

2022

# INVESTOR PRESENTATION

First Quarter



# Cautionary Note Regarding Forward-Looking Statements

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This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance, are based on the current expectations of Popular, Inc.’s (the “Corporation”) management and, by their nature, involve risks, uncertainties, estimates and assumptions. Potential factors, some of which are beyond the Corporation’s control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. More information on the risks and important factors that could affect the Corporation’s future results and financial condition is included in our Annual Report on Form 10-K for the year ended December 31, 2021, and in our Form 10-Q for the quarter ended March 31, 2022 to be filed with the Securities and Exchange Commission. Our filings are available on the Corporation’s website ([www.popular.com](http://www.popular.com)) and on the Securities and Exchange Commission website ([www.sec.gov](http://www.sec.gov)). The Corporation assumes no obligation to update or revise any forward-looking statements which speak as of their respective dates.

## Earnings

- Net income of \$212 million
- Net interest margin: Popular, Inc. 2.75%, BPPR 2.67%

## Credit Metrics

- NPLs decreased \$28 million QoQ; ratio at 1.8% vs. 1.9% in Q4 2021
- NCO ratio at 0.05% compared to (0.11%) the previous quarter
- ACL to loans of 2.29% compared to 2.38% in Q4 2021

## Capital

- Common Equity Tier 1 Capital ratio of 16.3%
- Tangible book value per share of \$51.16 compared to \$65.26 in Q4 2021; primarily due to unrealized losses on debt securities

## Quarter Events

- Signed an agreement with Evertec to acquire key customer channels and renegotiate contracts
- Entered into an Accelerated Share Repurchase Agreement (ASR) of \$400 million, as part of the previously announced 2022 capital actions to repurchase up to \$500 million of common stock
- Increased quarterly common stock dividend to \$0.55 per share from \$0.45

## BPPR Customer Engagement

- 1.96 million customers as of March 2022 (increased 6,000 since December 2021 and 38,000 since March 2021)
- 1.0% growth in active online users<sup>1</sup> since December 2021 and 1.5% since March 2021
- Deposits captured through digital channels were 67% in Q1 2022, compared to 69% in Q1 2021



## Paycheck Protection Program (PPP)

- Issued \$2.1 billion or 49,700 loans
- As of March 31, 2022:
  - Outstanding loans: \$173 million
  - Recognized \$10.6 million in income during Q1 2022; \$8.1 million unamortized fee income remaining

## Business Metrics

### BPPR:

- Commercial loans, excluding PPP, increased \$302 million or 4% in Q1 2022
- The auto and lease financing portfolio increased 1% or \$63 million QoQ
- Mortgage originations were 28% lower than Q1 2021
- Credit and debit card sales (in dollars) were 5% higher than the same quarter in 2021
- P.R. public funds of \$15 billion at the end of Q1 2022 reflected a net decrease of approximately \$5 billion from Q4 2021
- Deposits, excluding P.R. public funds, increased 3% QoQ

### Popular Bank:

- Commercial loans, excluding PPP, increased \$173 million or 3% from Q4 2021
- Continued decrease in total deposit cost to 0.36% in Q1 2022 vs. 0.40% in Q4 2021

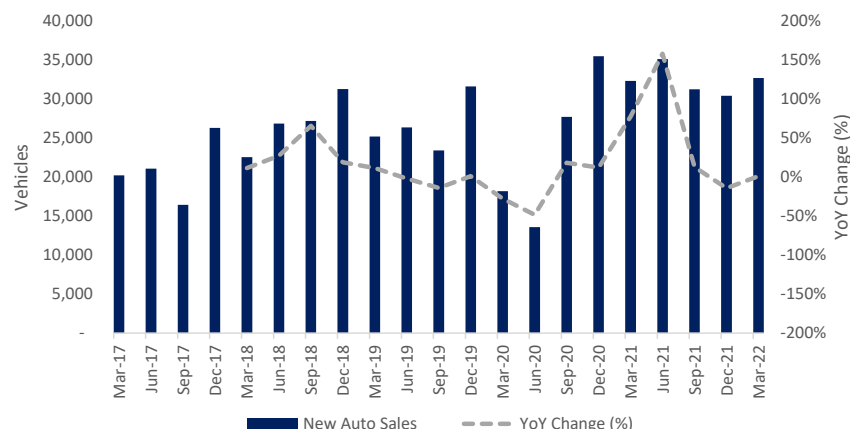
<sup>1</sup> Customers who have logged on to Popular's web and/or mobile platform in the past 30 days

# Puerto Rico – Key Indicators

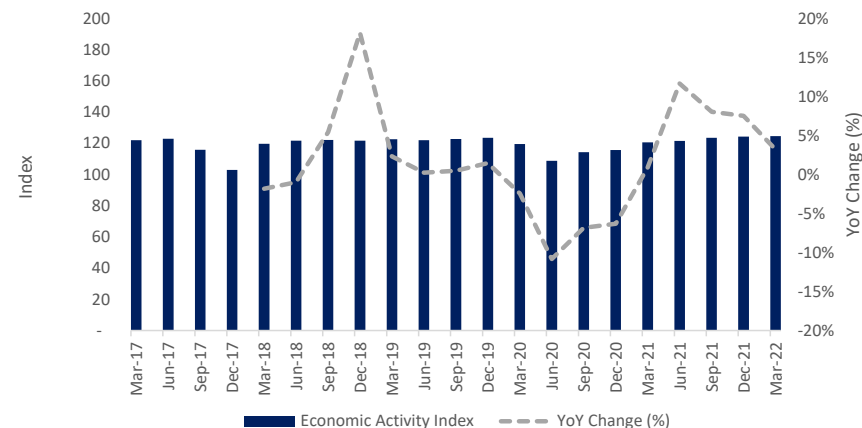
## Economy

- New auto sales continue to demonstrate strong consumer demand, constrained somewhat by supply
- The Puerto Rico Economic Activity Index is above pre-pandemic levels
- The recently revised total employment numbers show a robust employment situation

