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Breaking Down the Numbers with A Deep Dive into America's Banking Titans

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Diving into the Financial Giants: A Comprehensive Exploration of the Top Six U.S. Banks

In the tumultuous seas of economic uncertainty, Warren Buffett's timeless words echo with resounding truth: "Never bet against America." These words, penned in Berkshire Hathaway's annual stockholders' letter, have become a beacon of wisdom for investors navigating the complexities of the market. Amidst the current market landscape characterized by inflationary pressures, fluctuating interest rates, and shifting housing market dynamics, there's a pressing need to dissect the performance and prospects of the leading US banks.

By scrutinizing their first-quarter 2024 earnings performance and projecting their strategies for the rest of 2024 and beyond, we aim to unveil the trends shaping the financial sector.

As a matter of reference the International Monetary Fund upgraded its economic growth forecast for the U.S. economy raising it to 2.7% for 2024 and 1.9% GDP for 2025, these upgrades particularly 2024, aligning with the latest GDPNow for the first quarter of 2024, updated on April 16 and has a current forecast of 2.90% GDP, these upgrades provide a welcomed development for the U.S. economy. Our journey begins with a deep dive into the top six US bank holding companies, constituting the Birling Capital US Bank Index. This index, a barometer of financial prowess, comprises the market's heavyweights with headquarters or principal operations in the United States, all trading on prominent national stock exchanges. This report evaluates each bank holding company's stock performance from January 1, 2024, to April 19, 2024, juxtaposing their trajectories against key market indices such as the Dow Jones Industrial Average, S&P 500, and Nasdaq Composite. This thorough evaluation, combined with the gauge of their resilience against the Birling Capital US Bank Stock Index, provides a holistic view of their comparative performance, giving you a reliable guide in navigating the complexities of the market.

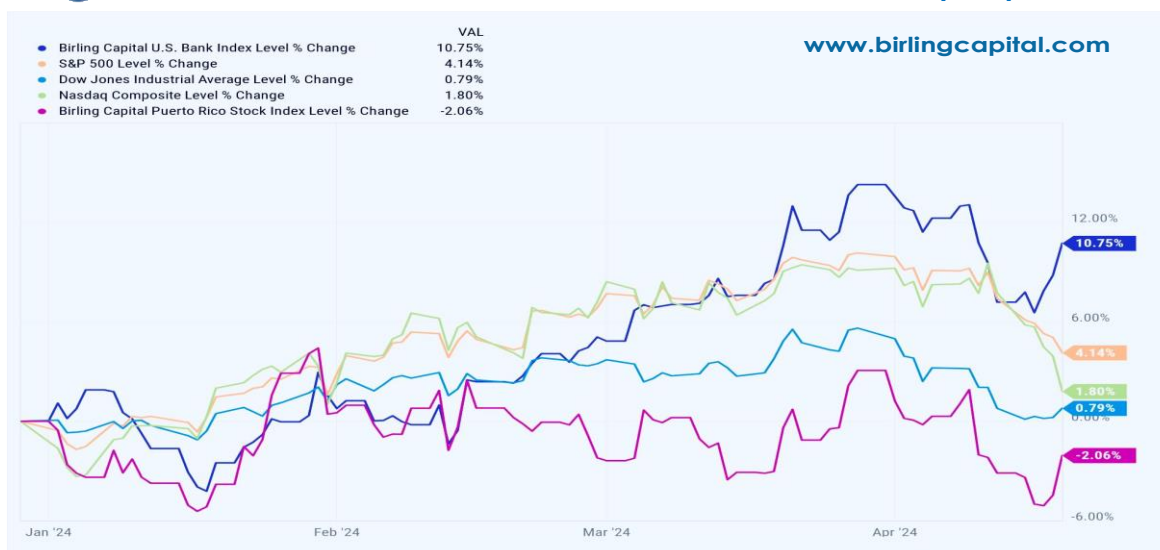
As of April 19, 2024, the year-to-date returns for the leading indices stand as follows:

1. Dow Jones Industrial Average: 0.79%
2. S&P 500: 4.14%
3. Nasdaq Composite: 1.80%
4. Birling Capital Puerto Rico Stock Index: -2.06%
5. Birling Capital U.S. Bank Index: 10.75%

In the ever-evolving finance landscape, these numbers serve as compass points, guiding investors through market volatility and economic uncertainty.



