

UNITED
SECURITIES EXCHANGE COMMISSION
Washington, D.C.
20549

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended September 30, 2024

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Commission File Number: 001-34084

POPULAR, INC.

(Exact name of registrant as specified in its

Puerto Rico charter)

(State or other jurisdiction of incorporation or organization)

66-0667416

(IRS Employer Identification Number)

Popular Center Building
209 Muñoz Rivera

Ave. 100, P.O. Box 100, San Juan, Puerto Rico
(Address of principal executive offices)

00918
(Zip code)

(787) 765-9800

(Registrant's telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$0.01 par value)	BPOP	The NASDAQ Stock Market
8.0125% Cumulative Monthly Income Preferred Securities	BPOPM	The NASDAQ Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange

Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

Emerging growth company, indicate by check mark if the registrant has elected not to use the transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 par value, 71,306,133 shares outstanding as of November 7, 2024.

**POPULAR INC
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Forward-Looking Statements

This Form 10-Q contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including, without limitation, statements about Popular, Inc.'s (the "Corporation," "Popular," "we," "us," "our") business, financial condition, results of operations, plans, objectives and future performance. These statements are not guarantees of future performance, are based on management's current expectations 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. Risks and uncertainties include without limitation the effect of competitive and economic factors, and our reaction to those factors, the adequacy of the allowance for loan losses, delinquency trends, market risk and the impact of interest rate changes, capital markets conditions, capital adequacy and liquidity, and the effect of legal and regulatory proceedings and new accounting standards on the Corporation's financial condition and results of operations. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "continues," "expect," "estimate," "intend," "project" and similar expressions and future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions are generally intended to identify forward-looking statements.

Various factors, some of which are beyond Popular's control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- the rate of growth or decline in the economy and employment levels, as well as general business and economic conditions in the geographic areas we serve and, in particular, in the Commonwealth of Puerto Rico (the "Commonwealth" or "Puerto Rico"), where a significant portion of our business is concentrated;
- adverse economic conditions, including high levels of inflation, that adversely affect housing prices, the job market, consumer confidence and spending habits which may affect in turn, among other things, our level of non-performing assets, charge-offs and provision expense;
- changes in interest rates and market liquidity, which may reduce interest margins, impact funding sources, reduce loan originations, affect our ability to originate and distribute financial products in the primary and secondary markets and impact the value of our investment portfolio and our ability to return capital to our shareholders;
- the impact of bank failures or adverse developments at other banks and related negative media coverage of the banking industry in general on investor and depositor sentiment regarding the stability and liquidity of banks;
- the impact of the current fiscal and economic challenges of Puerto Rico and the measures taken and to be taken by the Puerto Rico Government and the Federally-appointed oversight board on the economy, our customers and our business;
- the impact of the pending debt restructuring proceedings under Title III of the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA") and of other actions taken or to be taken to address Puerto Rico's fiscal challenges on the value of our portfolio of Puerto Rico government securities and loans to governmental entities and of our commercial, mortgage and consumer loan portfolios where private borrowers could be directly affected by governmental action;
- the amount of Puerto Rico public sector deposits held at the Corporation, whose future balances are uncertain and difficult to predict and may be impacted by factors such as the amount of Federal funds received by the P.R. Government and the rate of expenditure of such funds, as well as the financial condition, liquidity and cash management practices of the Puerto Rico Government and its instrumentalities;
- unforeseen or catastrophic events, including extreme weather events, including hurricanes, other natural disasters, man-made disasters, acts of violence or war or pandemics, epidemics and other health-related crises, or the fear of such an event occurring, any of which could cause adverse consequences for our business, including, but not limited to, disruptions in our operations;

