



BIRLING
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Market Insights: Puerto Rico Public Companies Deliver Solid Q3 2023 Performance

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Unprecedented Third Quarter Earnings Rebound After Bank Crisis

The bank crisis of confidence that began just before Silicon Valley Bank's March 10, 2023, collapse, there were conversations on social media among investors about the bank that fueled a run on the bank.

Signature Bank followed the SVB collapse, then the third largest failure in the U.S., and the contagion went global with the regulator's forced acquisition of Credit Swiss by UBS. SVB's neighbor, First Republic Bank, also failed and was acquired by JP Morgan Chase. The four bank failures totaled **\$1,253.20 trillion**, not a paltry figure.

The impact to our Birling Capital Puerto Rico Stock Index during the period from March 1, 2023 to March 17, 2023, the BCPRSI dropped from 2,520.76 points to 2,273.19 points with a negative return of -18.97%.

As we focus on the three Puerto Rico banks and Evertec, which are the four local public companies, between March 1 and March 17, 2023, they lost a combined \$2.537 billion market capitalization due to the crisis; below is a snapshot of how the stock returns looked then.

Company Returns on 3/17/ 2023

1. Popular, Inc. (BPOP)	-28.71%
2. First Bankcorp (FBP)	-22.57%
3. OFG Bancorp. (OFG)	-15.23%
4. Evertec, Inc. (EVTC)	-10.48%

Puerto Rico Public Companies, who is ahead?

Our analysis examines the four Puerto Rico-based public companies constituents of the Birling Capital Stock Index. We discuss how each bank holding company's stock has fared from 1/01/23 to 10/27/23, compared to the Dow Jones, S&P 500, and Nasdaq, and how they have managed against the Birling Capital U.S. Bank Stock Index.

Ranking the five indices we follow ranked by returns from 1/1/23 of 10/27/23:

- Nasdaq Composite has a return of **20.80%**.
- S&P 500 has a return of **7.24%**.
- Birling Puerto Rico Stock Index has a return of **4.76%**.
- Dow Jones Industrial Average has a return of **-2.20%**.
- Birling U.S. Bank Index has a return of **-10.50%**.

The Birling Capital Puerto Rico Stock Index has a return of 4.76% year to date in 2023.

All of the Birling Capital Puerto Rico Stock Index companies just reported their third-quarter earnings, and many surpassed their consensus estimates, and others met them, and all remain solid, producing increased revenues, net incomes, and strong capital ratios.

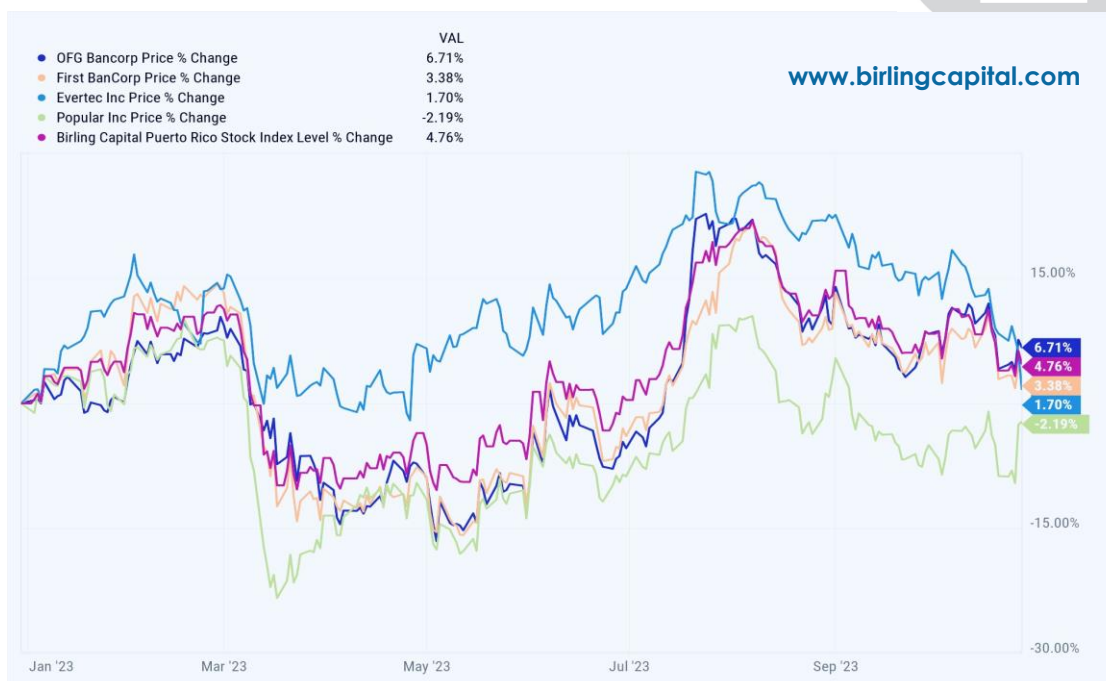
A key metric for Banks is the Tier 1 Capital Ratios, and as you will note, Banco Popular, FirstBank, and Oriental Bank have solid, stable capital positions and twice the required Tier 1 required capital, and Evertec, Inc., which is a software-infrastructure company and not a bank also has a solid capital position and is a vital constituent of the Birling Capital Puerto Rico Stock Index.

