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Think Strategically

Solid Foundations: Puerto Rico Public Companies' Consolidated Success in 2023

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A Comprehensive Analysis of Wall Street's Impact and Puerto Rico's Triumph

As we step into the year's final month, it's imperative to dissect the market dynamics that unfolded on Wall Street during November. Our review extends to a year-to-date (YTD) assessment of the five indices under our scrutiny, focusing on the standout performers in this financial landscape.

November 2023 witnessed historic market gains, propelling the Dow to achieve a new pinnacle for the year. The magnitude of these gains reverberated across the five indices we monitor, showcasing remarkable results from best to worst during November 2023:

1. Birling U.S. Bank Index delivered a return of 14.27%.
2. Birling's Puerto Rico Stock Index produced a return of 14.08%.
3. Nasdaq Composite had a return of 10.70%.
4. S&P 500 had a return of 8.92%.
5. Dow Jones made a return of 8.77%.

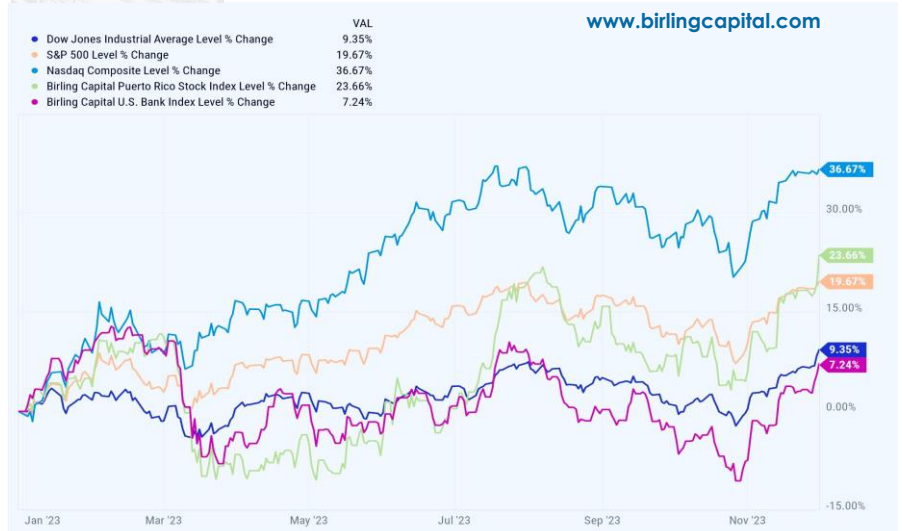
Ranking the five indices we follow by returns from 1/1/23 of 12/1/23:

1. Nasdaq Composite has a return of **36.67%**.
2. Birling's Puerto Rico Stock Index produced a return of **23.66%**.
3. S&P 500 had a return of **19.67%**.
4. Dow Jones made a return of **9.35%**.
5. Birling U.S. Bank Index delivered a return of **7.24%**.

Since a couple of weeks ago, we focused on the Magnificent 7 Stocks, which all have carried the Nasdaq to new heights; we turn our focus to the local homegrown Puerto Rico company's constituents of the Birling Capital Puerto Rico Stock Index and the results of each individual stock YTD.



Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index YTD Returns



What is the Birling Capital Puerto Rico Stock Index?

The Birling Capital Puerto Rico Stock Index is a stock market index of the common stocks and similar securities listed on the NYSE and NASDAQ stock markets, composed of companies with their origins, headquarters, and principal offices in Puerto Rico. Along with the Dow Jones, S&P 500, Nasdaq, and Birling U.S. Bank Index, it is one of the five indices we follow. The composition of the Birling Capital Puerto Rico Stock Index, in addition to its Puerto Rico-focused geographic concentration, is heavily weighted towards bank holding companies and one information technology company.

As we focus on the four local public companies, the three Puerto Rico banks, and Evertec, we must remind ourselves that, between March 1 and March 17, 2023, they lost a combined \$2.537 billion market capitalization due to the crisis of confidence in the bank sector, below is a snapshot of how the stock returns looked then. The impact to our Birling Capital Puerto Rico Stock Index during the period from March 1, 2023, to March 17, 2023, the Birling Capital Puerto Rico Stock Index had dropped from 2,520.76 points to 2,273.19 points with a negative return of -18.97%. Also, the four companies had negative returns due to the crisis; below are the results.

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%**

The Birling Capital Puerto Rico Stock Index has a return of 23.66% year to date in 2023.

The Birling Capital Puerto Rico Stock Index has had a solid year, opening in 2023 at 2,520.74 points and closing at 3,117.30 points on December 1, 2023, an increase of 596.56 points and a total return YTD of 23.66%. If anyone invested \$10,000 at the opening of 2023, their gains would be \$2,366 today. All Birling Capital Puerto Rico Stock Index companies reported their third-quarter earnings, meeting or surpassing their consensus estimates, 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 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.