- our ability to achieve the expected benefits from our transformation initiative, including our ability to achieve projected earnings, efficiencies and our targeted sustainable return on tangible common equity of 14% by the end of 2025;
- risks related to Popular's acquisition of certain information technology and related assets formerly used by Evertec, Inc. to service certain of Banco Popular de Puerto Rico's key channels, as well as the entry into amended and restated commercial agreements (the "Evertec Business Acquisition Transaction");
- the fiscal and monetary policies of the federal government and its agencies;
- changes in federal bank regulatory and supervisory policies, including required levels of capital, liquidity, resolution-related requirements and the impact of other proposed capital standards on our capital ratios;
- additional Federal Deposit Insurance Corporation ("FDIC") assessments, such as the special assessment implemented by the FDIC to recover the losses to the deposit insurance fund ("DIF") resulting from the receiverships of Silicon Valley Bank and Signature Bank;
- regulatory approvals that may be necessary to undertake certain actions or consummate strategic transactions, such as acquisitions and dispositions;
- the relative strength or weakness of the consumer and commercial credit sectors and of the real estate markets in Puerto Rico and the other markets in which our borrowers are located;
- a deterioration in the credit quality of our clients, customers and counterparties;
- the performance of the stock and bond markets;
- competition in the financial services industry;
- possible legislative, tax or regulatory changes;
- a failure in or breach of our operational or security systems or infrastructure or those of Evertec, Inc., our provider of core financial transaction processing and information technology services, or of third parties providing services to us, including as a result of cyberattacks, e-fraud, denial-of-services and computer intrusion, resulting in, among other things, loss or breach of customer data, disruption of services, reputational damage or additional costs to Popular;
- changes in market rates and prices which may adversely impact the value of financial assets and liabilities;
- potential judgments, claims, damages, penalties, fines, enforcement actions and reputational damage resulting from pending or future litigation and regulatory or government investigations or actions;
- changes in accounting standards, rules and interpretations;
- our ability to grow our core businesses;
- decisions to downsize, sell or close branches or business units or otherwise change our business mix; and
- management's ability to identify and manage these and other risks.

Moreover, the outcome of legal and regulatory proceedings, as discussed in "Part II, Item 1. Legal Proceedings," is inherently uncertain and depends on judicial interpretations of law and the findings of regulators, judges and/or juries. Investors should refer to the Corporation's Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), as well as "Part II, Item 1A" of our Quarterly Reports on Form 10-Q for a discussion of such factors and certain risks and uncertainties to which the Corporation is subject.

All forward-looking statements included in this Form 10-Q are based upon information available to Popular as of the date of this Form 10-Q, and other than as required by law, including the requirements of applicable securities laws, we assume no obligation to update or revise any such forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

POPULAR, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)

(In thousands, except share information)	September 30, 2024	December 31, 2023
Assets:		
Cash and due from banks	\$ 427,594	\$ 420,462
Money market investments:		
Time deposits with other banks	6,530,788	6,998,871
Total money market investments	6,530,788	6,998,871
Trading account debt securities, at fair value:		
Other trading account debt securities	30,843	31,568
Debt securities available-for-sale, at fair value:		
Pledged securities with creditors' right to repledge	31,500	72,827
Other debt securities available-for-sale	17,154,623	16,656,217
Debt securities available-for-sale	17,186,123	16,729,044
Debt securities held-to-maturity, at amortized cost:		
Pledged securities with creditors' right to repledge	27,154	27,083
Other debt securities held-to-maturity	7,838,140	8,167,252
Debt securities held-to-maturity (fair value 2024 - \$7,915,928; 2023 - \$8,159,385)	7,865,294	8,194,335
Less - Allowance for credit losses	5,430	5,780
Debt securities held-to-maturity, net	7,859,864	8,188,555
Equity securities (realizable value 2024 - \$198,920; 2023 - \$194,641)	198,191	193,726
Loans held-for-sale, at fair value	5,509	4,301
Loans held-in-portfolio	36,599,612	35,420,879
Less - Unearned income	404,645	355,908
Allowance for credit losses	744,320	729,341
Total loans held-in-portfolio, net	35,450,647	34,335,630
Premises and equipment, net	624,376	565,284
Other real estate	63,028	80,416
Accrued income receivable	257,406	263,433
Mortgage servicing rights, at fair value	108,827	118,109
Other assets	1,767,919	2,014,564
Goodwill	804,428	804,428
Other intangible assets	7,531	9,764
Total assets	\$ 71,323,074	\$ 70,758,155
Liabilities and Stockholders' Equity:		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 15,276,071	\$ 15,419,624
Interest bearing	48,392,430	48,198,619
Total deposits	63,668,501	63,618,243
Assets sold under agreements to repurchase	55,360	91,384
Notes payable	918,376	986,948
Other liabilities	890,323	914,627
Total liabilities	65,532,560	65,611,202
Commitments and contingencies (Refer to Note 20)		
Stockholders' equity:		
Preferred stock, 30,000,000 shares authorized; 885,726 shares issued and outstanding (2023 - 885,726)	22,143	22,143
Common stock, \$0.01 par value; 170,000,000 shares authorized; 104,832,712 shares issued (2023 - 104,767,348) and 71,787,349 shares outstanding (2023 - 72,153,621)	1,048	1,048
Surplus	4,853,869	4,843,399
Retained earnings	4,495,878	4,194,851
Treasury stock - at cost, 33,045,363 shares (2023 - 32,613,727)	(2,069,430)	(2,018,957)
Accumulated other comprehensive loss, net of tax	(1,512,994)	(1,895,531)
Total stockholders' equity	5,790,514	5,146,953
Total liabilities and stockholders' equity	\$ 71,323,074	\$ 70,758,155

