awards and long-term equity-based compensation.

Base salary is designed to be competitive with comparable executive positions in peer group companies in the U.S. and Puerto Rico and considers the complexity and unique challenges of each executive's position, individual skills, experience, background and performance.

Annual cash bonus awards are based on a balanced scorecard that takes into consideration the accomplishment of Company-wide performance goals, and for some executives, business unit and individual performance goals as well.

Long-term incentives are granted to our executives in the form of performance-based and time-based awards to foster ownership of the Company's common stock, link our executives' compensation to shareholder value and support our leadership retention objectives.

Compensation Mix. The charts below show the target total direct compensation of Mr. Fernández, our CEO, Mr. Kumar, our COO and second highest ranking officer, and the average of our other NEOs for 2018. These charts illustrate that a significant portion of such compensation is variable and performance-based.

2018 CEO COMPENSATION MIX Restricted Units 16% Performance Shares 16% Annual Cash Bonus 29% Base Salary 39% 2018 COO COMPENSATION MIX Restricted Units 12% Performance Shares 12% Annual Cash Bonus 38% Base Salary 38%

2018 NEOS (OTHER THAN CEO AND COO) COMPENSATION MIX Restricted Units 10% Performance Shares 10% Annual Cash Bonus 22% Base Salary 58%

Determination of Compensation Decisions

The Company's Compensation Committee, senior management and independent compensation consultant play key roles in making compensation decisions with respect to our executives.

The Role of the Compensation Committee. The Compensation Committee of our Board of Directors plays a key role in the development and oversight of our compensation program. It consists entirely of independent directors and operates under a written charter approved by our Board of Directors, which is publicly available at www.ofgbancorp.com. The Compensation Committee approves the employment agreement that governs the compensation of our CEO Mr. Fernández, approves the corporate scorecard used to determine all or a significant portion of the annual cash bonus for our NEOs, and grants equity awards to all executives under our long-term incentive plan. As appropriate, it looks to our senior management and independent compensation consultants for support in its work. While the Compensation Committee values input and advice from these and other sources, it exercises its independent judgment in reaching its decisions.

The Compensation Committee approves the compensation of the CEO. His compensation level is guided by the terms of his 2018 Employment Agreement, as amended. The Compensation Committee may increase his salary after the first year, his target performance bonus under our annual bonus plan is 75% of his base salary, and his target long-term incentive is 80% of his base salary.

In conducting its annual evaluation of the CEO's performance, the Compensation Committee considers the CEO's contributions to the overall performance of the Company, including his personal attributes and merits. It also reviews our key operating results along with the accomplishment of our key strategic initiatives and considers the standard of living in San Juan, Puerto Rico, where our main offices are located. As part of this process, the Compensation Committee reviews all relevant information or data, including the results of our CEO's performance scorecard and compensation levels for chief executive officers at peer group companies and the operating environment in which the Company does business. Furthermore, the Chairpersons of our Board of Directors and Compensation Committee meet periodically with our CEO to discuss his performance. The progress results of these meetings are reported to our Board of Directors. The CEO does not participate in any decision regarding his compensation.

Our Compensation Committee also considers other relevant factors in making compensation decisions or recommendations for our CEO, including salary data for comparable positions at peer group companies in Puerto Rico and the U.S., and compensation levels at the Company.

Determining Goals. The Compensation Committee is responsible for establishing both short and long-term goals that guide both our cash bonus award and the level of achievement of performance shares. For the Compensation Committee to perform its goal-setting functions, the following process is followed.

Prior to the beginning of the year, the Board reviews and approves the Company’s strategic plan, and senior executives and department or division heads meet and discuss the Company’s strategic plan and the goals for the Company in the upcoming year that will form part of the Company scorecard. At the beginning of the year, the Board reviews and approves an annual budget for the Company on a consolidated basis and separately for its banking subsidiary. The Compensation Committee then reviews and assesses performance goals presented by management and determines the structure of the annual goals for the Company scorecard that determines the payout of all or a significant portion of annual bonus awards and the three-year goals for determining the payout of performance shares. These goals include minimum performance thresholds that must be met to earn any award, as well as performance levels required to achieve maximum payouts. Performance goals that form part of the business unit scorecards for the annual cash bonus are established by the CEO with the support of the Finance and Human Resources Departments.

The level of achievement of such goals that form part of the Company and business unit scorecards play an essential role in the determination of the annual cash bonus awards. On a quarterly basis, senior management and our Board of Directors review our actual financial performance against the goals set for the year. In addition, our Board of Directors receives quarterly reports detailing our actual financial performance compared to these goals. Such reports are discussed in the corresponding Board meetings.

Each annual cash bonus performance goal is assigned a weight and requires a threshold level of accomplishment of 70% for any payout in connection with such goal. Each performance goal has a maximum level of achievement of either 100% or 125%. Executives must achieve a minimum rating on their individual performance evaluations to be eligible for any annual cash bonus, and the Company must have a minimum level of earnings for any payout with respect to all company-wide performance goals or all business unit performance goals. Each target bonus is expressed as a percentage of the executive’s base salary.

The Role of Senior Management. Our CEO, with the assistance of our Human Resources Director and an independent compensation consultant, establishes the base salary and target cash bonus award of all other executives of the Company and recommends to our Compensation Committee equity awards for other executives.

In making compensation decisions, our CEO, with the assistance of our Human Resources Director, considers several factors, such as the scope, complexity and degree of challenge of each executive’s responsibilities, as well as his or her performance, skills, experience and succession potential. In the past, he has also considered in making decisions, among other information, an industry compensation and benefits study prepared by a compensation consultant sponsored by the Puerto Rico Bankers Association.

On a quarterly basis, our Finance Department assesses the progress of the goals set for the year and at the end of the year evaluate their results. These assessments are reviewed by the CEO who together with our Director of Human Resources and such executive’s direct supervisor undertakes an evaluation of each executive’s performance based, in part, on objective measures set forth in the performance scorecard. The CEO considers the financial performance of the Company, the performance of each department or division, and the individual performance of each executive relative to the goals set for the year and evaluates the compensatory recommendations provided by our Human Resources Director. In the interest of fairness, he may also take into consideration subjective or non-formulaic factors.

The Role of the Compensation Consultant, Benchmarking and the Peer Group. In 2018, our Compensation Committee engaged Pearl Meyer, an independent compensation consultant, to review the Company’s compensation practices with respect to our NEOs relative to our peers and develop recommendations that align better with our shareholders' expectations. As part of this process, they also updated the peer group of financial institutions for the

Company and prepared a comparison of the compensation of our Mr. Fernández, Mr. Kumar and Ms. Arizmendi with persons in comparable positions at such peer financial institutions. It was also engaged to develop recommendations for their compensation considering the Company's peer group evaluation.

