OFG Bancorp (OFG)

Updated May 18th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$45	**5 Year Annual Expected Total Return:**	13.2%	**Market Cap:**	$1.9 B
Fair Value Price:	$47	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	06/30/26
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.9%	**Dividend Payment Date:**	07/15/26
Dividend Yield:	3.1%	**5 Year Price Target**	$76	**Years Of Dividend Growth:**	6
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 April 21st, 2026, the company announced results for the first quarter of 2026. OFG Bancorp reported Q1 non-GAAP EPS of $1.26, which beat estimates by $0.27.

OFG reported strong first-quarter 2026 results, supported by continued loan growth, resilient credit quality, and disciplined balance sheet management. Net interest margin expanded to 5.36%, while total core revenues increased to $185.8 million from $178.3 million a year earlier. Pre-provision net revenue rose to $91.3 million, compared with $85.1 million in the prior-year quarter, reflecting stable operating leverage and improving profitability trends. Total interest income reached $194.1 million, supported by higher loan balances and favorable loan yields, although sequential results were affected by lower investment balances and two fewer business days during the quarter. Meanwhile, total interest expense declined to $40.3 million from $44.5 million in the fourth quarter of 2025, benefiting from lower deposit costs and reduced wholesale funding reliance. Non-interest expense decreased to $94.7 million from $105.0 million sequentially, aided by planned cost-saving initiatives and the absence of previously reported expense items.

Credit trends remained favorable, with net charge-offs declining to $21.4 million from $26.9 million in the prior quarter, while delinquency and nonperforming loan ratios also improved sequentially. Loans held for investment increased to $8.24 billion, driven primarily by growth in commercial lending activity across Puerto Rico and the mainland U.S. Deposits declined sequentially following the previously disclosed transfer of a large government demand deposit into a wealth management account, though retail and commercial deposit growth partially offset the decline. Capital levels remained strong, with a CET1 ratio of 13.75% and tangible common equity ratio improving to 10.66%. During the quarter, the company repurchased $44.5 million of common stock and increased its quarterly dividend by 17%, underscoring management's continued focus on shareholder returns and capital deployment.

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	***$4.70***	***$7.57***
DPS	$0.24	$0.24	$0.25	$0.28	$0.28	$0.40	$0.70	$0.88	$1.00	$1.20	***$1.40***	***$1.79***
Shares[1]	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 2026, 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

[1] Shares in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

disciplined cost management. Loan production remains strong, particularly in commercial, auto, and residential 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 $4.70, and with a growth forecast of 10.0% over the next five years, it leads to our estimated EPS of $7.57 by 2031. Moreover, the company has a solid record of paying dividends despite operating in a sector influenced by the macro environment. DPS are expected to grow at 5% annually.

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	***9.6***	***10.0***
Avg. Yld.	3.0%	2.5%	1.9%	1.5%	2.2%	1.9%	2.7%	3.3%	2.7%	2.9%	***3.1%***	***2.4%***

The bank trades at a forward P/E of 9.6, below its long-term average P/E of 9.8, but above 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 $76 by 2031.

Safety, Quality, Competitive Advantage, & Recession Resiliency

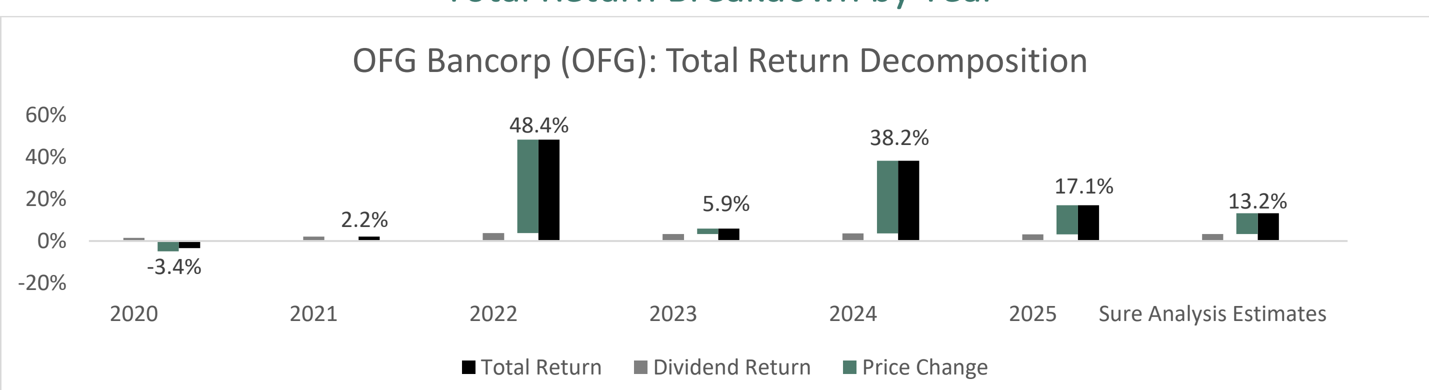
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	23%	27%	16%	30%	21%	14%	20%	23%	24%	26%	***30%***	***24%***

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.

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 13.2% expected annual return powered by our expected growth rate of 10.0%, a 3.1% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	329	346	356	379	476	497	565	640	712	903
SG&A Exp.	92	92	89	92	151	152	162	176	314	-
D&A Exp.	11	10	10	10	24	24	24	27	-	25
Net Profit	59	53	84	54	74	146	166	182	198	205
Net Margin	18.0%	15.2%	23.7%	14.2%	15.6%	29.4%	29.4%	28.4%	27.8%	22.7%
Free Cash Flow	73	145	122	97	20	77	133	278	-	199
Income Tax	26	15	48	21	20	68	78	83	56	29

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	6,502	6,189	6,583	9,298	9,826	9,900	9,819	11,344	11,501	12,510
Cash & Equivalents	510	485	447	851	2,154	2,023	550	748	591	1,036
Acc. Receivable	20	50	34	37	66	57	62	71	-	-
Goodwill & Int.	102	101	100	194	179	171	163	154	169	94
Total Liabilities	5,581	5,244	5,583	8,252	8,740	8,831	8,776	10,151	10,246	11,120
Long-Term Debt	142	136	115	115	102	65	27	201	326	417
Total Equity	744	769	908	953	994	1,069	1,042	1,193	1,254	1,390
LTD/E Ratio	0.15	0.14	0.11	0.11	0.09	0.06	0.03	0.17	0.26	0.42

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.9%	0.8%	1.3%	0.7%	0.8%	1.5%	1.7%	1.7%	1.7%	1.7%
Return on Equity	6.5%	5.6%	8.7%	5.3%	7.0%	13.6%	15.7%	16.3%	16.2%	15.5%
ROIC	4.9%	4.9%	7.7%	4.7%	6.3%	12.6%	15.1%	14.8%	13.3%	11.3%
Shares Out.	51.1	43.9	51.3	51.7	51.6	51.4	48.4	47.6	46.9	44.8
Revenue/Share	6.43	6.78	6.94	7.33	9.24	9.68	11.67	13.46	15.17	20.17
FCF/Share	1.43	2.84	2.37	1.87	0.38	1.50	2.76	5.84	-	4.54

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