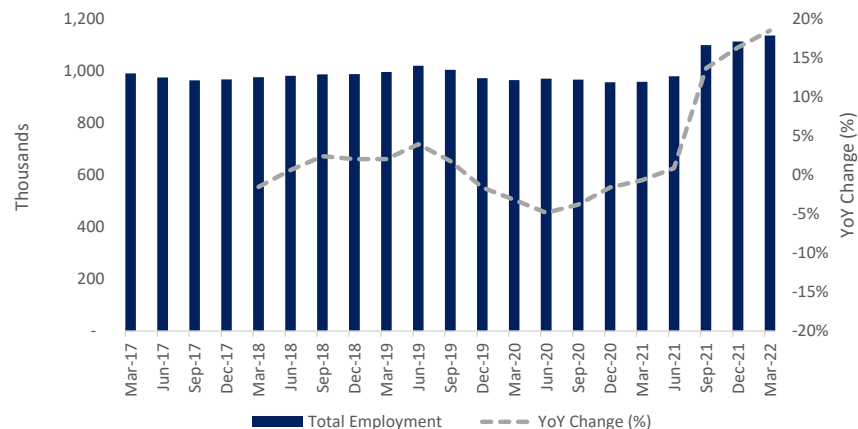
Quarterly New Auto Sales <sup>1</sup>



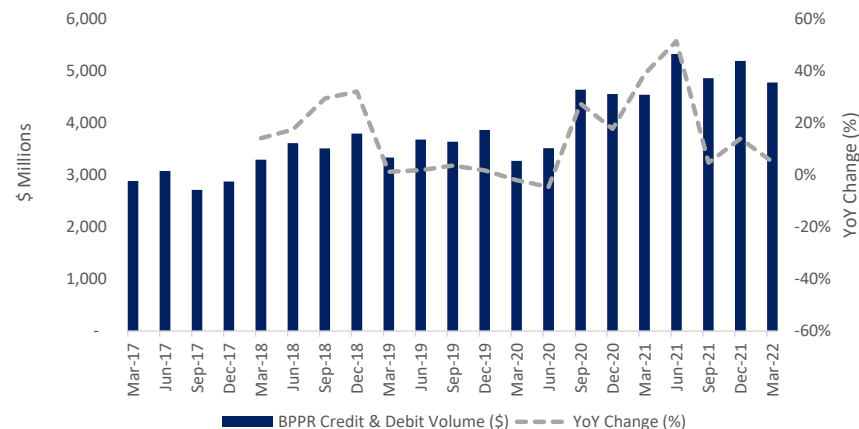
Economic Activity Index <sup>2</sup>



Total Employment <sup>3</sup>



Quarterly BPPR Credit & Debit Volume (\$) <sup>4</sup>



<sup>1</sup>Source: United Automobile Importers Group (based on units) as of March 2022; <sup>2</sup>Source: Puerto Rico Economic Development Bank, as of February 2022; <sup>3</sup>Source: U.S. Bureau of Labor Statistics (Seasonally Adjusted) as of March 2022; <sup>4</sup>Credit and debit card sales pertain to BPPR customers only as of March 2022

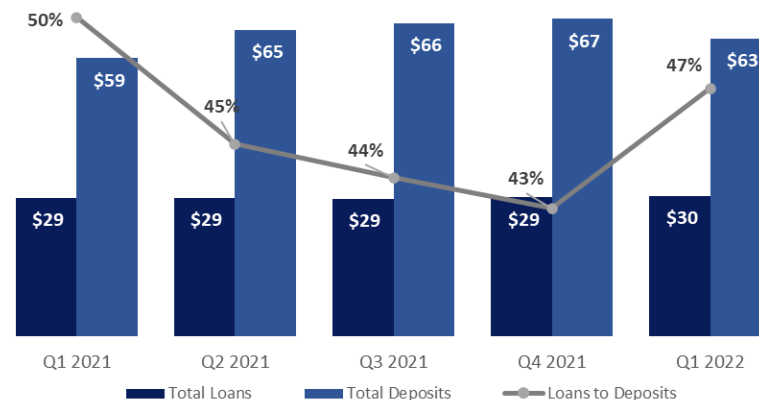
# Financial Summary

<i>(Unaudited)</i>			
<i>(\$ in thousands)</i>	Q1 2022	Q4 2021	Variance
Net interest income	\$ 494,312	\$ 501,283	\$ (6,971)
Service charges on deposits	40,713	41,613	(900)
Other service fees	77,134	83,793	(6,659)
Mortgage banking activities	12,865	17,035	(4,170)
Other non-interest income	23,980	22,236	1,744
Gross revenues	649,004	665,960	(16,956)
Provision for credit losses (benefit)	(15,500)	(33,050)	17,550
Net revenues	664,504	699,010	(34,506)
Personnel costs	166,996	160,472	6,524
Net occupancy expenses	24,723	26,755	(2,032)
Equipment expenses	23,479	25,180	(1,701)
Programming, processing and other technology services	69,374	69,647	(273)
Other professional fees	39,123	35,408	3,715
Business promotion	15,083	25,833	(10,750)
Amortization of intangibles	891	6,045	(5,154)
Other operating expenses	62,670	68,054	(5,384)
Total operating expenses	402,339	417,394	(15,055)
Income before income tax	262,165	281,616	(19,451)
Income tax expense	50,479	75,552	(25,073)
Net income	\$ 211,686	\$ 206,064	\$ 5,622
EPS	\$ 2.69	\$ 2.59	\$ 0.10
ROTE	16.40%	15.66%	0.74%