The peer group established for the Company by Pearl Meyer, and approved by our Compensation Committee, for our compensation decisions in 2018 consisted of the following companies:

First BanCorp (Puerto Rico)	Ameris Bancorp	Eagle Bancorp, Inc.
First Financial Bankshares	First Commonwealth Financial Corporation	ServisFirst Bancshares, Inc.
S&T Bancorp, Inc.	Tompkins Financial Corporation	Southside Bancshares, Inc.
Flushing Financial Corporation	Seacoast Banking Corporation of Florida	First Bancorp (NC)
Sandy Spring Bancorp	Lakeland Bancorp, Inc.	TriState Capital Holdings, Inc.
FB Financial Corporation	Fidelity Southern	Bryn Mawr Bank Corporation

Pearl Meyer reports directly to the Compensation Committee and does not provide any other services to the Company. The Compensation Committee has analyzed whether the work of Pearl Meyer has raised any conflicts of interest, taking into consideration the following factors, among others: (i) the provision of other services to the Company by Pearl Meyer; (ii) the amount of fees from the Company paid to Pearl Meyer as a percentage of their respective total revenues; (iii) Pearl Meyer's policies and procedures that are designed to prevent conflicts of interest; (iv) any business or personal relationship of Pearl Meyer or the individual compensation advisors employed by Pearl Meyer with an executive officer of the Company; (v) any business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and (vi) any stock of the Company owned by Pearl Meyer or the individual compensation advisors employed by Pearl Meyer. The Compensation Committee has determined, based on its analysis of the above factors, among others, that the work of Pearl Meyer and the individual compensation advisors employed by Pearl Meyer as compensation consultants to the Company has not created any conflicts of interest.

Analysis of Compensation Decisions

Base Salary. After a review of our peer group with the assistance of Pearl Meyer, our Compensation Committee did not increase the base salary of Mr. Fernández in 2018. This decision also reflected the Compensation Committee's focus on increasing performance-based long-term incentives. The base salary for Ms. Arizmendi was increased based on a review of peer group companies to ensure that her compensation is competitive after her appointment as CFO in March 2017. The base salaries of Mr. Kumar, Mr. Rosado, Mr. Cruz and Mr. Ortiz were increased between 2% and 3% reflecting the standard adjustments applied to our employees based on their individual evaluations.

Name	2017 Base Salary	2018 Base Salary	Adjustment (%)
José R. Fernández	$865,000	$865,000	0.0%
Ganesh Kumar	$475,000	$484,500	2.0%
Maritza Arizmendi	$259,309	$284,000	9.5%
Rafael Cruz	$215,790	$222,798	3.2%
Ramón Rosado-Linera	$253,834	$258,813	2.0%
César Ortiz	$250,000	$254,904	2.0%

Annual Cash Bonus. After evaluating our annual cash bonus targets and those of our peer companies, upon the recommendation of our independent compensation consultant, the Compensation Committee decided to decrease the annual cash bonus target of Mr. Fernández from 100% to 75% of his base salary effective for the 2018 performance period. Based on such review, Mr. Kumar's target was also decreased from 100% to 75%, effective for the 2019 performance period and Mr. Arizmendi's target was increased from 50% to 60% of her base salary effective for the 2018 performance period. The annual cash bonus targets for Mr. Rosado, Mr. Cruz and Mr. Ortiz remained the same, and increased in dollar amount because of the corresponding increases to their base salaries. The table below shows the changes in the targets for our NEOs both as a percentage of their base salaries and in dollar amounts.

	2017 Target Bonus		2018 Target Bonus		
Name	%	Amount ($)	%	Amount ($)	Adjustment (%)
José R. Fernández	100	865,000	75	648,750	(25.0)%
Ganesh Kumar	100	475,000	100	484,500	2.0%
Maritza Arizmendi	50	129,655	60	170,400	31.4%
Rafael Cruz	30	67,737	30	69,839	3.1%
Ramón Rosado-Linera	30	76,150	30	77,644	2.0%
César Ortiz	30	75,000	30	76,471	2.0%

The table below shows the weight given to each executive of our Company-wide performance scorecard, their respective department scorecard, and their individual performance evaluations. Although no weight is given to the individual performance evaluations of Mr. Fernandez, Mr. Kumar and Ms. Arizmendi for purposes of calculating the amount of the annual cash bonus, they are still evaluated individually and must still achieve a satisfactory level of performance to receive any annual cash bonus.

Name	Corporate Scorecard	Department Scorecard	Individual Performance Evaluation
José R. Fernández	100%	0%	0%
Ganesh Kumar	100%	0%	0%
Maritza Arizmendi	100%	0%	0%
Rafael Cruz	40%	50%	10%
Ramón Rosado-Linera	40%	50%	10%
César Ortiz	40%	50%	10%

The table below presents our 2018 Company-wide performance goals, including the weight of each goal and the percent of achievement of the target amount. In addition to the performance goals, the Compensation Committee established a minimum diluted earnings per share goal of $0.79, which must be accomplished for any cash bonus to be paid in connection with any of the Company-wide performance goals.

Performance Measure	Weight	Target	Maximum	% of Target	Score
Reduce Credit Costs[1]	15	$96,579	$77,263	138.64%	18.75
Return on Average Assets	20	1.01%	1.26%	129.70%	25.00
Loan Growth[1]	15	$4,602	$5,753	99.34%	14.90
Core Deposit Growth[1]	20	$4,133	$5,166	104.39%	15.66
OFG Operating Efficiency	15	49.17%	39.34%	99.15%	19.83

Ratio					
Risk Management Scorecard	15	100%	125%	100.50%	15.08
Diluted Earnings Per Share	NA	$0.79	NA		NA
Total					109.21

1. Information for credit costs is presented in thousands and for loans and core deposits in millions. No points are awarded with respect to each metric where 70% of the target was not achieved.

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To determine each NEO's performance bonus, the target cash bonus percentage is multiplied by the executive's base salary, which then is multiplied by the result of his performance scorecard. Our Internal Audit Department verifies the accuracy of such results.

The table below shows the target cash bonus percentages for the NEOs in 2018.

Name	Target Bonus %	Performance Score[1]	Performance Bonus ($)[1]	Other Bonus ($)[1]
José R. Fernández	75 %	109.21	708,600	283,333
Ganesh Kumar	100 %	109.21	529,200	335,667
Maritza Arizmendi	60 %	109.21	186,100	—
Rafael Cruz	30 %	109.24	76,300	—
Ramón Rosado-Linera	30 %	106.28	82,600	—
César Ortiz	30 %	115.56	88,400	—

1. For purposes of this table, the performance score was rounded to the nearest hundredth and the performance bonus is rounded up to the next hundred dollars. These amounts represent retention bonuses paid to Mr. Fernández and Mr. Kumar in 2018, as well as the second of three installments of the cash award in lieu of an equity award granted during 2017 to Mr. Kumar for his performance in 2016.

Long-Term Incentive Compensation. In 2018, our Compensation Committee approved a new framework for granting equity awards to increase our focus on performance-based compensation. Under this new framework, the Compensation Committee will grant performance shares based on a three-year performance cycle and restricted units that vest in part annually over a three-year period. We believe that this new framework reflects current trends at peer group companies and that it strengthens the link between executive performance and shareholder value.

As part of our new framework for granting equity awards under the Omnibus Plan, our Compensation Committee decided that the value of the equity awards granted to our NEOs will be based on a percentage of their base salaries. Half of such value will be granted in the form of performance shares with a three-year performance cycle, and the other half of such value will be granted in the form of restricted units with a third of the restricted units vesting annually on a three-year vesting schedule. In making these awards, the Compensation Committee expects to continue to maintain our ability to retain key executives. Each award is subject to service conditions that must be met by the executive for the award to vest.