Dow Jones, S&P 500, Nasdaq, Birling Puerto Rico Stock Index and Birling U.S Bank Index YTD Returns as of 4/19/24

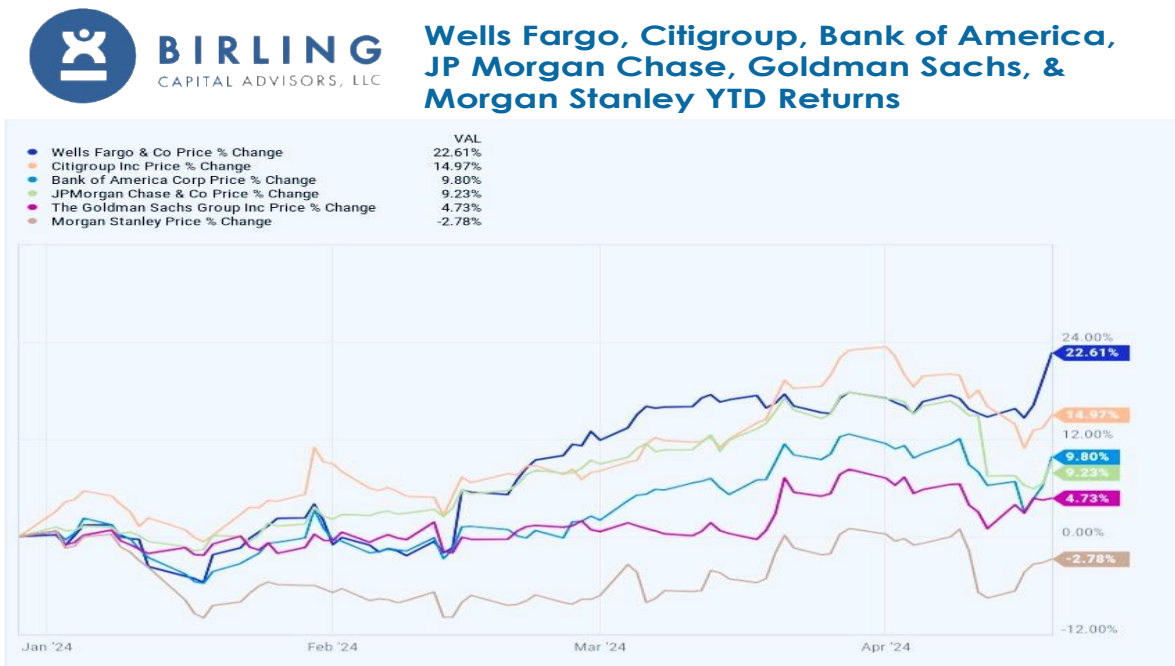


Birling Capital U.S. Bank Index YTD Returns

The Birling U.S. Bank Index returned 18.23% in 2023, and so far in 2024, the YTD return is 10.75% as it opened the year at 4,358.87 points and has risen 468.48 points to close on April 19, 2024, at 4,827.35 points. When pegged against the other indexes, the Birling US Bank index beats all the indexes. Let's see how each constituent company in the Birling US Bank Index has performed:

- 1. Wells Fargo & Co (WFC)** has a total **return YTD of 23.51%**, which handsomely beats the Dow, S&P, Nasdaq, Birling US Bank Index, and Birling PR Stock Index. It reported 1Q24 revenues of \$20.86 billion, up 1%, and Net Income of \$4.619 billion, down 7.45%, beating estimates and Tier 1 capital of 11.20%. Wells Fargo reached earnings per share of \$1.20 above the forecast of \$1.094, with a stock price objective of \$61.45. The Stock is up \$11.13, closing at \$60.35. The bank has Total Assets of \$1,959,153 trillion and Tier 1 Capital of 11.20%.
- 2. Citigroup Inc. (C)** has a total **return YTD of 14.97%**, which handsomely beats the Dow, S&P, Nasdaq, Birling US Bank Index, and Birling PR Stock Index. Citi reported 1Q24 revenues of \$21,108 billion, down 2%, and Net Income of \$3,371 billion, down 27%. Citi reached earnings per share of \$1.58, beating the \$1.30 estimate, Tier 1 Capital of 15.10%, with a stock price objective of \$66.65. The Stock is up \$7.70, closing at \$51.04. The bank has Total Assets of \$2,455,113 trillion and Tier 1 Capital of 15.31%.
- 3. Bank of America (BAC)** has a total **return YTD of 9.80%**, which handsomely beats the Dow, S&P, Nasdaq, Birling US Bank Index, and Birling PR Stock Index. Bank of America reported 1Q24 revenues of \$25.818 billion, down 2.048%, and Net Income of \$6.174 billion, down 18.22%. Bank America reached earnings per share of \$0.76, missing the estimates of \$0.774 by 1.80%, and has a price objective of \$39.02. stock is up \$3.40 YTD and closed at \$36.97. The bank has Total Assets of \$3,273,803 trillion and Tier 1 Capital of 13.60%.

4. **JP Morgan Chase & Co. (JPM)** has a total **return YTD of 9.23%**, which handsomely beats the Dow, S&P, Nasdaq, Birling US Bank Index, and Birling PR Stock Index. JP Morgan reported 1Q24 revenues of \$41,934 billion, up 9.34%, and Net Income of \$13,419 billion, up 6.31%. JP Morgan reached earnings per share of \$4.44, beating the estimates of \$4.134; Tier 1 Capital rose to 16.40, with a stock price objective of \$206.90. JP Morgan stock is up \$15.70 YTD, closing at \$185.80. The bank has Total Assets of \$4,090,727 trillion and Tier 1 Capital of 16.40%.
5. **Goldman Sachs Group (GS)** has a total **return YTD of 4.73%**, which handsomely beats the Dow, S&P, Nasdaq, and Birling PR Stock Index but lags behind the Birling US Bank Index. Goldman reported 1Q24 revenues of \$14.21 billion, up 16%, and Net Income of \$4.13 billion, up 28%. Goldman reached earnings per share of \$11.38, beating the estimates of \$8.637 by 32%, and has a stock price objective of \$431.27. Goldman's Stock is up \$18.26 YTD, closing at \$404.00. The bank has Total Assets of \$1,641,594 trillion and Tier 1 Capital of 11.20%.
6. **Morgan Stanley (MS)** has a total **return YTD of -2.78%**, which lags the Dow, S&P, Nasdaq, Birling US Bank Index, and Birling PR Stock Index. Morgan Stanley reported 1Q24 revenues of \$15.136 billion, up 4.23%, and Net Income of \$3.412 billion, up 14.49%. Morgan Stanley reached earnings per share of \$2.02, beating the estimates of \$1.650 by 22.42%, and has a price objective of \$96.44. Morgan Stanley stock is down -\$2.59 YTD, and it closed at \$90.66. The bank has Total Assets of \$1,199,904 Trillion and Tier 1 Capital of 17.20%.

