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Think Strategically

Shattering Expectations: Birling Capital U.S. Bank Index's 2023 Triumphs with 18.23% Returns

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Navigating Stormy Waters: Analyzing the 2023 Bank Crisis Amid Economic Challenges

Our nation's economic trajectory in 2023 has been remarkable despite various challenges. Our analysis reviews the 2023 performance, including stock price, price objective, Tier 1 Capital, and much more, to provide insights into the broader markets.

In the current market landscape, marked by rampant inflation, surging interest rates, dwindling housing market metrics, and looming prospects of a U.S. recession, there is no better lens through which to examine forthcoming trends than by scrutinizing the top U.S. banks that faced during 2023 one of the worst downturns since the great financial crisis. The collapses of Silicon Valley Bank and Signature Bank in March 2023 at the time the second and third-largest bank failures in U.S. history, followed by Credit Swiss a \$1.4 Trillion "**Too Big To Fail Institution**" and three more banks failures First Republic Bank in May, Heartland Tri-State Bank in July and Citizens Bank of Sac City in November.

The Birling Capital U.S. Bank Index 2023 Performance

This analytical journey commences with a thorough review of the performance of the Birling U.S. Bank Index and its constituents. The Index is a market value-weighted gauge encompassing the top (6) bank holding companies headquartered or primarily operating in the United States, all trading on the NYSE stock market.

Against the backdrop of numerous challenges, our nation's economic trajectory in 2023 stands out remarkably. Channeling the wisdom of the Oracle of Omaha, Warren Buffett, we emphatically affirm: Never bet against America. These immortal words, penned by Mr. Buffett, have become a revered source of wisdom for investors seeking insights into the broader markets.

In the current market landscape, characterized by rampant inflation, surging interest rates, dwindling housing market metrics, and the looming prospects of a U.S. recession, there is no better lens to examine forthcoming trends than by scrutinizing the top U.S. banks. Facing one of the worst downturns since the great financial crisis in 2023, we shall see how these banks navigated during such a complicated scenario.

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One of the most appropriate quotes comes from **Jamie Dimon, Chairman and CEO of JP Morgan Chase, who commented: "We ended the year with a solid 2023 and was a good example of the power of our investment philosophy and fortress principles, as well as the value of being there for clients—as we always are—in both good times and bad times.**

The returns of our five leading indices for 2023 ranked by returns were as follows:

1. Nasdaq Composite with **43.42%**.
2. Birling Puerto Rico Stock Index with **32.63%**.
3. S&P 500 with **24.23%**.
4. Birling Capital U.S. Bank Index with **18.23%**.
5. Dow Jones Industrial Average with **13.70%**.

The **Birling U.S. Bank Index returned 18.23% for 2023**, and when pegged against the other indexes, the Birling U.S. Bank index lags all except the Dow Jones Industrial Average. Let's see how each constituent company in the Birling U.S. Bank Index has performed individually and against the major indexes and ranked by total returns.