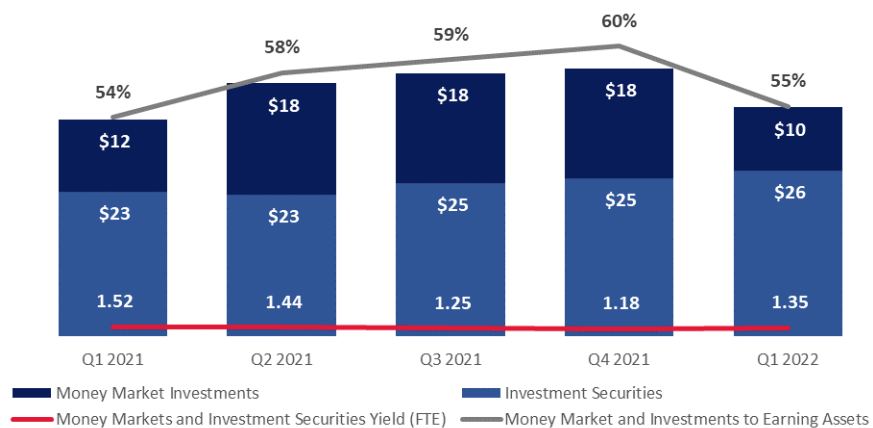
# Net Interest Margin Dynamics

- Q1 2022 net interest margin at 2.75%; FTE<sup>1</sup> net interest margin at 3.05%
- Money market and investment securities to earning assets ratio at 55%
- FTE loan yield decreased 20 basis points QoQ to 6.06%, driven by PPP amortization
- Total deposit cost at 0.15% slightly lower than Q4 2021

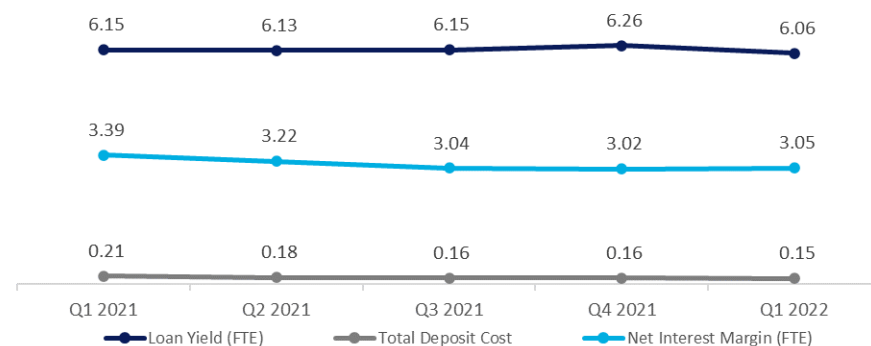
## Total Loans and Deposits (\$ in billions)<sup>2</sup>



## Money Market and Investment Securities (\$ in billions)<sup>2</sup>



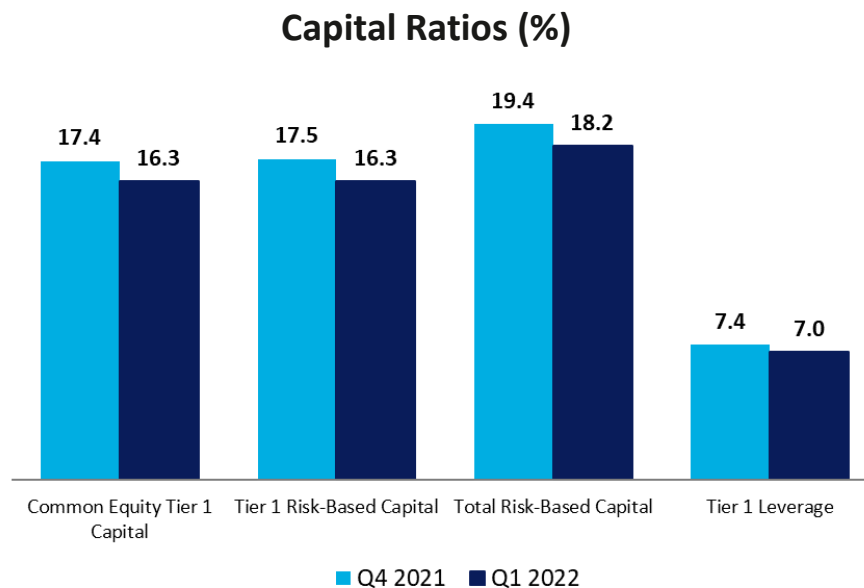
## Loan Yields, Deposit Cost and NIM (FTE)



<sup>1</sup> FTE stands for fully taxable-equivalent basis. Represents a non-GAAP financial measure. See the Corporation's earnings press release, Form 10Q and Form 10K filed with the Securities and Exchange Commission for the applicable periods, for a GAAP to non-GAAP reconciliation