In 2018, as part of the restructuring of their compensation towards performance-based long-term incentives, the Compensation Committee granted to Mr. Fernández and Mr. Kumar performance shares based on a three-year performance cycle ending on December 31, 2020. The Compensation Committee selected a performance metric, the growth in the Company's tangible book value, supported by the Company's three-year strategic plan and considering an evaluation of our peer group by our compensation consultant. The tangible book value of the Company as of December 31, 2017 was $15.67 and the target tangible book value for December 31, 2020 is $18.34. The Compensation Committee did not establish a performance goal based on peer comparisons given the difficulty in establishing a proper peer group for the Company which primarily operates and serves the island of Puerto Rico. Financial performance comparisons to banks in the continental United States is problematic. For over 10 years, Puerto Rico has been suffering through a prolonged recession and government fiscal crisis while the United States has seen economic growth and a fiscally stable government. In addition, the entire island of Puerto Rico was severely impacted by hurricanes Irma and Maria in September 2017 further complicating benchmarking long-term incentives against United States based peer groups.

The amount of common stock that will be earned in connection with these performance shares will be based on the growth of the Company's tangible book value over the performance cycle. The table below describes these performance share awards.

Award Name	Performance Shares	Performance Share Goals and Payouts	Threshold	Target	Maximum
José R. Fernández	20,900	Tangible book value	$17.84	$18.34	$19.59
Ganesh Kumar	9,100	Percentage Payout	50%	100%	150%

Under the new framework, the Compensation Committee approved equity awards to the NEOs for their performance in 2018 as follows:

	Performance Shares		Restricted Units			% of Base
Name	Target Value ($)	Target Amount	Value ($)	Amount	Total Value ($)	Salary
José R. Fernández	346,000	17,400	346,000	17,400	692,000	80%
Ganesh Kumar	145,350	7,300	145,350	7,300	290,700	60%
Maritza Arizmendi	85,200	4,300	85,200	4,300	170,400	60%
Rafael Cruz	28,964	1,700	28,964	1,700	57,927	26%
Ramón Rosado-Linera	33,646	1,700	33,646	1,700	67,291	26%
César Ortiz	33,138	1,500	33,138	1,500	66,275	26%

The common stock that the executives will receive in connection with the performance shares will be based on the achievement of growth in the Company's tangible book value over a three-year performance cycle ending on December 31, 2021. The performance goal target was established based on the Company's expected growth in the tangible book value according to its three-year strategic plan. The threshold, target and maximum level of achievement of the growth in the Company's tangible book value established for the performance shares and the percentage payout at each level of achievement are as follows:

	Threshold	Target	Maximum
Tangible book value	$19.72	$20.32	$21.52
Percentage Payout	50%	100%	150%

Other Compensation Practices

Stock Ownership Requirements. Our long-term incentive compensation is designed to ensure that executives have a continuing stake in our success and to encourage executives to focus on performance goals that will enhance the value of our franchise and capital stock. Such incentives are also designed to retain key executives, reward risk management, and link executive performance to the creation of franchise and shareholder value. Pursuant to our Officers and Directors Stock Ownership Policy, we require our NEOs (among other officers) to own a minimum amount of our equity stock (based on the higher of the market or book value of the stock) equal to five times annual base salary in the case of our CEO, Mr. Fernández, three times annual base salary in the case of certain executive officers, including Mr. Kumar and Ms. Arizmendi, and two times annual base salary in the case of other key officers, including our Mr. Rosado and Mr. Cruz. Our executives are required to comply in periods ranging from 2 to 4 years after they receive their first equity award following their appointment.

Anti-hedging and Pledging Policy. Our Insider Trading and Blackout Policy prohibits our employees from entering into any transaction to hedge or offset any decrease in the market value of our securities and from pledging any of our securities.

Clawback Policy. Our Compensation Recoupment Policy requires that our top executives, who received incentive-based compensation (e.g., bonus, annual incentive or other performance-based cash or equity compensation awards) in the three-year period prior to a restatement of the Company's financial statements due to material non-compliance with financial reporting requirements under the applicable securities laws, return to the Company the amount of such compensation that the executive would not have received but for the misstated financial statements.

Change-in-Control Compensation Agreements. An important objective of our compensation program is not only the recruitment of seasoned executives but also their retention and commitment to our long-term success. Therefore, to promote their retention and reduce any concerns that they may be adversely affected in the event of a change-in-control of the Company, we have entered into a change-in-control compensation agreement with Mr. Fernández and Mr. Kumar pursuant to which the executive is entitled to a cash payment equal to two times the sum of his annual base salary and last cash bonus if there is a change in control and as a result thereof or within one year thereafter his employment is terminated.

The following table presents the estimated cash compensation under their respective change-in-control compensation agreements based on their salaries and bonuses for 2018. No such payout has been required to date under any such agreement by the Company.

Name	Change-in-Control Cash Compensation ($)
José R. Fernández	3,147,200
Ganesh Kumar	2,027,000

Non-Qualified Deferred Compensation. We also offer our NEOs and other highly compensated executives a non-qualified deferred compensation plan for the deferral of taxable income and certain allowances. Such allowances are offered on a case-by-case basis and are not intended to constitute a significant portion of the executive's compensation. Our non-qualified deferred compensation plan is more fully described below.

Fringe Benefits and Allowances. We provide several fringe benefits, including a defined contribution plan and healthcare coverage, to our NEOs on the same terms as they are provided to all of our employees. These benefits do not constitute a significant portion of the NEOs' total compensation package and are generally available to all of our employees. We provide these benefits to retain and attract an appropriate caliber of talent and recognize that other companies with which we compete for talent provide similar benefits to their officers and employees.

Compensation Risk Assessment

Our compensation program is a key component of the Company's overall compliance and pay-for-performance culture. The Board's Compensation Committee, with the assistance of our internal risk management staff, regularly reviews this program and does not believe that the risks arising from our compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

We believe that our approach to setting goals and targets with payouts at multiple levels of performance and the evaluation of annual performance results assist in mitigating excessive risk-taking that could harm our value or reward poor judgment by our executives. Several features of our compensation program reflect sound risk management practices, including our Compensation Recoupment Policy and our Directors and Officers Stock Ownership Policy, which are described below under the heading "Compensation Discussion and Analysis."

We allocate compensation among base salary and incentive compensation (bonus and equity awards) to target opportunities in such a way as to not encourage excessive risk-taking. Furthermore, although the performance measures that determine bonus and equity awards for certain business unit leaders are based in part on the achievements of their respective business units, the measures that determine payouts for all our executives include company-wide metrics. Such metrics, which are not controlled or overly influenced by the results of any single business unit, are given greater weight in the case of NEOs. This is based on our belief that applying company-wide metrics encourages decision-making that is consistent with our philosophy and that is in the best long-term interests of the Company and its shareholders. Moreover, the mix of equity awards in our incentive program, which includes full value awards such as restricted stock units, and the minimum stock ownership requirements applicable to our top executives also mitigate risk. In addition, the multi-year vesting of our equity awards properly accounts for the time horizon of risk. Finally, each employee's compliance with our internal policies and procedures, including ethics standards, is an important element of our annual bonus determinations.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Risk Assessment and the Compensation Discussion and Analysis ("CD&A") with management and, based on such review and discussion, the Committee recommended to the Board of Directors that the Compensation Risk Assessment and the CD&A be included in this proxy statement.

