OFG BANCORP
Form 8-K
March 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 1, 2018

OFG Bancorp

(Exact Name of Registrant as Specified in its Charter)

Commonwealth of Puerto Rico	001-12647	66-0538893
(State or other Jurisdiction of Incorporation)	*(Commission File No.)*	*(I.R.S. Employer Identification No.)*

Oriental Center

254 Muñoz Rivera Avenue

San Juan, Puerto Rico 00918

(Address of Principal Executive Offices *(Zip Code)*

Registrant's telephone number, including area code: (787) 771-6800

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

José Rafael Fernández entered into a new employment agreement (the "Agreement") with OFG Bancorp (the "Company") effective March 1, 2018, which replaced the employment agreement entered into on September 27, 2016. Mr. Fernández is the President and Chief Executive Officer of the Company and the Vice Chairman of its Board of Directors (the "Board"). The Agreement is effective as of March 1, 2018 and ends on June 30, 2021.

As provided in the Agreement, Mr. Fernández will report directly to the Board and will have overall responsibility for the business and affairs of the Company. During the term of the Agreement and in any election of directors in which his 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 as its Vice Chairman.

The Agreement provides that Mr. Fernández will be compensated as follows: (i) annual base salary of $865,000, which may be increased by the Board's Compensation Committee; (ii) annual target bonus of 100% 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 or 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 85% of his annual base salary, but he may elect to receive the award in deferred cash equivalence 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 Agreement may be terminated by the Board 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 Agreement is terminated by the Board 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. Fernández terminates the Agreement for "good reason" (as defined in the Agreement), 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 incentive 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OFG BANCORP

Date: March 7, 2018

By: /s/ Carlos O. Souffront

Carlos O. Souffront

General Counsel and Secretary

of the Board of Directors