<sup>2</sup> Balances are at end of period  
Differences due to rounding

- Robust capital levels; Common Equity Tier 1 of 16.3%
- Leverage ratio of 7.0% impacted by the high proportion of zero-risk weighted assets on the balance sheet, which represented 43% of total assets
- 2022 capital actions:
  - Entered into ASR of \$400 million, as part of the previously announced 2022 capital actions to repurchase up to \$500 million of common stock
  - Increased quarterly common stock dividend to \$0.55 per share from \$0.45
- Tangible book value per share of \$51.16, a decrease of \$14.10 from prior quarter, mainly driven by the \$1.1 billion increase in accumulated unrealized losses on fixed rate debt securities available for sale and the impact of the \$400 million ASR



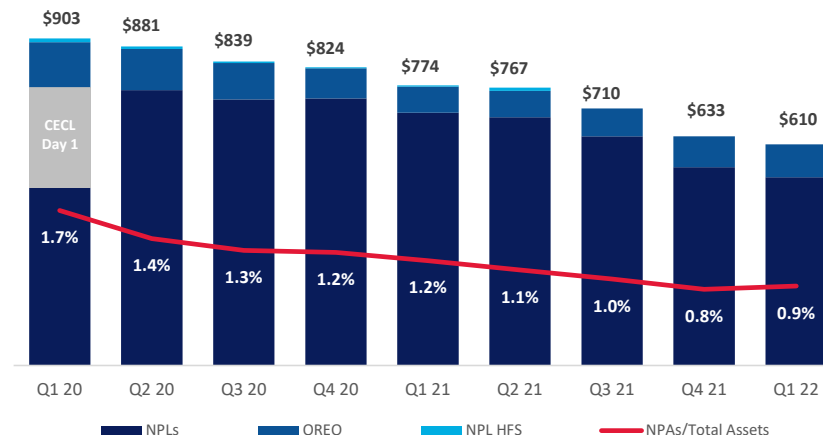
*Note: Estimated for the current period*



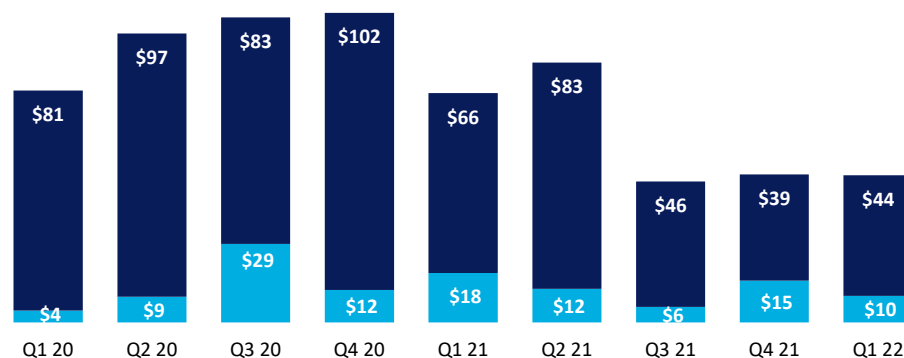
# Non – Performing Assets

- NPAs and NPLs decreased by \$22 million and \$28 million QoQ, respectively
  - NPL inflows remained flat QoQ: P.R. up by \$5 million, while U.S. decreased by \$5 million
  - P.R. NPLs at \$487 million, or 2.3% of loans, down by \$27 million, mostly driven by lower mortgage NPLs
  - U.S. NPLs at \$33 million, or 0.4% of loans, flat QoQ
  - OREO increased by \$5 million QoQ mainly due to the end of the Covid-19 related foreclosure moratorium

## Non-Performing Assets\*



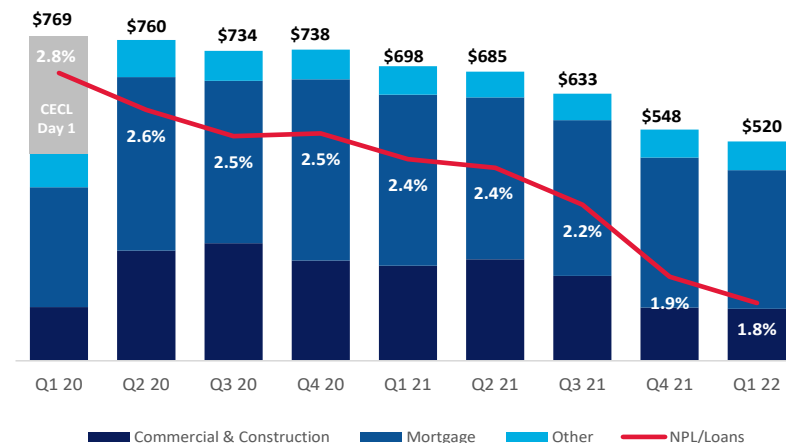
## Total NPL Inflows\*



\*Dollars in millions  
Differences due to rounding

■ U.S. Inflows ■ P.R. Inflows

## Non-Performing Loans\*



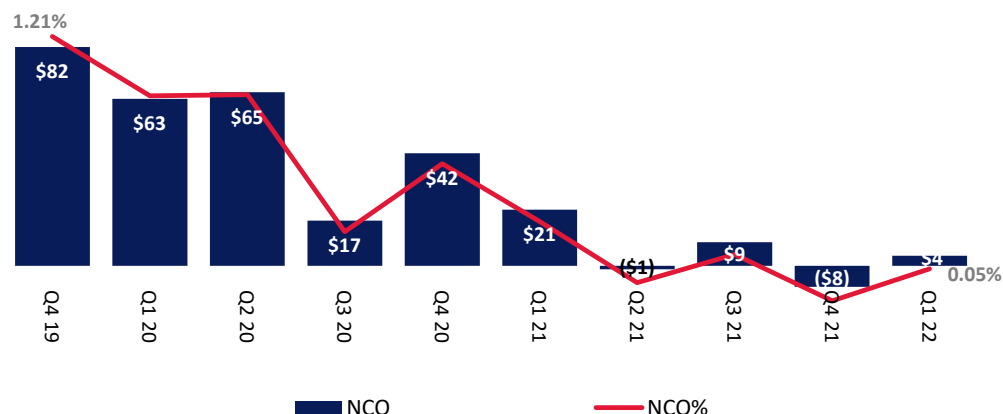
■ Commercial & Construction ■ Mortgage ■ Other ■ NPL/Loans

