

The Virgin Islands Consortium

OFG Bancorp To Acquire Scotiabank Operations In Puerto Rico and U.S. Virgin Islands

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OFG Bancorp (NYSE: OFG) and Scotiabank (NYSE: BNS) today announced the signing of a definitive agreement for OFG's subsidiary, Oriental Bank, to acquire Scotiabank's Puerto Rico operation for \$550 million in cash and Scotiabank's US Virgin Island (USVI) branch operation for a \$10 million deposit premium.

According to the release, Scotiabank's Puerto Rico and USVI operations will be merged into Oriental Bank and its related businesses. The acquisition is subject to customary regulatory approvals.

Acquisition Highlights

- Strengthens OFG businesses with enhanced scale, the addition of Scotiabank's talented team, and improves Oriental's competitive position as Puerto Rico's premier retail bank
- Oriental becomes the second largest in Puerto Rico in core deposits, branches, automated and interactive teller machines, and mortgage servicing
- Expected to be approximately 40% accretive to OFG's EPS in 2020 with robust capital generation and significantly expanded return on average tangible common equity
- Upon closing, OFG will have a well-diversified loan portfolio totaling \$7.2 billion, low cost deposits of \$7.9 billion, and approximately 500,000 customers
- Expected to expand Oriental's mortgage servicing book five-fold to approximately \$5 billion, giving it critical mass to create a new and meaningful non-interest income profit center
- Scotiabank has substantially reduced its balance sheet credit risk and streamlined branch operations over the last five years in Puerto Rico and USVI
- The transaction, which will be funded by OFG's excess capital, is conservatively priced at 1.15x adjusted tangible book value for the Puerto Rico operation and 2% deposit premium for the USVI branch operation
- OFG has a highly successful track record acquiring and integrating banks, including local and multi-nationally owned operations (Eurobank in 2010 and BBVA's Puerto Rico operations in 2012)

OFG will hold a conference call to discuss this announcement and related matters Thursday at 10:00 a.m. Eastern and Puerto Rico Time. Phone (888) 562-3356 or (973) 582-2700. Use conference ID 557-9677. The call also can be accessed live on OFG's website at www.ofgbancorp.com. A webcast replay will be available later. Access the webcast link in advance to download any necessary software.