Submitted by:

Jorge Colón-Gerena, Chairperson
Julian S. Inclán, Vice Chairperson
Edwin Pérez

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee has served as an officer or employee of the Company or any of its subsidiaries, nor did any of them have any relationship with the Company requiring disclosure under Item 404 of Regulation S-K of the SEC. None of our executive officers served as a director of another entity, or as a member of the compensation committee of another entity, one of whose executive officers served as a member of our Board of Directors or as a member of its Compensation Committee at any time during 2018.

Executive Compensation

The following table summarizes the total compensation earned in each of the last three years by the Named Executive Officers.

Summary Compensation Table

Name	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	All Other Compensation ($)	Total ($)
José R. Fernández President & Chief Executive Officer	2018	865,000	283,333	850,940	—	708,600	92,604 [3]	2,800,477
	2017	865,000	283,333	312,040	—	760,100	92,552	2,313,025
	2016	865,000	—	—	—	836,900	78,122	1,780,022
Ganesh Kumar Senior Executive Vice President & Chief Operating Officer	2018	484,500	335,667	431,060	—	529,200	76,603 [4]	1,857,030
	2017	475,000	335,667	—	—	417,400	76,571	1,304,638
	2016	475,000	—	—	—	459,600	115,037	1,049,637
Maritza Arizmendi Executive Vice President & Chief Financial Officer	2018	284,000	—	134,400	—	186,100	17,594 [5]	622,094
	2017	259,309	—	67,250	—	116,900	16,792	460,251
	2016	231,041	—	—	—	70,800	21,650	323,491
Rafael Cruz Senior Vice President and Chief Risk and Compliance Officer	2018	222,798	—	28,000	—	76,300	15,938 [6]	343,036
Ramón Rosado-Linera Senior Vice President & U.S. Loan Program Director	2018	258,813	—	39,200	—	82,600	6,686	387,299
	2017	253,834	—	25,555	—	73,700	6,562	359,651
	2016	253,833	—	—	—	75,200	8,554	337,587
César Ortiz Senior Vice President of Commercial Credit and Operations	2018	254,904	—	28,000	—	88,400	25,168 [7]	396,472
	2017	250,000	—	25,555	—	67,900	22,118	365,573
	2016	250,000	—	—	—	47,000	22,868	319,868

1. The special bonus paid to our CEO and COO in 2018 include the special retention bonuses payable in 6 semiannual installments, and the annual installment of the special bonus awarded to our COO in lieu of an equity award in

2017. The value of equity awards is the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions that we made in the valuation of the option awards, please refer to the notes to our audited financial statements.

2. The non-equity incentive plan payments for each year were made in the first quarter of the following year and intended as compensation for performance of the NEOs during the previous year, except for $600 advanced in the last quarter of the applicable year as a Christmas bonus.
3. This amount represents $85,000 for reasonable personal expenses in the performance of his duties, our matching contribution pursuant to our 401(k)/1081.01(d) Plan, and payment of life and disability insurance premiums.
4. This amount represents $70,500 for reasonable personal expenses in the performance of his duties, our matching contribution pursuant to our 401(k)/1081.01(d) Plan, and payment of life and disability insurance premiums.
5. This amount represents $16,000 for reasonable personal expenses in the performance of her duties and payment of life and disability insurance premiums.
6. This amount represents $10,000 for a car allowance, our matching contribution pursuant to our 401(k)/1081.01(d) Plan, and payment of life and disability insurance premiums.
7. This amount represents $20,000 for reasonable personal expenses in the performance of his duties, our matching contribution pursuant to our 401(k)/1081.01(d) Plan, and payment of life and disability insurance premiums.

The median of the annual total compensation of all employees of the Company, except the CEO, in 2018 was $32,830, and the ratio of the median of the annual total compensation of all employees of the Company to the annual total compensation of the CEO in 2018 was 1:85. The median employee was selected as of December 31, 2018 based on the total cash compensation (i.e., base salary and bonus) paid to its employees during 2018.

2018 Employment Agreement

José Rafael Fernández entered into an Employment Agreement with the Company on February 28, 2018 (as amended, the “2018 Employment Agreement”), which replaced the Employment Agreement entered into on September 27, 2016 (the “2016 Employment Agreement”). The 2018 Employment Agreement was further amended on December 19, 2018 to incorporate the changes described in the Compensation Discussion and Analysis. Mr. Fernández is our President and Chief Executive Officer and the Vice Chairperson of our Board of Directors. The 2018 Employment Agreement is effective as of March 1, 2018 and ends on June 30, 2021.

As provided in the 2018 Employment Agreement, Mr. Fernández reports directly to our Board of Directors and has overall responsibility for the business and affairs of the Company. During the term of the 2018 Employment Agreement and in any election of directors in which Mr. Fernández’s term as director is set to expire, the Board will nominate and recommend to the shareholders of the Company his election as a Board member and, if elected, will appoint him its Vice Chairperson.

The 2018 Employment Agreement provides that Mr. Fernández will be compensated as follows: (i) annual base salary of $865,000, which may be increased by the Compensation Committee of our Board of Directors; (ii) annual target bonus of 75% of his annual base salary payable on or before March 31 of each year pursuant to the Company’s non-equity incentive bonus plan; (iii) annual expense allowance of $85,000 for his car-related expenses, membership expenses for social, business and professional organizations, and any other expenses which in his judgment are reasonably appropriate for the performance of his duties as President and Chief Executive Officer of the Company; (iv) a 10-year term life insurance policy in the amount of $3,000,000 covering his life and having as beneficiaries his spouse and heirs or other beneficiaries designated by him; (v) 25 days of paid vacation per year; (vi) the remaining balance, $425,000, of a special bonus of $850,000 granted pursuant to the 2016 Employment Agreement will be payable in three equal semi-annual installments commencing on July 1, 2018; and (vii) additional incentive compensation under the Company’s equity based compensation plan based on his performance scorecard, as approved by the Company’s Compensation Committee, up to an annual amount equal to 80% of his annual base salary, but he may elect to receive the award in deferred cash equivalents if he is in compliance with the Company’s Stock Ownership Policy. It also provides that Mr. Fernández will be entitled to participate in any equity-based compensation plan, profit-sharing plan or other plans, benefits and privileges offered by the Company to its employees and executives to the extent that he is otherwise eligible and qualifies to participate in and receive such benefits or privileges.