# NCOs and Allowance for Credit Losses

- NCOs at \$4 million
- NCO ratio at 0.05% vs. (0.11%) in Q4 2021
- ACL decreased by \$18 million QoQ, mainly driven by reductions in qualitative reserves in the BPPR segment, due to substantial improvement in employment levels
- ACL-to-Loans ratio at 2.29% vs. 2.38% in Q4 2021
- ACL-to-NPLs at 130% vs. 127% in Q4 2021

## NCOs and NCO-to-Loan Ratio

(\$ in millions)



(\$ in millions)	Balance 12/31/19	CECL Day 1	Reserve Build (Release)	Balance 12/31/20	Reserve Build (Release)	Balance 12/31/21	Reserve Build (Release)	Balance 03/31/22	ACL/Loan
Commercial	\$ 152	\$ 89	\$ 106	\$ 348	\$ (125)	\$ 222	\$ (11)	\$ 211	1.43%
Mortgage	121	97	(2)	216	(61)	154	(5)	149	2.04%
Leases	11	(1)	7	17	1	18	1	18	1.29%
Consumer:									
Credit Cards	44	19	(16)	46	(3)	43	0	44	4.78%
Personal Loans	88	41	(24)	105	(17)	88	0	88	5.53%
Auto	53	66	31	150	5	154	(2)	152	4.44%
Other	9	5	1	15	1	16	(0)	15	11.60%
Total Consumer	193	130	(8)	316	(15)	301	(2)	299	4.93%
Total ACL	\$ 478	\$ 315	\$ 103	\$ 896	\$ (201)	\$ 695	\$ (18)	\$ 678	2.29%

Differences due to rounding

# Allowance for Credit Losses – Q1 2022 Movement



## ACL Movement:

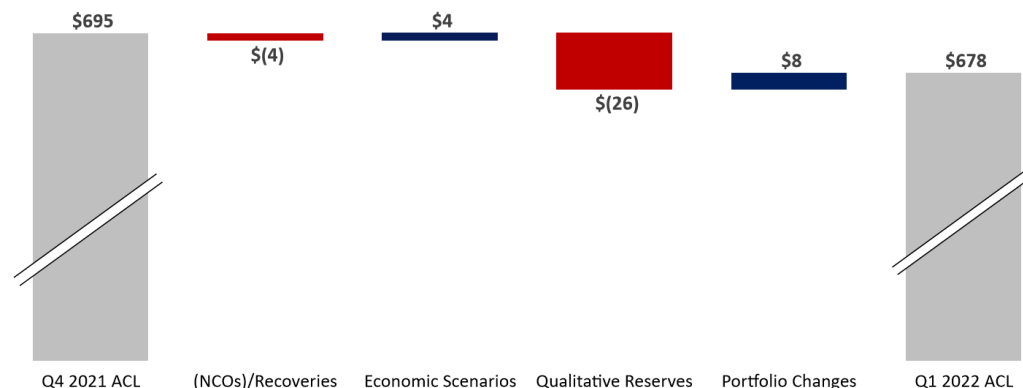
- Moody's February '22 vintage continues to show a favorable economic scenario
- A better-than-expected PR labor market contributed to the reductions in qualitative reserves
- Portfolio changes include changes in credit quality and volume mix. The increase is mainly due to higher commercial loan volume

## Economic Scenario:

- Probability weighted Moody's scenarios
- Baseline scenario is assigned the highest probability, followed by the S3 scenario
- 2022 P.R. and U.S. Baseline forecast reduction for GDP growth is mainly due to changes in fiscal assumptions. 2023 GDP growth shows a slight increase when compared to previous expectations
- The 2022 and 2023 unemployment rate in U.S. and P.R. remain consistent QoQ

## ACL Movement

(\$ in millions)



Economic Activity				
U.S.				
Projections at:	Scenario Description	2022	2023	
4Q21	Baseline	4.6%	2.8%	
	S1 - Stronger Growth	6.2%	2.7%	
	S3 - Recession	0.0%	1.0%	
1Q22	Baseline	3.7%	3.0%	
	S1 - Stronger Growth	5.1%	3.8%	
	S3 - Recession	0.9%	-0.1%	
P.R.				
4Q21	Baseline	4.0%	2.4%	
	S1 - Stronger Growth	5.1%	2.3%	
	S3 - Recession	1.0%	1.3%	
1Q22	Baseline	3.5%	2.6%	
	S1 - Stronger Growth	4.4%	3.1%	
	S3 - Recession	1.5%	0.6%	

Unemployment Rates (UR)			
U.S.			
Projections at:		2022	2023
4Q21	Baseline	3.7%	3.5%
	S1	3.3%	3.0%
	S3	7.8%	8.2%
1Q22	Baseline	3.6%	3.4%
	S1	3.3%	2.9%
	S3	6.0%	7.7%
P.R.			
4Q21	Baseline	7.4%	7.6%
	S1	7.1%	7.2%
	S3	9.7%	10.5%
1Q22	Baseline	7.3%	7.6%
	S1	7.1%	7.2%
	S3	8.8%	10.4%