The accompanying notes are an integral part of these Consolidated Financial Statements.

POPULAR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share information)	Quarters ended September 30, Nine months ended September 30,			
	2024	2023	2024	2023
Interest income:				
Loans	\$ 664,731	\$ 596,886	\$ 1,952,200	\$ 1,708,216
Money market investments	96,061	99,286	272,893	265,785
Investment securities	176,656	148,614	528,403	403,814
Total interest income	937,448	844,786	2,753,496	2,377,815
Interest expense:				
Deposits	350,985	294,121	1,020,420	730,824
Short-term borrowings	1,430	1,478	3,748	5,987
Long-term debt	12,560	15,167	37,799	43,660
Total interest expense	364,975	310,766	1,061,967	780,471
Net interest income	572,473	534,020	1,691,529	1,597,344
Provision for credit losses	71,448	45,117	190,840	129,946
Net interest income after provision for credit losses	501,025	488,903	1,500,689	1,467,398
Non-interest income:				
Service charges on deposit accounts	38,315	37,318	113,283	109,777
Other service fees	98,748	93,407	289,883	277,748
Mortgage banking activities (Refer to Note)	2,670	5,393	12,753	15,109
Net (loss) gain, including impairment on equity securities	(546)	(1,319)	876	1,165
Net gain on trading account debt	817	219	1,455	632
Net loss on sale of loans on loans held-for-sale, including valuation adjustments	-	(44)	-	(44)
Adjustments to indemnity reserves on loans sold	808	(187)	783	(31)
Other operating income	23,270	24,762	75,173	77,625
Total non-interest income	164,082	159,549	494,206	481,981
Operating expenses:				
Personnel costs	201,856	193,152	614,657	583,380
Net occupancy expenses	28,031	28,100	83,764	81,304
Equipment expenses	9,349	8,905	28,578	26,878
Other taxes	17,757	8,590	47,465	41,290
Professional fees	26,708	38,514	93,370	122,077
Technology and software expenses	88,452	72,930	247,666	213,843
Processing and transactional services	34,320	37,899	107,610	108,609
Communications	5,229	4,220	14,143	12,483
Business promotion	25,637	23,075	72,075	67,029
Deposit insurance	10,433	8,932	44,901	24,600
Other real estate owned (OREO) income	(2,674)	(5,189)	(13,745)	(10,197)
Other operating expenses	21,519	23,061	77,293	70,274
Amortization of intangibles	704	795	2,233	2,385
Goodwill impairment charge	-	23,000	-	23,000
Total operating expenses	467,321	465,984	1,420,010	1,366,955
Income before income tax	197,786	182,468	574,885	582,424
Income tax expense	42,463	45,859	138,490	135,676
Net	\$ 155,323	\$ 136,609	\$ 436,395	\$ 446,748
Net Income Applicable to Common Stock	\$ 154,970	\$ 136,256	\$ 435,336	\$ 445,689
Net Income per Common Share -	\$ 2.16	\$ 1.90	\$ 6.06	\$ 6.22
Basic Income per Common Share -	\$ 2.16	\$ 1.90	\$ 6.05	\$ 6.21

Diluted company notes are an integral part of these Consolidated Financial Statements.