Birling Capital PR Stock Index Review: Key Insights into Top Performers and Market Trends

1. **OFG Bancorp. (OFG)** reported YTD Total Assets YTD of \$10.035 billion, Net Income of \$135.275 million, and reached earnings per share of \$2.84, with a Tier 1 Capital of 14.03% and a Total Market Capitalization of \$1.638 billion. The Stock price on 12/1/23 was \$34.81, up \$7.25 YTD, with a price target of \$38.00. Oriental achieved a total return of 26.31%, beating the Dow Jones, S&P 500, Birling P.R. Stock Index, and Birling U.S. Bank Index while lagging behind 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 272.75% since then.
2. **Firstbank Corp.(FBP)** reported YTD Total Assets YTD of \$19.108 billion, YTD Net Income of \$223.375 million, and earnings per share of \$1.23. The stock has a price objective of \$16.30, and it closed on 12/1/23 at \$15.63, up \$2.58 YTD, with a Total Market Capitalization of \$2.697 billion and a Tier 1 Capital Ratio of 16.35%. It achieved a total return of 28.04%, beating the Dow Jones. S&P Birling PR Stock Index and Birling U.S. Bank Index while lagging behind the Nasdaq. However, we must consider that at the height of the bank crisis, First had a -22.57 % return, and the stock has improved by 224.23% since then.
3. **Evertec, Inc.(EVTC)** reported YTD Total Assets of \$1,261,460 billion, up 11.46%, Net Income of \$68,069 million, and earnings per share of \$1.04. The stock has a price objective of \$42.33, and it closed on 12/1/23 at \$38.10, up \$5.72 YTD, with a Total Market Capitalization of \$2.619 billion. Evertec achieved a total return of 17.67%, beating the Dow Jones and Birling U.S. Bank Index while lagging behind 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. The stock has improved 268.60% since then.
4. **Popular, Inc. (BPOP)** reported YTD Total Assets of \$69,736 billion, Net Income of \$446.689 million, and earnings per share of \$6.22, with a Tier 1 Capital of 16.88% and a Total Market Capitalization of \$5.531 billion. The stock has a price objective of \$77.62, and it closed on 12/1/23 at \$76.65, up \$10.33 YTD. Popular has a total return of 15.58% and is underperforming the S&P, Nasdaq, and Birling PR Stock Index, beating the Dow Jones and the Birling U.S. Bank Index. However, at the height of the bank crisis, Popular had a -28.71% return, and the stock has improved 154.26% since then.



Birling Puerto Rico Stock Index Companies YTD Return: Oriental, Firstbank, Evertec and Popular



The Last Word: Market Confidence Soars as Puerto Rico Public Companies Achieve \$12.481 billion in Consolidated Market Capitalization

In conclusion, the assessment of Puerto Rico's public companies reveals a compelling narrative of strength, stability, and growth amid the prevailing challenges that have cast a shadow on financial institutions worldwide. Undeterred by external uncertainties, these companies have demonstrated remarkable resilience, with their financial indicators reflecting a robust and positive trajectory. As of the latest report, the collective performance of The Birling Capital Puerto Rico Stock Index companies showcases an impressive **Consolidated Total Assets of \$100.14 billion**. This substantial financial foundation forms the bedrock of their operations, providing a solid platform for navigating the complex dynamics of the global economic landscape. Moreover, the **Consolidated Net Income of \$884.408 million** signifies profitability and a strategic and effective business model that continues to generate sustainable returns.

A particularly noteworthy aspect is the **Consolidated Market Capitalization, standing at an impressive \$12.481 billion year-to-date**. This metric not only underscores the market's confidence in these companies but also signals their prominence and influence within the economic ecosystem of Puerto Rico. In an environment where market sentiment plays a pivotal role, this substantial market capitalization is a testament to Puerto Rico's public companies' resilience, credibility, and growth potential.

These financial entities appear well-positioned to capitalize on emerging opportunities and navigate potential challenges. Their ability to maintain a positive trajectory in Total Assets, Net Income, and Market Capitalization reflects effective risk management and an astute understanding of the evolving economic landscape. As Puerto Rico continues to shape its economic future, the steadfast performance of these public companies positions them as key players in driving the island's growth and contributing to its economic development.

The Birling Capital Puerto Rico Stock Index Companies Report provides more than just financial figures; it tells a story of adaptability, foresight, and strategic prowess. As investors and stakeholders evaluate opportunities in the region, the strong foundation and positive trends illustrated in this report serve as a compelling endorsement of the resilience and growth potential inherent in Puerto Rico's public companies.

One last thought, **after all, books, umbrellas, doors, and minds only work if we open them.**



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