Reviewing each company, we analyze their performance from 1/1/23 to 10/27/23, and we discuss their third-quarter earnings results.

Reviewing the Birling Capital Puerto Rico Stock Index company's quarterly results, YTD returns, price target, Tier 1 Capital, and market capitalization.

1. **OFG Bancorp. (OFG)** reported 3Q23 revenues of \$172.191 million, up 8.93%, Net Income of \$44.873 million, up 1.58%, and reached earnings per share of \$0.93, surpassing the estimates with a Tier 1 Capital of 14.03% and a Total Market Capitalization of \$1.386 billion. The Stock price on 10/27/23 was \$29.41, up 2.47%, with a price target of \$38.00. Achieved a total return of **6.71%**, beating the Dow Jones, Birling P.R. Stock Index, and Birling U.S. Bank Index while lagging behind the S&P 500 and the Nasdaq. **However, we must consider that at the height of the bank crisis, Oriental had a -15.23 % return, and the stock has improved 144.14% since then.**
2. **Firstbank Corp. (FBP)** reported 3Q23 revenues of \$293.7 million, down 16%, and Net Income of \$82 million, and reached earnings per share of \$0.46, beating estimates. The stock has a price objective of \$16.30, and it closed on 10/27/23 at \$13.15, up 0.46%, with a Total Market Capitalization of \$2.345 billion and a Tier 1 Capital Ratio of 16.35%. It achieved a total return of **3.38%**, beating the Dow Jones & Birling U.S. Bank Index while lagging behind the S&P 500, Nasdaq, and the Birling PR Stock Index. **However, we must consider that at the height of the bank crisis, Firstbank had a -22.57 % return, and the stock has improved by 114.97% since then.**
3. **Evertec, Inc. (EVTC)** reported 3Q23 revenues of \$173.2 million, up 19.0%, Net Income of \$10 million, down 93%, and earnings per share of \$0.15, surpassing estimates. The stock has a price objective of \$42.33, and it closed today at \$32.93, down -5.40%, with a Total Market Capitalization of \$2.619 billion. Evertec achieved a total return of **1.70%**, beating the Dow Jones and Birling U.S. Bank Index while lagging the S&P 500, Nasdaq, and Birling Capital P.R. Stock Index. **However, if we consider that at the height of the bank crisis, Evertec had a -10.48 % return, and the stock has improved 116.22% since then.**
4. **Popular, Inc. (BPOP)** reported 3Q23 revenues of \$693.57 million, up 0.20%, Net Income of \$136.6 million, down 9.62%, and earnings per share of \$1.90, surpassing estimates with a Tier 1 Capital of 16.88% and a Total Market Capitalization of \$5.261 billion. The stock has a price objective of \$76.00, and it closed today at \$64.87, up 7.22%. Popular has a total return of **-2.19%** and is underperforming the S&P, Nasdaq, and Birling PR Stock Index and beating the Dow Jones and the Birling U.S. Bank Index. **However, if we consider that at the height of the bank crisis, Popular had a -28.71% return, and the stock has improved 93.37% since then.**