POPULAR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

(In thousands)	Quarters ended, September 30,		Nine months ended, September 30,	
	2024	2023	2024	2023
Net income	\$ 155,323	\$ 136,609	\$ 436,395	\$ 446,748
Other comprehensive income (loss) before tax:				
Foreign currency translation adjustment	615	(976)	(3,240)	(220)
Amortization of net losses of pension and postretirement benefit plans	3,618	4,814	10,854	14,440
Unrealized holding gains (losses) on debt securities arising during the period	380,927	(234,827)	330,319	(99,360)
Amortization of unrealized losses of debt securities transfer from available-for-sale to held-to-maturity	45,331	43,783	133,761	128,726
Unrealized net gains (losses) on cash flow hedges	-	-	-	(30)
Reclassification adjustment for net gains(losses) included in net income	-	-	-	(41)
Other comprehensive income (loss) before tax	430,491	(187,206)	471,694	43,515
Income tax expense	(65,203)	(18,301)	(89,157)	(52,529)
Total other comprehensive income (loss), net of tax	365,288	(205,507)	382,537	(9,014)
Comprehensive income (loss), net of tax	\$ 520,611	\$ (68,898)	\$ 818,932	\$ 437,734

Tax effect allocated to each component of other comprehensive income (loss):

(In thousands)	Quarters ended, September 30,		Nine months ended, September 30,	
	2024	2023	2024	2023
Adjustment of pension and postretirement benefit plans	\$ -	\$ -	\$ -	\$ -
Amortization of net losses of pension and postretirement benefit plans	(1,357)	(1,805)	(4,070)	(5,415)
Unrealized holding losses on debt securities arising during the period	(54,779)	(7,740)	(58,334)	(21,396)
Amortization of unrealized losses of debt securities transfer from available-for-sale to held-to-maturity	(9,067)	(8,756)	(26,753)	(25,744)
Unrealized net (losses) gains on cash flow hedges	-	-	-	11
Reclassification adjustment for net (gains) losses included in net income	-	-	-	15
Income tax expense	\$ (65,203)	\$ (18,301)	\$ (89,157)	\$ (52,529)

The accompanying notes are an integral part of the Consolidated Financial Statements.

POPULAR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock	Preferred stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive (loss) income	Total
(In thousands)							
Balance at June 30, 2023	\$ 1,047	\$ 22,143	\$ 4,795,581	\$ 4,093,284	\$ (2,018,611)	\$ (2,328,435)	\$ 4,565,009
Net income				136,609			136,609
Issuances of common stock	1		1,599				1,600
Dividends declared:							
Common stock ^[1]				(39,675)		(39,675)	
Preferred stock				(353)		(353)	
Common stock purchases					(250)		(250)
Stock based compensation			184		(9)		175
Other comprehensive loss, net of tax						(205,507)	(205,507)
Balance at September 30, 2023	\$ 1,048	\$ 22,143	\$ 4,797,364	\$ 4,189,865	\$ (2,018,870)	\$ (2,533,942)	\$ 4,457,608
Balance at June 30, 2024	\$ 1,048	\$ 22,143	\$ 4,852,747	\$ 4,385,522	\$ (2,010,500)	\$ (1,878,282)	\$ 5,372,678
Net income				155,323			155,323
Issuances of common stock			1,704				1,704
Dividends declared:							
Common stock ^[1]				(44,614)		(44,614)	
Preferred stock				(353)		(353)	
Common stock purchases					(59,147)		(59,147)
Stock based compensation			(582)		217		(365)
Other comprehensive income, net of tax						365,288	365,288
Balance at September 30, 2024	\$ 1,048	\$ 22,143	\$ 4,853,869	\$ 4,495,878	\$ (2,069,430)	\$ (1,512,994)	\$ 5,790,514

[1] Dividends declared per common share during the quarter ended September 30, 2024 - \$ 0.62 (2023 - \$ 0.55).