## Franchise

- Market leader in Puerto Rico
  - Well-positioned to take advantage of economic recovery
  - Focus on customer service supported by broad branch network
  - Differentiated digital offering for retail and commercial customers
  - Diversified fee income driven by unmatched product breadth
  - Strong risk-adjusted loan margins driven by a well-diversified portfolio
  - Substantial liquidity with low deposit beta
- Mainland U.S. banking operation provides geographic diversification
  - Commercial led strategy focused on small and medium-sized businesses
  - Branch footprint in South Florida and New York Metro
  - National niche banking focus in homeowners' associations, healthcare and non-profit organizations

## Capital

- 2022 Capital actions:
  - Entered into an ASR of \$400 million, as part of the previously announced 2022 capital actions to repurchase up to \$500 million of common stock
  - Increased quarterly common stock dividend to \$0.55 per share from \$0.45

## ESG

- Our business provides a powerful platform to make a difference in the lives of our customers, colleagues, communities and shareholders

## Additional Value

- Investments in Evertec and Banco BHD León

2022

# INVESTOR PRESENTATION

First Quarter  
Appendix



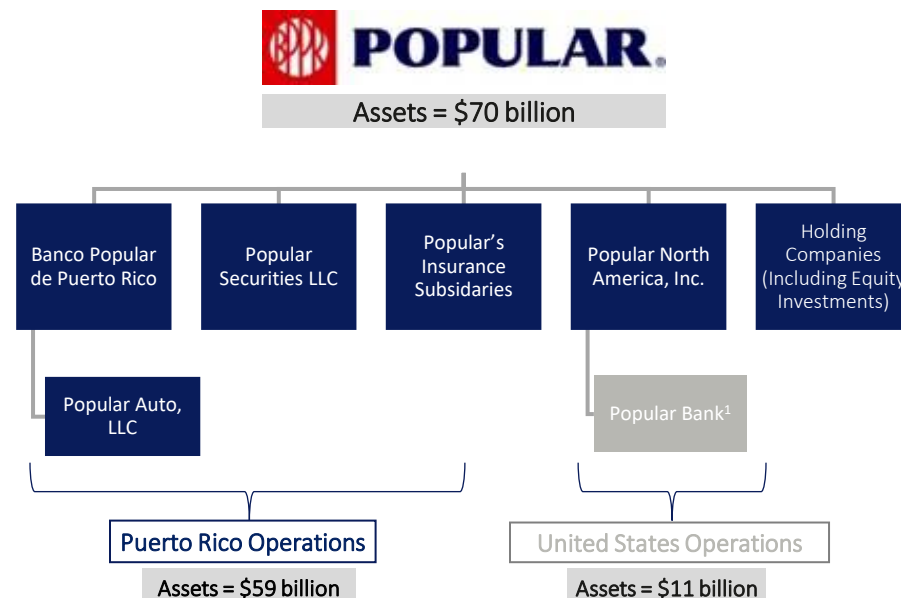
# Corporate Structure – Popular Inc.



## Franchise

Industry	Financial services
Headquarters	San Juan, Puerto Rico
Assets	\$70 billion (among top 50 BHCs in the U.S.)
Loans	\$29 billion
Deposits	\$63 billion
Banking branches	159 in Puerto Rico, 39 in the U.S. (28 in New York and New Jersey and 11 in Florida) and 10 in the U.S. and British Virgin Islands
NASDAQ ticker symbol	BPOP
Market Cap	\$6 billion

## Summary Corporate Structure



### Selected equity investments

EVERTEC and Banco BHD León under Corporate segment



- Transaction processing, business processes outsourcing
- 16.26% stake
- Adjusted EBITDA of \$76 million for the quarter ended December 31, 2021



- Dominican Republic bank
- 15.84% stake
- 2021 net income of \$179 million

Information as of March 31, 2022

<sup>1</sup> Doing business as Popular

# Business Segments

<i>(Unaudited)</i>	BPPR			Popular U.S.		
<i>(\$ in millions)</i> Financial Results	Q1 2022	Q4 2021	Variance	Q1 2022	Q4 2021	Variance
Net interest income	\$ 415	\$ 426	\$ (11)	\$ 87	\$ 83	\$ 4
Non-interest income	136	148	(12)	6	7	(1)
Gross revenues	551	574	(23)	93	90	3
Provision for credit losses (benefit)	(14)	(32)	18	(2)	(1)	(1)
Operating expenses	347	359	(12)	56	53	3
Income before income tax	218	247	(29)	39	38	1
Income tax expense	39	66	(27)	12	10	2
<b>Net income</b>	<b>\$ 179</b>	<b>\$ 181</b>	<b>\$ (2)</b>	<b>\$ 27</b>	<b>\$ 28</b>	<b>\$ (1)</b>

<i>(\$ in millions)</i>						
Balance Sheet Highlights	Q1 2022	Q4 2021	Variance	Q1 2022	Q4 2021	Variance
Total assets	\$58,719	\$64,337	\$ (5,618)	\$10,579	\$10,390	\$ 189
Total loans	21,032	20,889	143	8,576	8,379	197
Total deposits	55,129	59,531	(4,402)	8,140	7,795	345

