



OFG Bancorp (OFG)

Updated January 26th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$37	5 Year Annual Expected Total Return:	15.3%	Market Cap:	\$1.61 B
Fair Value Price:	\$43	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	03/31/26 ¹
% Fair Value:	86%	5 Year Valuation Multiple Estimate:	3.1%	Dividend Payment Date:	04/15/26 ²
Dividend Yield:	3.2%	5 Year Price Target	\$69	Years Of Dividend Growth:	5
Dividend Risk Score:	D	Sector:	Financials	Rating:	Hold

Overview & Current Events

Founded in 1964 and headquartered in San Juan, Puerto Rico, OFG Bancorp (OFG) is a leading financial holding company that operates Oriental Bank, providing a full suite of banking, mortgage, insurance, and wealth management services. The bank serves retail, commercial, and institutional clients across Puerto Rico and the U.S. Virgin Islands. With its Digital First strategy, OFG has strengthened its competitive position, expanding its market share in key financial segments. The company generates revenue through net interest income, fees from banking and financial services, and investment income. By leveraging technology and strategic acquisitions, OFG continues to solidify its presence as a key player in Puerto Rico's banking sector, offering innovative financial solutions and superior customer service.

On January 22nd, 2026, the company announced results for the fourth quarter of 2025. OFG Bancorp reported Q4 non-GAAP EPS of \$1.27, which missed estimates by \$0.12. Total core revenues reached \$185.4 million, reflecting steady sequential and year-over-year growth. For the full year, diluted EPS rose to \$4.58 compared to \$4.23 in 2024, while total core revenues increased to \$729.8 million from \$709.6 million.

CEO José Rafael Fernández noted that fourth quarter EPS grew 16.4% year-over-year on disciplined execution and a favorable tax benefit, while full-year results reflected continued operating momentum. Asset quality remained sound, and the company repurchased \$40.1 million in shares during the quarter and \$91.6 million for the year, underscoring its commitment to shareholder returns. Loans held for investment ended the quarter at \$8.20 billion, up 5.25% year over year, while deposits grew 5.0% to \$9.92 billion.

Fourth quarter net interest margin was 5.12%, with return on average assets of 1.81% and return on average tangible common equity of 17.20%. Provision for credit losses totaled \$31.9 million, reflecting loan growth and specific reserves, while credit metrics remained well controlled despite higher net charge-offs. Capital levels stayed robust, with a CET1 ratio of 13.97% and tangible book value per share rising to \$29.96. Management highlighted growth in commercial lending, continued adoption of Libre and Elite deposit accounts, and expanding digital engagement. Puerto Rico's strengthening economy, supported by infrastructure investment and on-shoring initiatives, further reinforces OFG's confidence in sustained long-term growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.03	\$0.88	\$1.52	\$0.92	\$1.32	\$2.81	\$3.44	\$3.83	\$4.23	\$4.58	\$4.30	\$6.93
DPS	\$0.24	\$0.24	\$0.25	\$0.28	\$0.28	\$0.40	\$0.70	\$0.88	\$1.00	\$1.20	\$1.20	\$1.26
Shares³	51.1	43.9	51.3	51.7	51.6	51.4	48.4	47.6	46.9	44.8	44.3	41.8

OFG Bancorp showed continued growth in 2025, driven by loan portfolio expansion, digital banking enhancements, and strategic acquisitions. The company expects steady net interest income growth, supported by higher loan balances and disciplined cost management. Loan production remains strong, particularly in commercial, auto, and residential

¹ Estimated ex-dividend date

² Estimated dividend payment date

³ Shares in millions.

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mortgage lending, while the Digital First strategy enhances operational efficiency and customer engagement. OFG’s strong capital position and prudent risk management provide resilience against economic uncertainties. Thus, we matched analysts’ EPS midpoint estimate for 2026 at \$4.30, and with a growth forecast of 10.0% over the next five years, it leads to our estimated EPS of \$6.93 by 2031. Moreover, the company has a solid record of paying dividends despite operating in a sector influenced by the macro environment.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	7.9	11.0	8.7	21.0	9.8	7.5	7.5	7.0	8.8	9.1	8.6	10.0
Avg. Yld.	3.0%	2.5%	1.9%	1.5%	2.2%	1.9%	2.7%	3.3%	2.7%	2.9%	3.2%	1.8%

The bank trades at a forward P/E of 8.6, above both its long-term average P/E of 6.0 and the five-year average P/E of 8.0. Considering that lower interest rates could potentially compress net interest margins, while a strong labor market and consumer spending could support loan demand and asset quality, we have used a multiple of 10.0, implying a target price of \$69 by 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