POPULAR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock	Preferred stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive (loss) income	Total
(In thousands)							
Balance at December 31, 2022	\$ 1,047	\$ 22,143	\$ 4,790,993	\$ 3,834,348	\$ (2,030,178)	\$ (2,524,928)	\$ 4,093,425
Cumulative effect of accounting change				28,752			28,752
Net income				446,748			446,748
Issuances of common stock	1			4,716			4,716
Dividends declared:							
Common stock ^[1]				(118,924)			(118,924)
Preferred stock				(1,059)			(1,059)
Common stock purchases					(4,491)		(4,491)
Stock based compensation			1,655		15,799		17,454
Other comprehensive loss, net of tax						(9,014)	(9,014)
Balance at September 30, 2023	\$ 1,048	\$ 22,143	\$ 4,797,364	\$ 4,189,865	\$ (2,018,870)	\$ (2,533,942)	\$ 4,457,608
Balance at December 31, 2023	\$ 1,048	\$ 22,143	\$ 4,843,399	\$ 4,194,851	\$ (2,018,957)	\$ (1,895,531)	\$ 5,146,953
Net income				436,395			436,395
Issuances of common stock				5,271			5,271
Dividends declared:							
Common stock ^[1]				(134,309)			(134,309)
Preferred stock				(1,059)			(1,059)
Common stock purchases					(65,923)		(65,923)
Stock based compensation			5,199		15,450		20,649
Other comprehensive income, net of tax						382,537	382,537
Balance at September 30, 2024	\$ 1,048	\$ 22,143	\$ 4,853,869	\$ 4,495,878	\$ (2,069,430)	\$ (1,512,994)	\$ 5,790,514

[1] Dividends declared per common share during the nine months ended September 30, 2024 - \$ 1.86 (2023 - \$ 1.65).

	For the period ended	
	September 30, 2024	September 30, 2023
<u>Disclosure of changes in number of shares:</u>		
Preferred Stock:		
Balance at beginning and end of period	885,726	885,726
Common Stock – Issued:		
Balance at beginning of period	104,767,348	104,657,522
Issuances of common stock	65,364	82,789
Balance at end of period	104,832,712	104,740,311
Treasury stock	(33,045,363)	(32,612,716)
Common Stock – Outstanding	71,787,349	72,127,595

The accompanying notes are an integral part of these Consolidated Financial Statements.

POPULAR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 436,395	\$ 446,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	190,840	129,946
Goodwill impairment charge	-	23,000
Amortization of intangibles	2,233	2,385
Depreciation and amortization of premises and equipment	46,720	43,180
Net accretion of discounts and amortization of premiums and deferred fees	(196,221)	(22,495)
Interest capitalized on loans subject to the temporary payment moratorium or loss mitigation alternatives	(5,933)	(7,956)
Share-based compensation	17,853	15,079
Fair value adjustments on mortgage servicing rights	10,280	11,135
Adjustments to indemnity reserves on loans sold	(783)	31
Earnings from investments under the equity method, net of dividends or distributions	(12,723)	(17,387)
Deferred income tax expense (benefit)	19,247	(13,539)
(Gain) loss on:		
Disposition of premises and equipment and other productive assets	(7,651)	(9,744)
Proceeds from insurance claims	-	(145)
Sale of loans, including valuation adjustments on loans held-for-sale and mortgage banking activities	(396)	177
Sale of foreclosed assets, including write-downs	(13,590)	(18,137)
Acquisitions of loans held-for-sale	(5,810)	(6,678)
Proceeds from sale of loans held-for-sale	28,697	35,286
Net originations on loans held-for-sale	(31,284)	(60,285)
Net decrease (increase) in:		
Trading debt securities	10,445	29,415
Equity securities	(7,337)	(7,481)
Accrued income receivable	6,032	(17,638)
Other assets	15,425	(981)
Net (decrease) increase in:		
Interest payable	(4,785)	8,009
Pension and other postretirement benefits obligation	5,937	11,985
Other liabilities	(28,352)	(100,887)
Total adjustments	38,844	26,275
Net cash provided by operating activities	475,239	473,023
Cash flows from investing activities:		
Net decrease (increase) in money market investments	469,042	(775,597)
Purchases of investment securities:		
Available-for-sale	(24,469,345)	(12,665,449)
Held-to-maturity	-	(8,615)
Equity	(2,370)	(18,279)
Proceeds from calls, paydowns, maturities and redemptions of investment securities:		
Available-for-sale	24,670,995	13,138,765
Held-to-maturity	508,511	308,129
Proceeds from sale of investment securities:		
Equity	5,242	30,926
Net disbursements on loans	(833,899)	(1,609,387)
Proceeds from sale of loans	18,266	133,078
Acquisition of loan portfolios	(510,556)	(556,659)
Return of capital from equity method investments	279	249
Payments to acquire equity method investments	(1,250)	(1,500)
Acquisition of premises and equipment and other productive assets	(153,085)	(133,598)
Proceeds from insurance claims	-	145
Proceeds from sale of:		
Premises and equipment and other productive assets	5,570	6,620
Foreclosed assets	82,986	84,446
Net cash used in investing activities	(209,614)	(2,066,726)