Asset Quality	Q1 2022	Q4 2021	Variance	Q1 2022	Q4 2021	Variance
Non-performing loans held-in-portfolio / Total loans held-in-portfolio	2.32%	2.47%	(0.15)%	0.39%	0.40%	(0.01)%
Non-performing assets / Total assets	0.98%	0.93%	0.05%	0.33%	0.34%	(0.01)%
Allowance for credit losses / Total loans held-in-portfolio	2.74%	2.85%	(0.11)%	1.18%	1.21%	(0.03)%
Net interest margin	2.67%	2.73%	(0.06)%	3.56%	3.47%	(0.09)%

*The Corporation does not own any loans issued by the P.R. central government or its public corporations. As of March 31, 2022, our direct exposure to P.R. municipalities was \$346 million, down by \$3 million QoQ*

## Municipalities

Obligations of municipalities are backed by real and personal property taxes, municipal excise taxes, and/or a percentage of the sales and use tax

## Indirect Exposure

Indirect exposure includes loans or securities that are payable by non-governmental entities, but which carry a government guarantee to cover any shortfall in collateral in the event of borrower default. Majority are single-family mortgage related

## Outstanding P.R. government exposure

(\$ in millions)

Loans

Securities

Total

### Municipalities

\$	318	\$	27	\$	346
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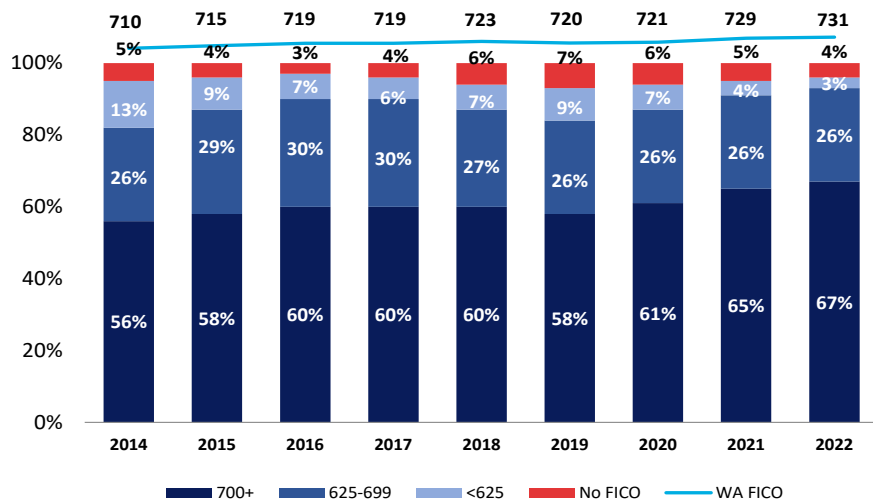
### Indirect Exposure

\$	225	\$	43	\$	268
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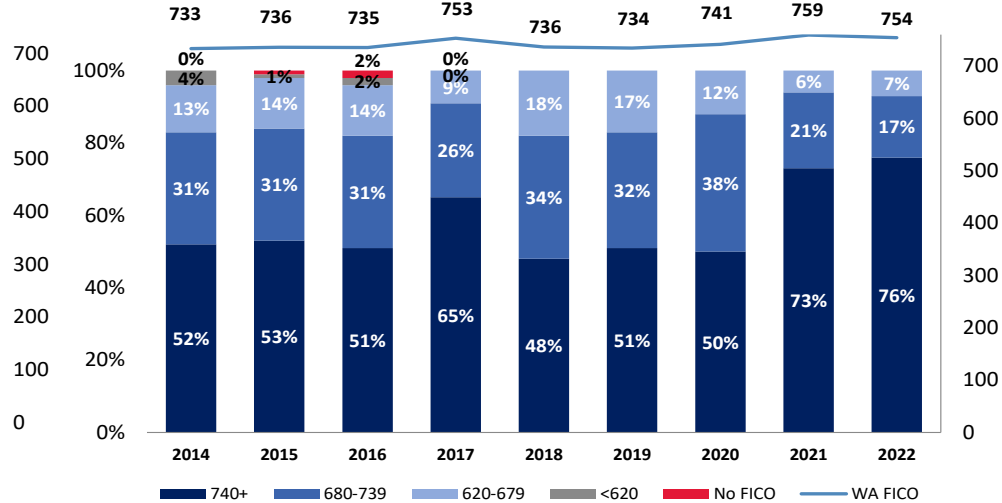


# FICO Mix of Consumer Originations

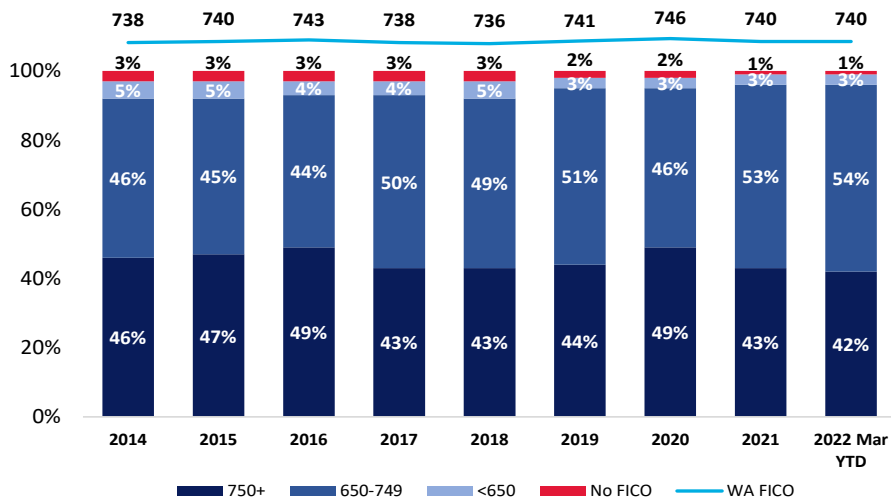
**Auto Loans**  
FICO Mix of Originations (% of Approved Amount)