The 2018 Employment Agreement may be terminated by our Board of Directors for “just cause” (as defined therein). In the event it is terminated for just cause or if Mr. Fernández is removed or barred from office under applicable law, he will have no right to compensation or other benefits for any period after such termination. However, if the 2018 Employment Agreement is terminated by our Board of Directors other than for just cause and other than in connection with a change in control of the Company (as defined in his Change in Control Compensation Agreement with the Company), or if Mr. Fernandez terminates the 2018 Employment Agreement for “good reason” (as defined therein), the Company will be required to pay him as severance, in lieu of any further compensation for periods subsequent to the date of termination, a lump sum equal to the product of (a) his annual base salary and bonus (equal to the average cash bonus paid to him in the last two fiscal years prior to the termination date), multiplied by (b) three.

Change-in-Control Compensation Agreements

We have entered into Change-in-Control Compensation Agreements with José Rafael Fernández and Ganesh Kumar. Each agreement remains in full force as long as the person is employed by us.

Under the agreements, they are entitled to certain cash payment compensation in the event there is a "change in control of the Company" and as a result thereof or within one year after the change in control, the person's employment is terminated by us or our successor in interest. The cash compensation will be an amount equal to two times the sum of such person's annual base salary at the time the termination of his or her employment occurs and his or her last cash bonus paid prior to the termination of his or her employment.

For purposes thereof, a change in control is deemed to have occurred if (i) any person or entity (including a group) acquires direct or indirect ownership of 50% or more of the combined voting power of the Company's then outstanding common stock as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise; or (ii) the shareholders of the Company approve (a) any consolidation or merger of the Company in which the Company is not the surviving corporation (other than a merger in which the holders of the Company's common stock immediately prior to the merger have the same or substantially the same proportionate ownership of the surviving corporation immediately after the merger), or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the Company's assets to an entity which is not a wholly-owned subsidiary of the Company.

Life Insurance

We provide each of our NEOs with a life insurance policy, which in the event of death would pay his or her heirs or beneficiaries up to a maximum of $700,000 or, if the NEO qualifies, $1,000,000. We also provide our CEO with an additional life insurance policy, which in the event of his death would pay $3 million to his heirs or beneficiaries.

401(k)/1081.01(d) Plan

All the Company's employees, including the employees of its subsidiaries, are eligible to participate in our cash or deferred arrangement profit sharing plan (the "401(k)/1081.01(d) Plan"). The 401(k)/1081.01(d) Plan is a defined contribution plan under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is qualified under Sections 1081.01(a) and 1081.01(d) of the Puerto Rico Internal Revenue Code of 2011, as amended (the "Puerto Rico Internal Revenue Code"). The 401(k)/1081.01(d) Plan offers eligible participants several investment alternatives, including several U.S. mutual funds, a money market account, and shares of common stock of the Company. Contributions made through payroll deductions not in excess of a specified amount may be accumulated per year as before-tax savings. The Company contributes 50% of the employee's contribution up to a maximum employee contribution for matching purposes of 4% of the employee's salary. The matching contribution is invested in accordance with the employee's election, which may be shares of common stock of the Company.

Grants of Plan-Based Awards

The following table presents the estimated possible payouts under our non-equity incentive awards, which reflect cash incentives pursuant to our annual bonus plan.

Name	Grant Date	Estimated Possible Payouts under Non Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Number of Shares of Units (#)	Number of Securities Underlying Options (#)	Grant Date Fair Value of Equity Awards ($)[2]
José R. Fernández		454,125	648,750	810,938			
	2/27/2018				45,000		504,000
	8/22/2018				20,900		346,940
Ganesh Kumar		339,150	484,500	605,625			
	2/27/2018				25,000		280,000
	8/22/2018				9,100		151,060
Maritza Arizmendi		119,280	170,400	213,000			
	2/27/2018				12,000		134,400
Rafael Cruz		48,888	69,839	87,299			
	2/27/2018				2,500		28,000
Ramón Rosado-Linera		54,351	77,644	97,055			
	2/27/2018				3,500		39,200
César Ortiz		53,530	76,471	95,589			
	2/27/2018				2,500		28,000

1. The “Threshold” column assumes that the executive meets the minimum performance threshold of 70 for each metric in his or her scorecard, the “Target” column assumes a performance score of 100, and the “Maximum” column assumes a maximum performance score of 125.
2. Grant date fair value of awards computed in accordance with FASB ASC Topic 718.

Outstanding Equity Awards at Fiscal Year End

The following table presents information concerning unexercised stock options of each Named Executive Officer outstanding as of December 31, 2018.

Option Awards

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
José R. Fernández	31,700	—	$11.50	1/18/2020
	100,000	—	$11.95	12/3/2020
	45,200	—	$11.83	2/23/2022
	36,600	—	$14.52	1/22/2023
	39,225	13,075	[1] $16.10	2/27/2024
	23,150	23,150	[2] $17.44	2/24/2025
Total	275,875	36,225		
Ganesh Kumar	1,493	—	$8.28	4/28/2019
	10,100	—	$11.50	1/18/2020
	9,500	—	$11.82	1/21/2021
	25,200	—	$11.83	2/23/2022
	25,500	—	$14.52	1/22/2023
	20,325	6,775	[1] $16.10	2/27/2024
	11,600	11,600	[2] $17.44	2/24/2025
Total	103,718	18,375		
Maritza Arizmendi	4,500	1,500	[1] $16.10	2/27/2024
	3,000	3,000	[2] $17.44	2/24/2025
Total	7,500	4,500		
Rafael Cruz	1,025	—	$11.82	1/21/2021
	4,125	—	$11.83	2/23/2022
	4,500	—	$14.52	1/22/2023
	4,500	1,500	[1] $16.10	2/27/2024
	3,000	3,000	[2] $17.44	2/24/2025
Total	17,150	4,500		
Ramón Rosado-Linera	2,400	—	$11.82	1/21/2021
	5,500	—	$11.83	2/23/2022
	8,600	—	$14.52	1/22/2023
	4,500	1,500	[1] $16.10	2/27/2024
	3,000	3,000	[2] $17.44	2/24/2025
Total	24,000	4,500		
César Ortiz	5,900	—	$11.50	1/18/2020
	5,900	—	$11.82	1/21/2021
	5,500	—	$11.83	2/23/2022
	4,500	—	$14.52	1/22/2023
	4,500	1,500	[1] $16.10	2/27/2024

Total	26,300	1,500

1. The unexercisable shares underlying these options fully vest on February 27, 2019.
2. Half of the unexercisable shares underlying these options vest annually on February 24 until fully vesting in 2020.

The following table presents information concerning restricted stock units of Named Executive Officers that were outstanding and subject to the restricted period as of December 31, 2018.

Stock Awards

Name	Number of Units of Stock That Have Not Vested (#)		Market Value of Units of Stock That Have Not Vested ($)	Number of Unearned Shares of Stock That Have Not Vested (#)	Market Value of Unearned Shares of Stock That Have Not Vested ($)
José R. Fernández	68,200	1	1,122,572	20,900	172,007
Ganesh Kumar	25,000	2	411,500	9,100	74,893
Maritza Arizmendi	17,000	3	279,820	—	—
Rafael Cruz	4,400	5	72,424	—	—
Ramón Rosado-Linera	5,400	4	88,884	—	—
César Ortiz	4,400	5	72,424	—	—

1. The restricted periods lapse on February 22, 2020 with respect to the award of 23,200 restricted stock units and February 27, 2021 with respect to the award of 45,000 restricted units.
2. The restricted period lapses on February 27, 2021 with respect to the award of 25,000 restricted stock units.
3. The restricted periods lapse on February 22, 2020 with respect to the award of 5,000 restricted stock units and February 27, 2021 with respect to the award of 12,000 restricted units.
4. The restricted periods lapse on February 22, 2020 with respect to the award of 1,900 restricted stock units and February 27, 2021 with respect to the award of 3,500 restricted units.
5. The restricted periods lapse on February 22, 2020 with respect to the award of 1,900 restricted stock units and February 27, 2021 with respect to the award of 2,500 restricted units.