1. **JP Morgan Chase (JPM):** reported 4Q23 revenues of \$38.574 billion, up 12%, and Net Income of \$9.3 billion, down 15%. JP Morgan reached earnings per share of \$3.04, below the \$3.61 estimate, with a stock price objective of \$186.80 and a Tier 1 Capital Ratio of 15.00%. The mixed fourth-quarter results, when compared to last year, were down due to a Special Federal Deposit Insurance Corp. assessment fee of \$2.9 billion. The charge reduced the EPS by \$0.74. For the Full Year 2023, the bank reached revenues of \$158,104 billion, up 23%, net Income of \$49,552 billion, up 32%, and Total Assets of \$3,875,393 Trillion, up 6%. JP Morgan delivered a **total return of 26.85%**.
2. **Wells Fargo (WFC):** reported 4Q23 revenues of \$20.478 billion, up 2.21%, and Net Income of \$3.4 billion, up 9.22%, beating estimates. Wells Fargo reached earnings per share of \$0.86, with a stock price objective of \$55.26. Wells was also impacted by a special Federal Deposit Insurance Corp. assessment fee of \$1.9 billion. Total 2023 revenues reached \$82,597 billion, up 11%, with net income of \$19.1 billion, up 40%, total assets of \$1,932,458 trillion, up 3%, Tier 1 Capital of 11.40%, and a **total return of 19.21%**.
3. **Citigroup (C):** reported 4Q23 revenues of \$17.44 billion, down 3.16%, and Net Income (Loss) of (\$1.8) billion, up 35%, beating estimates. Citi reached earnings per share of (\$1.16), missing the \$0.76 estimate with a stock price objective of \$57.55. Citi was also impacted by a special Federal Deposit Insurance Corp. assessment fee of \$1.7 billion, a reserver build-up of \$1.3 billion, and an Argentine Peso devaluation hit of \$880 million, a total of \$3.880 billion in special charges. Excluding these charges, the EPS would have been \$0.84. Total 2023 revenues reached \$78,462 billion, up 4%, with net income of \$9,228 billion, down 38%, total assets of \$2,368.477 trillion, down 0.53%, Tier 1 Capital of 13.30%, and a **total return of 13.73%**.
4. **Goldman Sachs (GS):** reported 4Q23 revenues of \$11.32 billion, down 4%, and Net Income of \$2.008 billion, down 2%. Goldman reached earnings per share of \$5.48, surpassing the \$4.27 estimate with a stock price objective of \$400.97. Goldman reported an FDIC special assessment fee of \$529 million. Goldman reported full-year net revenues of \$46.25 billion, down 2%, a net income of \$8.516 billion, total assets of \$1,642 trillion, up 13.86%, Tier 1 Capital of 14.50%, and a **total return of 12.34%**.

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5. **Morgan Stanley (MS):** reported 4Q23 revenues of \$12.9 billion, down 1.15%, and Net Income of \$1.517 billion, down 32.15%. Morgan Stanley reached earnings per share of \$0.85, missing the \$1.09 estimate with a stock price objective of \$96.47. Morgan was impacted by the FDIC special assessment charge of \$286 million and a \$249 million legal charge related to a specific matter, a total of \$535 million in charges. Morgan reported full-year net revenues of \$54.1 billion, up 0.88%, net Income of \$9.087 billion, down 21.37%, total assets of \$1,169 trillion, Tier 1 Capital of 15.20%, and a **total return of 9.68%**.
6. **Bank of America (BAC):** reported 4Q23 revenues of \$22 billion, down 10%, and Net Income of \$3.1 billion, up 35%. BofA reached earnings per share of \$0.35, missing the \$0.6544 estimate with a stock price objective of \$36.78 and Tier 1 Capital of 11.80%. After considering the FDIC special assessment charge of \$2.1 billion and the Bloomberg Short-Term Bank Yield Index cessation charge of \$1.6 billion, the total is \$3.7 billion. The full 2023 revenues reached \$171.912, up 49.42%; net income reached \$26.515 billion; total assets reached \$3,179,900, up 4.2%, and **total return was 1.66%**.



Birling Capital U.S. Bank Index Companies Returns



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The Last Word: A Year to Remember: Birling U.S. Bank Index Hits \$14 Trillion in Total Assets and Shatters Growth Records

With a remarkable 18.23% for the Birling U. S. Bank Index, a 24.76% increase in total bank revenues, and a 5.55% uptick in total net income, these companies have demonstrated resilience and adaptability in a dynamic market.

As a Group, the Birling Capital U.S. Bank Stock Index companies achieved these results:

- 2023 Total Assets reached \$14,077,228 trillion.
- 2023 Total Revenues reached \$591,411 billion, up 24.76%.
- 2023 Total Net Income reached \$122,239 billion, up 5.55%
- 2023 Total market capitalization reached \$1,280.26 trillion, up 5.95%.

As we close the chapter on 2023, it's not just about the numbers but the stories of growth, innovation, and strategic decision-making that shaped these outcomes. The financial world is a complex mosaic pieced together by the glass of economic development, market dynamics, and the collective efforts of companies and investors.

Had any investor invested \$60,000 in the Birling Capital U.S. Bank Index, the total earnings would have been \$10,938, making the portfolio's total value \$70,938.

2023 is a year that will shine bright in the banking record books, so let's celebrate the achievements, acknowledge the lessons learned, and look forward to future opportunities. May the insights gained from the events lived during 2023 guide us toward even greater success in 2024 and the years to come. Here's to a year for the record books and the promise of more exciting chapters in the ever-evolving saga of finance and investment.



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