Birling Capital Puerto Rico Stock Index companies, Banco Popular, Firstbank, Oriental Bank & Evertec YTD Returns as of 10/27/23



The Last Word: Puerto Rico Public Companies Report Total Revenues of \$1.331 Billion, Up 8.96%.

The Puerto Rico public companies remain on solid footing and are shielded from the issues affecting the confidence of other banks in the U.S. and other nations. Their revenues, net income, and continued business generation model remain firing on all cylinders.

During the third quarter, the combined quarterly results included a Total Market Capitalization of \$11.611 billion with Total Revenues reaching \$1.331 billion, up 8.96%, and a Total Net Income of \$273.444 million -15.27% less.

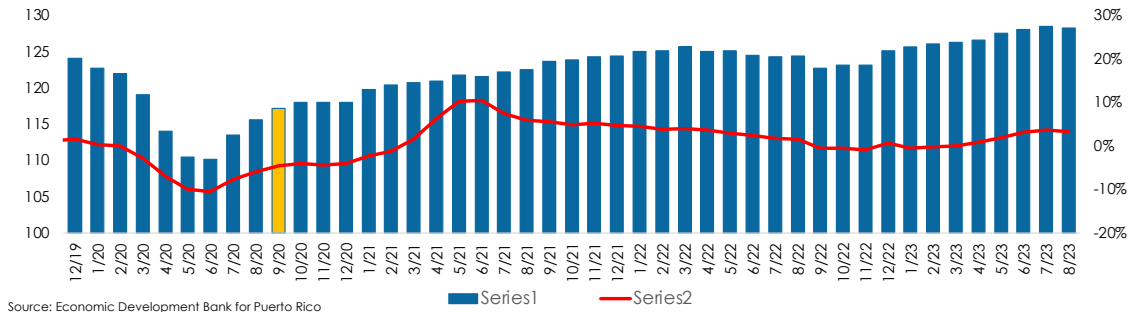
Puerto Rico's economic position is much improved latest Economic Activity Index shows 3.3% Growth. The EDB-Economic Activity Index (EDB-EAI) is composed of the following four indicators:

- Total Payroll Employment averaged 954.4 jobs in August, representing a rise of 1.2% MoM and an annual increase of 3.5% with a 6.20% unemployment Rate.
- Total Electric Power Generation (Millions of kWh): for August 2023, totaled 1,594.5 million kWh, a 4.2% decrease MoM, and an annual increase of 2.1%.
- Cement Sales (Millions of 94lb. bags) totaled 1,217.7 million bags for August 2023, with an increase of a decrease of 3.0% compared to August 2022.
- Gasoline Consumption (Millions of gallons) in August 2023 totaled 70.6 million gallons, 0.5% above the 70.3 million gallons estimated for July 2023 and a 2.1% improvement compared to the previous year.

Economic Development Bank of Puerto Rico - Index of Economic Activity December 2019 – August 2023



The August Economic Activity Index shows a growth of 3.3%



As evidenced by the Public Companies results and further validated by the Economic Activity Index, Puerto Rico should manage its growth plan steadily, noting the Island has more than \$100 billion in Federal Funds allocated to reconstruction efforts, with numerous projects that encompass roads, bridges, housing, infrastructure for water and electricity, reconstruction of public buildings and other areas of the Island directed to transform Puerto Rico and our economy while seizing these great funding sources, albeit the challenge remains to transform Puerto Rico's economic engine into a sustainable growth model.

Puerto Rico's growth plan is supported by Birling Capital's forecast of 1.6% GDP, a testament to the Island's determination to build a brighter future. Investors must take note.

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