Cash flows from financing activities:

Net increase (decrease) in:		
Deposits	46,924	2,085,956
Assets sold under agreements to repurchase	(36,024)	(55,538)
Other short-term borrowings	-	(365,000)
Payments of notes payable	(69,570)	(321,000)
Principal payments of finance leases	(2,717)	(3,557)
Proceeds from issuances of notes payable	-	437,411
Proceeds from issuances of common stock	5,271	4,716
Dividends paid	(135,495)	(119,715)
Net payments for repurchase of common stock	(59,556)	(414)
<u>Payments related to tax withholding for share-based compensation</u>	<u>(6,367)</u>	<u>(4,077)</u>
<u>Net cash (used in) provided by financing activities</u>	<u>(257,534)</u>	<u>1,658,782</u>
Net increase in cash and due from banks, and restricted cash	8,091	65,079
<u>Cash and due from banks, and restricted cash at beginning of period</u>	<u>427,575</u>	<u>476,159</u>
<u>Cash and due from banks, and restricted cash at the end of the period</u>	<u>\$ 435,666</u>	<u>\$ 541,238</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Note 1 – Nature of Operations

Popular, Inc. (the "Corporation" or "Popular") is a diversified, publicly-owned financial holding company subject to the supervision of the Board of Governors of the Federal Reserve System. The Corporation has operations in Puerto Rico and the United States ("U.S.") and U.S. and British Virgin Islands. In Puerto Rico, the Corporation provides retail, mortgage, commercial banking services, through its principal banking subsidiary, Banco Popular de Puerto Rico ("BPPR"), as well as broker, auto and equipment leasing and financing, and insurance services through specialized subsidiaries. In the U.S. mainland, the Corporation provides retail, mortgage, commercial banking services, as well as equipment leasing and financing, through its New York-chartered banking subsidiary, Popular Bank ("PB" or "Popular U.S."), which has branches located in New Jersey, New York, and Florida.

Note 2 – Basis of Presentation

Basis of Presentation

The (unaudited) interim Consolidated Financial Statements are, in the opinion of management, a fair statement of the results for the periods reported and include all necessary adjustments, all of a normal recurring nature, for a fair statement of such results. The statement of financial condition presented as of December 31, 2023 was derived from audited Consolidated Financial Statements of the Corporation for the year ended December 31, 2023.

Certain information and notes to the financial statements disclosures which would normally be included in financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (US GAAP), have been omitted from the unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these financial statements should be read in conjunction with the audited Consolidated Financial Statements of the Corporation for the year ended December 31, 2023, included in the 2023 Form 10-K. Operating results for the periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

Tax impact on Intercompany Distributions

The net income for the nine months ended September 30, 2024 included \$6.5 million of expenses, of which \$6.5 million was reflected in income tax expense and \$34 million was reflected in other operating expenses, related to an out-of-period adjustment associated with the Corporation's U.S. subsidiary's non-payment of taxes on certain intercompany distributions to the Bank Holding Company (BHC) in Puerto Rico, a foreign corporation for U.S. tax purposes. The adjustment corrected errors for income tax that should have been recognized \$5.6 billion and \$4 million in the years 2023 and 2022, respectively, aggregate of \$6 million, in the years prior to 2022. The \$6 million recognized as other operating expense interest due up to March 31, 2024 on the related late payment of the corresponding tax, of which approximately \$6 million correspond to years prior to 2022. As a result of this adjustment, the deferred tax asset related to NOL of the BHC and its related allowance was reduced by \$3.7 million. The Corporation evaluated the impact of the out-of-period adjustment and concluded it is not material to any previously issued interim or annual consolidated financial statements and the adjustment is not expected to be material to the year ending December 31, 2024.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - New accounting pronouncements