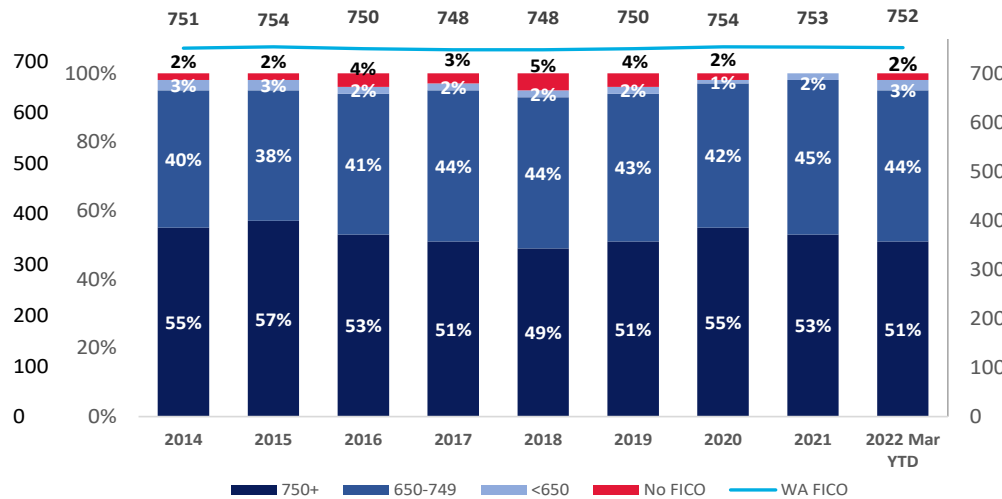
**PR Mortgage Originations (Non-Conforming)**  
By Year and Original FICO (% of Mortgage Amount)



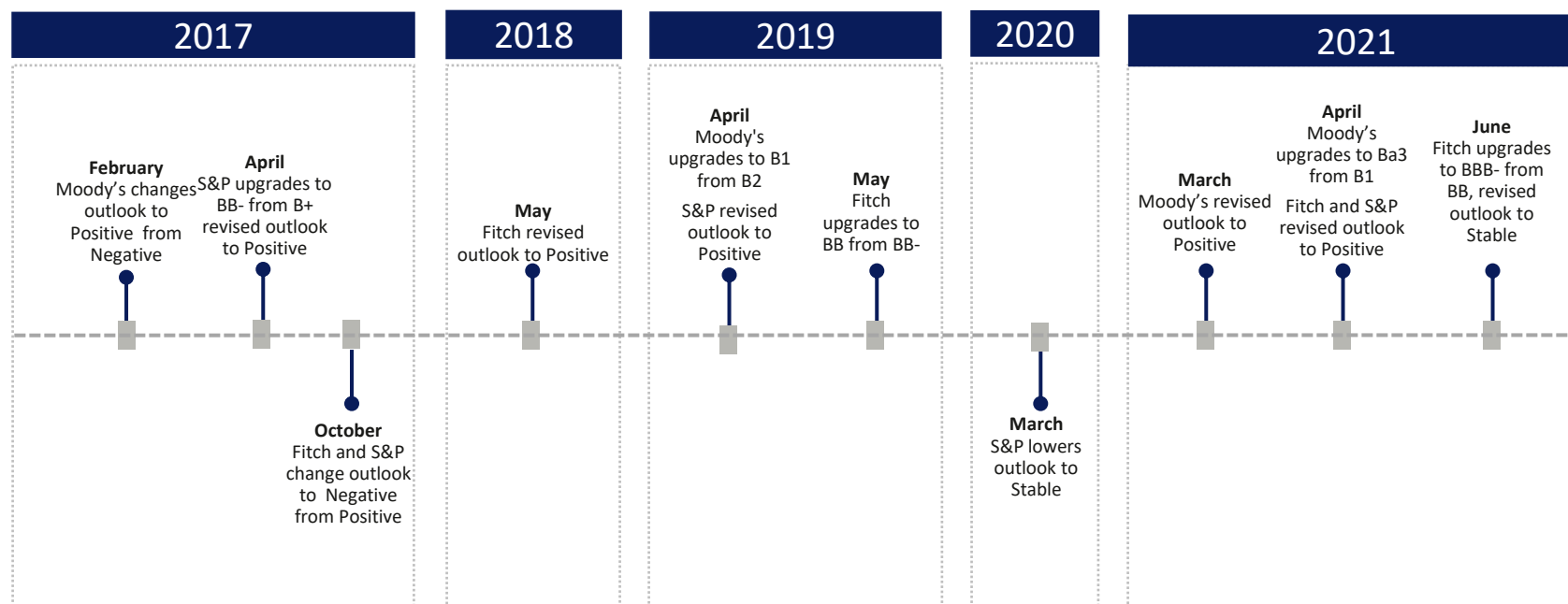
**PR Unsecured Personal Installment Loans**  
FICO Mix of Originations (% of Approved Amount)



**Credit Cards**  
FICO Mix of Originations (% of Approved Amount)



Senior Unsecured Ratings		
Moody's	Ba3	Stable Outlook
Fitch	BBB-	Stable Outlook
S&P	BB-	Positive Outlook



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