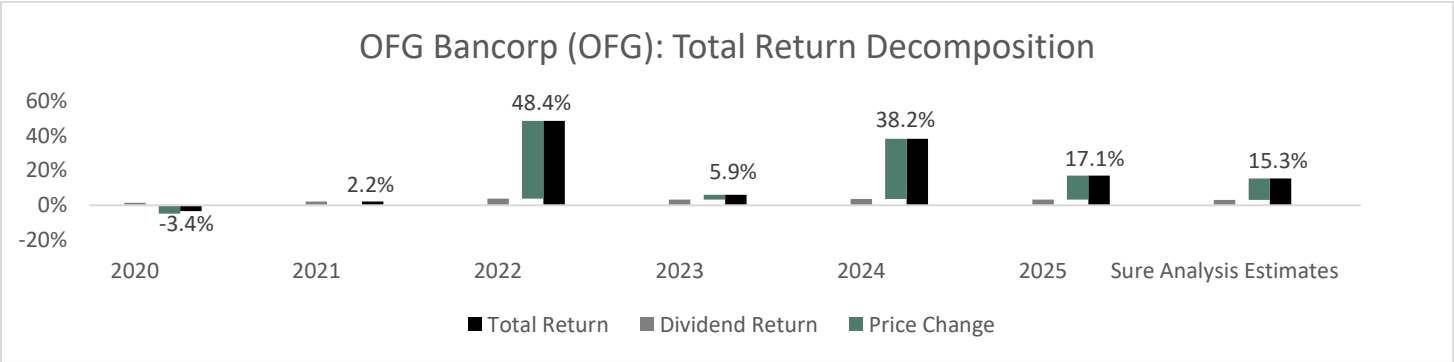
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	23%	27%	16%	30%	21%	14%	20%	23%	24%	26%	28%	18%

OFG Bancorp benefits from a strong regional market presence, a diversified loan portfolio, and a focus on digital banking, which enhances efficiency and customer engagement. Its resilient credit quality and well-capitalized balance sheet provide a cushion against economic downturns, supporting steady profitability during recessions. The company maintains a conservative approach to debt management, with a 13.97% as at December 31st, 2025, ensuring financial stability. By strategically managing risk and maintaining prudent capital allocation, OFG remains well-positioned to navigate economic fluctuations while continuing to grow its market presence. During Q4, the company repurchased \$40.1 million of its common shares during the fourth quarter and \$91.6 million for the full year 2025, reflecting continued confidence in its capital position and commitment to delivering long-term shareholder value.

Final Thoughts & Recommendation

As OFG Bancorp continues to execute its Digital First strategy and expand its banking franchise, strong loan growth and operational efficiency should drive solid EPS growth in 2025. The company's healthy capital position, disciplined credit risk management, and strategic acquisitions further support its long-term outlook. Therefore, we rate OFG as a hold, as it does not meet all the criteria for a buy rating. Despite a solid 15.3% expected annual return powered by our expected growth rate of 10%, a 3.2% dividend yield, and a valuation tailwind, the stock carries a Dividend Risk Score of D, which disqualifies it under our dividend safety threshold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	317	329	346	356	379	476	497	565	640	712
SG&A Exp.	96	92	92	89	92	151	152	162	176	314
D&A Exp.	13	11	10	10	10	24	24	24	27	
Net Profit	(3)	59	53	84	54	74	146	166	182	198
Net Margin	-0.8%	18.0%	15.2%	23.7%	14.2%	15.6%	29.4%	29.4%	28.4%	27.8%
Free Cash Flow	92	73	145	122	97	20	77	133	278	
Income Tax	(18)	26	15	48	21	20	68	78	83	56

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	7,099	6,502	6,189	6,583	9,298	9,826	9,900	9,819	11,344	11,501
Cash & Equivalents	537	510	485	447	851	2,154	2,023	550	748	591
Acc. Receivable	21	20	50	34	37	66	57	62	71	
Goodwill & Int.	101	102	101	100	194	179	171	163	154	169
Total Liabilities	6,202	5,581	5,244	5,583	8,252	8,740	8,831	8,776	10,151	10,246
Long-Term Debt	437	142	136	115	115	102	65	27	201	326
Total Equity	721	744	769	908	953	994	1,069	1,042	1,193	1,254
LTD/E Ratio	0.49	0.15	0.14	0.11	0.11	0.09	0.06	0.03	0.17	0.26

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.0%	0.9%	0.8%	1.3%	0.7%	0.8%	1.5%	1.7%	1.7%	1.7%
Return on Equity	-0.3%	6.5%	5.6%	8.7%	5.3%	7.0%	13.6%	15.7%	16.3%	16.2%
ROIC	-0.2%	4.9%	4.9%	7.7%	4.7%	6.3%	12.6%	15.1%	14.8%	13.3%
Shares Out.	44.2	51.1	43.9	51.3	51.7	51.6	51.4	48.4	47.6	46.9
Revenue/Share	6.17	6.43	6.78	6.94	7.33	9.24	9.68	11.67	13.46	15.17
FCF/Share	1.78	1.43	2.84	2.37	1.87	0.38	1.50	2.76	5.84	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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