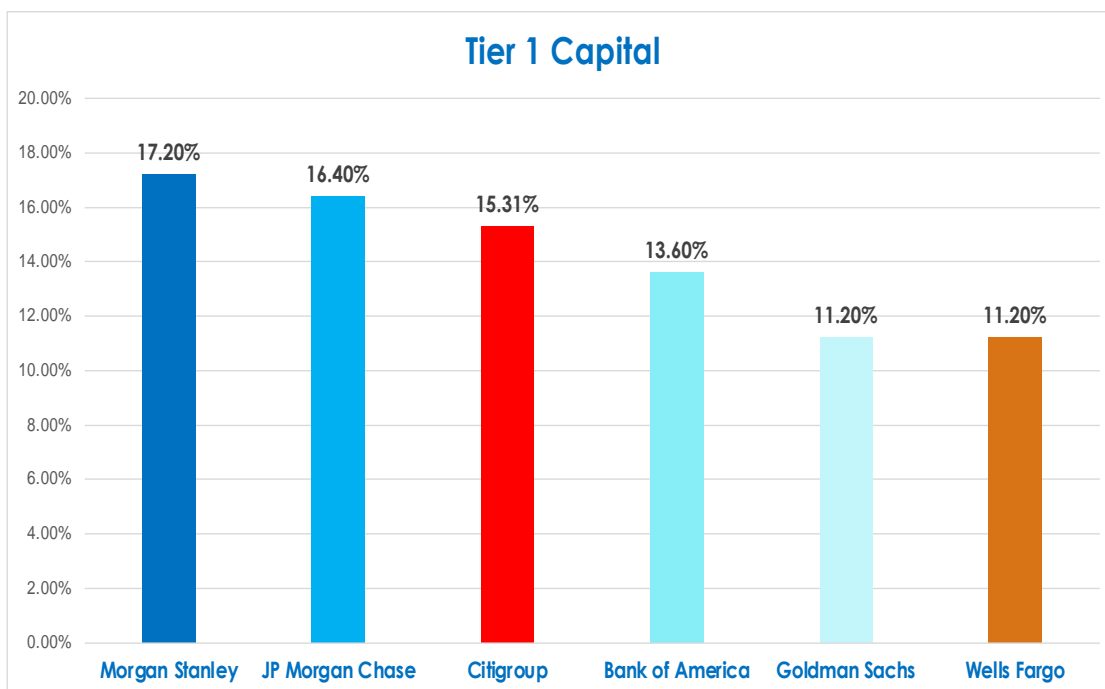


As a Group, the Birling Capital U.S. Bank Stock Index companies have the following stats:

- YTD Total Assets: \$14,610,294 Trillion
- YTD Total 1Q24 Revenues: \$138,526 billion
- YTD Total 1Q24 Net Income: \$35,125 billion
- YTD Total market capitalization: \$1,377,440 trillion



Morgan Stanley, JP Morgan Chase, Citigroup, Bank of America, Goldman Sachs & Wells Fargo



Had anyone invested \$60,000 or \$10,000 in each of these stocks on January 1, 2024, these would have been the results:

Company	Total Value	Total Gain/Loss
1. Wells Fargo & Co	\$ 12,351.00	\$2,351.00
2. Citigroup, Inc.	\$ 11,497.00	\$1,497.00
3. Bank of America	\$ 10,980.00	\$ 980.00
4. JPMorgan Chase	\$ 10,923.00	\$ 923.00
5. Goldman Sachs	\$ 10,473.00	\$ 473.00
6. Morgan Stanley	\$ 9,722.00	(\$278.00)
Total Portfolio Value	\$65,946.00	\$5,946.00

The Final Word: Top U.S. Banks Show Resilience Amidst Challenges

As of April 19, 2024, the U.S. banking sector braces itself for the trials ahead. Our analysis reveals that the top 6 U.S. banks have skillfully maneuvered through one of the most daunting periods of inflation and interest rate hikes since the 1980s. Despite their commendable performance in 2023 and YTD 2024, which needs to be more adequately reflected in their stock prices, the outlook for 2024 still needs to be determined. Several banks have initiated workforce reductions, with bonuses slashed up to 40% in certain institutions.

Looking ahead to the rest of 2024, the U.S. banking sector anticipates a more challenging landscape than the preceding year. Factors such as total asset quality, funding, and liquidity are poised to deteriorate compared to 2023, especially if projections of a slower economy materialize. However, amidst these challenges, the resilience of these six banks shines through, thanks to their diversified asset and deposit portfolios and varied interests in Wealth Management, Investment Banking, Capital Markets, Trading, and other sectors.

Despite the prevailing macroeconomic vulnerabilities since 2023, that now includes the geopolitical tensions in Europe with Ukraine and Russia and in the Middle East with Israel, Hamas, and Iran conflicts added with concerns about inflation impacting the Fed's rate cut plans. The U.S. banking industry boasts a more robust risk-based capitalization profile. Following the turbulence of bank failures in March and April 2023, the industry has attained newfound stability, with most banks expected to thrive and bolster capital reserves in 2024. Nonetheless, potential declines in deposits, pressures on funding costs, unrealized losses, exposures in commercial real estate, and lingering economic uncertainties persist as significant risks.

Even with the diverse set of macroeconomic and geopolitical issues that have developed since 2022, continued in 2023, and remain in 2024, the U.S. risk-based capitalization profile of our Top Six U.S. Banks is more robust than in any other period in history.

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