The following table only presents information for the Named Executive Officers who acquired stock upon the exercise of an option award and upon the lapse of the restricted period of a restricted unit award in 2018.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
José R. Fernández	—	—	—	—

Ganesh Kumar	—	—	1,900	20,560
Maritza Arizmendi	—	—	400	4,480
Rafael Cruz	—	—	400	4,480
Ramón Rosado-Linera	—	—	400	4,480
César Ortiz	—	—	—	—

The following table presents information concerning the deferral of compensation by the Named Executive Officers on a basis that is not tax-qualified.

Non Qualified Deferred Compensation

Name	Executive Contributions in Last FY ($)[1]	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)[2]	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
José R. Fernández	—	—	15,433	—	1,096,779
Ganesh Kumar	776,524	—	19,486	—	2,022,059

1. Such executive contributions are reported in the Summary Compensation Table.
2. These earnings are not reported in the Summary Compensation Table.

The Company offers our executive officers a non-qualified deferred compensation plan, where such executives are allowed to defer taxable income. The plan is not intended to meet the requirements of Section 1081.01 of the Puerto Rico Internal Revenue Code, and therefore, does not meet the funding, employee coverage, and other requirements which "qualified retirement plans" must satisfy thereunder.

However, the plan is intended to constitute an unfunded arrangement maintained "primarily for the purposes of providing deferred compensation for a select group of management or highly compensated employees" for purposes of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Under the plan, the executive's current taxable income is reduced by the amount being deferred, which may be up to 100% of his or her salary and bonus. Funds contributed thereto can accumulate without current income tax to the individual. Taxes are due when the funds are withdrawn at the then current income tax rate applicable to the individual, which may be lower than his or her current income tax bracket.

Director Compensation

Each director's compensation is generally designed to be competitive with comparable compensation paid to directors at peer group companies in Puerto Rico and the U.S. However, each director's actual compensation varies based on whether he or she is a Chairperson of our Board of Directors or any of its committees. It also varies depending on the number of meetings attended and on his or her membership in Board committees.

The following table presents information concerning the compensation of our directors for 2018.

Directors	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Option Awards ($)[1]	All Other Compensation ($)	Total ($)
Julian S. Inclán	123,000	42,560 [2]	—	—	165,562
Juan C. Aguayo	66,904	21,280 [3]	—	—	88,187
Jorge Colón-Gerena	57,554	20,160 [4]	—	—	77,718
Néstor De Jesús	58,904	19,040 [5]	—	—	77,949

Pedro Morazzani	81,004	26,880 [6]	—	—	107,890
Edwin Pérez	11,001	—	—	—	11,001

1. Aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718.
2. The aggregate amount of restricted stock units outstanding at the end of 2018 is 7,600.
3. The aggregate amount of restricted stock units outstanding at the end of 2018 is 3,400.
4. The aggregate amount of restricted stock units outstanding at the end of 2018 is 3,200.
5. The aggregate amount of restricted stock units outstanding at the end of 2018 is 2,900.
6. The aggregate amount of restricted stock units outstanding at the end of 2018 is 3,900.

Except for Julian Inclán, Chairperson of the Board, each non-employee director receives an annual retainer of $32,004, payable in equal monthly installments in advance, plus a fee of $1,000 for each Board meeting attended in person and $850 for each committee meeting attended in person (other than a committee presided by any such director and except for members of Oriental Bank's Trust Committee who receive $500 for each committee meeting attended in person). Furthermore, the Chairperson of the Audit Committee receives an additional annual retainer of $36,000, and the Chairpersons of the Risk and Compliance Committee, the Compensation Committee and the Corporate Governance and Nominating Committee each receives an additional annual retainer of $12,000. Such retainers are payable in equal monthly installments.

As Chairperson of the Board, Mr. Inclán receives an annual retainer of $112,000, payable in equal monthly installments in advance, plus a fee of $1,000 for each Board meeting attended. The President and CEO, who is Vice Chairperson of the Board, does not receive director's fees and is compensated exclusively pursuant to his 2018 Employment Agreement, which is described above under the subheading "2018 Employment Agreement."

Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm

The Audit Committee of our Board of Directors has selected KPMG LLP ("KPMG") as our independent registered public accounting firm for the year ending December 31, 2019, and has further directed that the selection of such firm be submitted for ratification by the shareholders at this annual meeting. KPMG has served as our independent registered public accounting firm since 2005. Neither our articles of incorporation nor our by-laws require that our shareholders ratify the selection of such firm. If our shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain KPMG, but may nonetheless retain it. Even if the selection is ratified, the Audit Committee, in their discretion, may change the appointment at any time during the year if they determine that such change would be in our best interest.

KPMG will have representatives present at the annual meeting who will have an opportunity to make a brief statement if they desire to do so, and who will be available to respond to appropriate questions that may arise.

Our Board of Directors recommends that you vote "FOR" this proposal.

Independent Auditor

KPMG served as our independent registered public accounting firm for the year ended December 31, 2018. The services that KPMG provided to the Company and its subsidiaries included the examination of our consolidated financial statements, limited revisions of our quarterly reports, audits of some of our subsidiaries, audits of our employee benefits plan, services related to our filings with the SEC and other regulatory agencies, and consultations on various tax and accounting matters.

The Audit Committee reviewed and approved all audit and non-audit services rendered by KPMG to the Company and its subsidiaries and concluded that the provision of such services was compatible with the maintenance of KPMG's independence in the conduct of its auditing functions. The Audit Committee has adopted a pre-approval policy regarding the procurement of audit and non-audit services, which is available on our website at www.ofgbancorp.com. The Audit Committee intends to review such policy periodically.

The aggregate fees billed by KPMG for the years ended December 31, 2018 and 2017 for the various services provided to the Company and its subsidiaries were as follows:

Type of Fees	Year Ended December 31, 2018 ($)	Year Ended December 31, 2017 ($)
Audit Fees	1,525,000	1,324,852
Audit-Related Fees	—	—
Tax Fees	126,915	127,420
All Other Fees	1,709	1,780
	1,653,624	1,454,052

As defined by the SEC, (i) “audit fees” are fees for professional services rendered by our principal accountant for the audit of our annual financial statements, including the audit of our internal control over financial reporting, and review of financial statements included on our Forms 10-Q, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those years; (ii) “audit-related fees” are fees for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements; (iii) “tax fees” are fees for professional services rendered by our principal accountant for tax compliance, tax advice, and tax planning; and (iv) “all other fees” are fees for products and services provided by our principal accountant, other than the services reported under “audit fees,” “audit-related fees,” and “tax fees.”

