

A faint, light gray world map is visible in the background, showing the outlines of continents and a grid of latitude and longitude lines. A solid red horizontal bar is positioned across the middle of the slide, containing the title text.

Financial Outlook

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Financial Outlook

- Banking Industry Outlook
- Economic Outlook
- Market Outlook



Banking Industry Outlook

<i>\$ in millions</i>	2009	2016	Δ	%
Loans	\$ 57,860	\$ 35,232	\$ (22,628)	-39%
Assets	\$ 89,631	\$ 57,163	\$ (32,468)	-36%
Deposits	\$ 59,997	\$ 44,757	\$ (15,240)	-25%
Capital	\$ 6,948	\$ 7,968	\$ 1,020	15%
Branches	492	330	(162)	-33%
Foreclosed Assets (a)	2,454	5,104	2,650	108%

Source: Office of the Commissioner of Financial Institutions of Puerto Rico

(a) 2016 represents an annualized figure using June 30, 2016 actuals.

Who predicted this scenario?



Banking Industry Outlook

1. Cost efficiencies
2. Credit appetite
3. New regulations
4. Increase in interest rates
5. Redefine branch networks
6. Reliance on third parties
7. Consumer trust and brand value
8. Use of Technology (Consumers and Operations)
9. Customer behavior
10. Consolidations



Economic Outlook

Key elements

- Government Default
- PROMESA
- Oil Prices
- Collateral Values
- Demographics
- Consumer Confidence
- Task Force

**New
Opportunities**



Market Outlook

Increase in Interest Rates

- Cost of Borrowing
- Incentive to Save
- Consumer Spending Behavior
- Business Spending Behavior
- Impact to Economic Growth

Delinquency

**Defaults and
Foreclosures**

Loan Production

Profit Margins

**Value of Financial
Instruments**



Thanks!