Audit Committee Report

The Audit Committee assists the Board of Directors in its oversight of the financial reporting process of OFG Bancorp (the “Company”) and meets regularly with the Company’s internal and external auditors, CEO and CFO. The Audit Committee’s responsibilities are more fully described in its charter, a copy of which is available on the Company’s website at www.ofgbancorp.com.

Management has the primary responsibility for the preparation and integrity of the Company’s financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The Company’s independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America.

In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed the audited financial statements for the period ended December 31, 2018 with the Company’s management and has discussed with KPMG LLP (“KPMG”) the matters that are required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, KPMG has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and the Audit Committee has discussed with KPMG their independence.

The members of the Audit Committee are not engaged professionally in rendering, auditing or accounting services on behalf of the Company nor are they Company employees. The Company’s management is responsible for its accounting, financial management and internal controls. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures.

Based on such reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's annual report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission.

Submitted by:

Pedro Morazzani, Chairperson
Jorge Colón-Gerena
Julian S. Inclán

Indebtedness of Management

Certain transactions involving loans were transacted in 2018 between the Company's banking subsidiary, Oriental Bank, some of our directors and executive officers, including those of our other subsidiaries, and persons related to or affiliated with such persons. All such transactions were made in the ordinary course of business on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable transactions with persons not related to the lender, and did not involve more than the normal risk of collectability or present other unfavorable features. At present, none of the loans to such directors and executive officers, including persons related to or affiliated with such persons, is non-performing.

Certain Relationships and Related Transactions

Our Board of Directors recognizes that certain transactions present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof) and, therefore, has adopted a Related Party Transactions Policy (the "Policy"). For these purposes, a "Related Party Transaction" is defined as a transaction or series of similar transactions in which the Company or any of its subsidiaries is to be a participant and the amount involved exceeds $120,000, and in which any Related Party has or will have a direct or indirect material interest. A "Related Party" is any of our directors or executive officers, any nominee for director, any beneficial owner of more than 5% of any class of our voting securities, and any immediate family member of any of the previously mentioned. The Policy generally covers any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships between the Related Party and the Company. Related Party Transactions thereunder are approved or ratified by the Risk and Compliance Committee or the disinterested members of our Board of Directors (other than employment or compensation arrangements, which are approved by the Compensation Committee or the disinterested members of our Board of Directors). Furthermore, the Risk and Compliance Committee may approve or ratify a Related Party Transaction if (i) it finds that there is a compelling business reason to approve the transaction, taking into account all pertinent factors, (ii) it has been fully informed of any and all significant conflicts that may exist or otherwise arise on account of the transaction, and (iii) it reasonably believes that the transaction is beneficial for the Company and that it has adopted appropriate measures to manage the potential conflicts of interest. All Related Party Transactions approved or ratified by the Risk and Compliance Committee must be disclosed to our Board of Directors at its next regularly scheduled meeting.

Delgado & Fernández, LLP, San Juan, Puerto Rico, has continuously provided legal and notarial services to the Company since 1997 in the areas of mortgage lending, mortgage foreclosures and debt recovery, general legal advice, and commercial and labor litigation and arbitration. The brother of José Rafael Fernández, our President and CEO, is a partner at that firm. The Company engaged Delgado & Fernández before Mr. Fernández became our President and CEO and a member of our Board of Directors. During 2018, the Company paid such firm a total of $1,505,737 for legal services rendered to us.

In January 2008, the Company engaged the legal services of Carlos O. Souffront LLC, Dorado, Puerto Rico. Pursuant to this engagement, Carlos O. Souffront, Esq., serves as our General Counsel. As consideration for his services provided in 2018, the Company paid $679,817 to that firm. The Company also awarded Mr. Souffront 5,500 performance shares and 5,500 restricted stock units in 2019. He is also the Secretary of our Board of Directors.

The engagements of Delgado & Fernández, LLP and Carlos O. Souffront LLC were approved by our Board of Directors.

The Company's bank subsidiary proposes to make an equity investment in a Delaware limited partnership (the "Partnership") that is expected to be licensed as a small business investment company (an "SBIC") by the U.S. Small Business Administration. An equity investment by the bank in an SBIC is presumed qualified for purposes of the U.S. Community Reinvestment Act.

The Partnership is managed by a Puerto Rico limited liability company, as general partner, which is led by a group of investment professionals, including Eduardo M. Inclán, who is the son of the Chairperson of our Board of Directors. The bank, as limited partner, proposes to commit to the Partnership the lesser of 15% of the total amount committed by all the partners at the closing of the Bank's commitment or $2 million. The general partner, including Eduardo Inclán, are expected to commit $500,000, which will represent 2.5% to 3.5% of the Partnership's private capital. In addition, an company in which Mr. Julian Inclán, Chairperson of our Board of Directors, owns 50% and his brother and nephew own the remaining 50% is expected to commit $250,000 to the Partnership. This transaction was approved by all disinterested members of the Company's Board of Directors and the Board of Directors determined that such transaction does not affect Mr. Julian Inclán's independence as a member of the Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our equity securities to timely file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. We are required to identify any such director, executive officer or greater than 10% stockholder who failed to timely file any such report. Based solely on the review of copies of such reports and other information furnished to the Company by such individuals, we believe that during and with respect to 2018 such persons timely filed all required reports, except for Mr. Edwin Pérez who filed a late Form 3.

Shareholder Proposals

Under our bylaws, business may only be brought before an annual meeting of shareholders if it is specified in the notice of the meeting or any supplement thereto given by or at the direction of our Board of Directors, or otherwise properly brought before the meeting by a shareholder. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given written notice to the Secretary of our Board of Directors not later than 120 days prior to the anniversary date of the mailing of our proxy materials in connection with the immediately preceding annual meeting of shareholders. The notice must set forth as to each matter that the shareholder proposes to bring before the annual meeting (i) a brief description of the matter or proposal desired to be brought before the meeting, (ii) the name and address of the shareholder, as it appears on our books, (iii) a representation that the shareholder is a holder of our shares of stock entitled to vote (indicating the class and number of shares) and intends to appear in person or by proxy at the meeting to bring up the matter or proposal, and (iv) any material interest of the shareholder in such matter or proposal.

Shareholders may nominate candidates to our Board of Directors by delivering notice to our Secretary not later than 120 days prior to the anniversary of the date of the mailing of our proxy materials in connection with the immediately preceding annual meeting of shareholders. The notice must include: (i) the name and address of the stockholder who makes the nomination; (ii) a representation that the stockholder is a holder of the Company's shares of stock entitled to vote and that it intends to appear in person or by proxy at the meeting; (iii) a description of any understandings between the stockholder and the nominee; (iv) any other information regarding the nominee that is required under the proxy rules of the Securities and Exchange Commission; and (v) the written consent of the nominee to serve as director if elected. The bylaws require that ballots bearing the names of all persons nominated by the Board of Directors and by shareholders be provided for use at the annual meeting.

The requirements set forth in the preceding paragraph are separate from and in addition to the SEC requirements that a shareholder must meet in order to have a shareholder proposal included in our proxy statement.

Shareholder proposals intended to be presented at the 2020 annual meeting of shareholders must be set forth in writing and received by the Secretary of our Board of Directors, OFG Bancorp, P.O. Box 195115, San Juan, Puerto Rico 00919-5115, no later than the close of business on November 15, 2019.

Annual Reports

This proxy statement is accompanied by our annual report on Form 10-K, which is our annual report to shareholders for the fiscal year. The annual report is not part of the proxy solicitation materials.

Upon receipt of a written request, we will furnish to any shareholder, without charge, a copy of our 2018 annual report on Form 10-K, including the financial statements and schedules, and a list of the exhibits thereto required to be filed with the SEC under the Exchange Act. Such written request should be directed to OFG Bancorp, Investor Relations c/o Anreder & Company, 10 E. 40th Street, Suite 1308, New York, NY 10016; Telephone: (212) 532-3232 or (800) 421-1003; Facsimile: (212) 679-7999; E-mail: ofg@anreder.com.

BY ORDER OF THE BOARD OF DIRECTORS
Julian S. Inclán
Chairperson

March 14, 2019

San Juan, Puerto Rico

OFG BANCORP C/O AMERICAN STOCK TRANSFER & TRUST CO. 6201 15TH AVENUE BROOKLYN, NY 11219 VOTE BY INTERNET - www.proxyvote.com Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by us in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. VOTE BY PHONE / 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: E57728-P18896 KEEP THIS PORTION FOR YOUR RECORDS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY OFG BANCORP For Withhold For All To withhold authority to vote for any individual Vote On Directors The Board of Directors recommends that you vote FOR All All Except nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. ALL of the following: 1. To elect seven directors to serve until the 2020 annual meeting of shareholders and until their successors are duly elected and qualified: Nominees: ! ! ! 01) Julian S. Inclán 02) José Rafael Fernández 03) Pedro Morazzani 04) Jorge Colon Gerena Vote On Proposals 05) Juan Carlos Aguayo 06) Néstor de Jesús 07) Edwin Pérez The Board of Directors recommends that you vote FOR the following: 2. To approve, on an advisory basis, the compensation of the Company's Named Executive Officers as set forth in the accompanying Proxy Statement. For Against Abstain ! ! ! The Board of Directors recommends that you vote FOR the following: 3. To ratify the selection of the Company's independent registered public accounting firm for 2019. ! ! ! To cumulate votes as to a particular nominee as explained in the Proxy Statement, check box to the right, then indicate the name(s) and the number of votes to be given to such nominee(s) on the reverse side of this card. Please do not check box unless you want to exercise cumulative voting. PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THIS PROXY USING THE ENCLOSED ENVELOPE. Please sign exactly as your name(s) appear(s) on this proxy. When signing as an attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com. E57729-P18896 OFG BANCORP REVOCABLE PROXY This proxy is solicited on behalf of the Board of Directors of OFG Bancorp for use only at the annual meeting of shareholders to be held on April 24, 2019, and at any adjournment or postponement of that Annual Meeting. This proxy may be revoked by the undersigned at any time before it is exercised. The undersigned, being a shareholder of OFG Bancorp (the "Company"), hereby authorizes the Board of Directors of the Company or any successors in their respective positions, as proxies with full powers of substitution, to represent the undersigned at the annual meeting of shareholders of the Company to be held at Oriental Center, 254 Muñoz Rivera Avenue, Ground Floor, San Juan, Puerto Rico, on Wednesday, April 24, 2019, at 10:00 a.m. (EDT), and at any adjournment or postponement of that meeting, and thereat to act with respect to all votes that the undersigned would be entitled to cast, if then personally present, as indicated on the reverse side. In their discretion, the proxies are authorized to vote this proxy with respect to (i) the approval of the minutes of the last meeting of shareholders; (ii) the election of any person as director if any nominee is unable to serve or, for good cause, will not serve; (iii) matters incident to the conduct of the annual meeting; and (iv) such other matters as may properly come before the annual meeting. Except with respect to procedural matters incident to the conduct of the annual meeting, management at the present knows of no other business to be brought before the meeting other than those matters described in the accompanying proxy statement. Shares of common stock of the Company will be voted as specified in this proxy. In the absence of any express indication that the shares to be voted should be cumulated in a particular fashion, the votes represented by executed proxies will be distributed equally among the seven nominees or in such other fashion as will most likely ensure the election of the nominees. If no specification is made on the reverse side, shares will be voted "FOR ALL" in Proposal 1: Election of Directors; "FOR" Proposal 2: Advisory Vote on Executive Compensation; and "FOR" Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm. This proxy cannot be voted for any person who is not a nominee of the Company's Board of Directors. CUMULATE (If you noted cumulative voting instructions above, please check the corresponding box on the reverse side.)

*** Exercise Your Right to Vote *** Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 24, 2019. OFG BANCORP Meeting Information Meeting Type: Annual Meeting For holders as of: February 27, 2019 Date: April 24, 2019 Time: 10:00 a.m. (EDT) Location: Oriental Center 254 Muñoz Rivera Avenue Ground Floor San Juan, Puerto Rico OFG BANCORP C/O AMERICAN STOCK TRANSFER & TRUST CO. 6201 15TH AVENUE BROOKLYN, NY 11219 You are receiving this communication because you hold shares in the company named above. This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at www.proxyvote.com or easily request a paper copy (see reverse side). We encourage you to access and review all of the important information contained in the proxy materials before voting. See the reverse side of this notice to obtain proxy materials and voting instructions. E57906-P18896

Before You Vote How to Access the Proxy Materials Proxy Materials Available to VIEW or RECEIVE: NOTICE AND PROXY STATEMENT ANNUAL REPORT How to View Online: Have the information that is printed in the box marked by the arrow gXXXX XXXX XXXX XXXX (located on the following page) and visit: www.proxyvote .com. How to Request and Receive a PAPER or E-MAIL Copy: If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request: 1) BY INTERNET: www.proxyvote.com 2) BY TELEPHONE: 1-800-579-1639 3) BY E-MAIL*: sendmaterial@proxyvote.com * If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow gXXXX XXXX XXXX XXXX (located on the following page) in the subject line. Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 10, 2019 to facilitate timely delivery.   How To Vote Please Choose One of the Following Voting Methods Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares. Vote By Internet: To vote now by Internet, go to www.proxyvote.com. Have the information that is printed in the box marked by the arrow gXXXX XXXX XXXX XXXX (located on the following page) available and follow the instructions. Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card. E57907-P18896

Voting Items Vote On Directors The Board of Directors recommends that you vote FOR ALL of the following: 1. To elect seven directors to serve until the 2020 annual meeting of shareholders and until their successors are duly elected and qualified: Nominees: 01) Julian S. Inclán 02) José Rafael Fernández 03) Pedro Morazzani 04) Jorge Colon Gerena 05) Juan Carlos Aguayo 06) Néstor de Jesús 07) Edwin Pérez Vote On Proposals The Board of Directors recommends that you vote FOR the following: 2. To approve, on an advisory basis, the compensation of the Company's Named Executive Officers as set forth in the accompanying Proxy Statement. The Board of Directors recommends that you vote FOR the following: 3. To ratify the selection of the Company's independent registered public accounting firm for 2019. E57908-P18896

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