Recently Adopted Accounting Standards Updates

<i>Standard</i>	<i>Description</i>	<i>Date of adoption</i>	<i>Effect on the financial statements</i>
<i>FASB ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</i>	The FASB issued ASU 2023-02 in March 2023, which amends Accounting Standard Update ("ASU") 2023-02 in March 2023, which amends Accounting Standards Codification ("ASC") Topic 323 by permitting the election to apply the proportional amortization method to for certain equity investments that generate income tax credits through investment in low-income-housing tax credit (LIHTC) structures and other tax credit programs if certain conditions are met. The ASU also eliminates the application of the ASC Subtopic 323-740 to LIHTC investments not accounted for using the proportional amortization method and instead requires the use of other guidance.	January 1, 2024	The Corporation was not impacted by the adoption of this ASU since it does hold investments in tax investments.
<i>FASB ASU 2023-01, Leases (Topic 842) - Common Control Arrangements</i>	The FASB issued ASU 2023-01 in March 2023, which amends ASC Topic 842 and requires the amortization leasehold improvements associated with common control leases over the useful life of the leasehold improvements to the common control group as long as the lessee continues of the underlying assets through a lease. In addition, the ASU requires companies to account for leasehold assets associated with common control leases as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset.	January 1, 2024	The Corporation was not impacted by the adoption of this ASU since it does hold common control leasehold assets, however, it will consider guidance to determine the amortization period for and treatment of leasehold arrangements with common control leases acquired on or after the effective date.
<i>FASB ASU 2022-03, Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restriction</i>	The FASB issued ASU 2022-03 in June 2022, which clarifies that a contractual restriction that prohibits the sale of an equity security is not considered part of the unit of account of the equity security, therefore, is not considered in measuring its fair value. The ASU also provides enhanced disclosures for equity securities subject to a contractual sale restriction.	January 1, 2024	The Corporation was not impacted by the adoption of this amendment since it does not hold securities measured at fair value with sale restrictions.

Accounting Standards Updates Not Yet Adopted

<i>Standard</i>	<i>Description</i>	<i>Date of adoption</i>	<i>Effect on the financial statements</i>
<i>FASB ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation (Subtopic 220-40): Disaggregation of Income Statement Expenses</i>	The FASB issued ASU 2024-03 in November 2024, which requires public entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods to improve financial transparency. For fiscal years beginning after January 1, 2028	January 1, 2027	The Corporation is currently evaluating any impact that the adoption of this guidance will have on its statements and presentation disclosures.
<i>FASB ASU 2024-02, Codification Improvements—Amendments to Remove References to the Concepts Statements</i>	The FASB issued ASU 2024-02 in March 2024, which removes various references to concept statements from the FASB Accounting Standards Codification. The ASU intends to simplify the Codification and distinguish between nonauthoritative and authoritative guidance.	January 1, 2025	The Corporation does not expect to be impacted by the adoption of this ASU as it does not provide for emanating or new presentation disclosure requirements. The eliminated references within Accounting Standards Codification the concept statements, which considered non-authoritative guidance.
<i>FASB ASU 2024-01, Compensation - - Scope Application of Profits Interest and Similar Awards</i>	The FASB issued ASU 2024-01 in March 2024, which amends ASC Topic 718 by including an illustrative example to demonstrate how an entity would apply the scope guidance in paragraph 718-10-15-3 to determine whether profits interest awards should be accounted for in accordance with ASC Topic 718. The ASU is intended to reduce complexity and diversity in practice.	January 1, 2025	The Corporation does not expect to be impacted by the adoption of this ASU as the performance share awards of the Corporation continue to meet the requirements of ASC 718-10-15-3.
<i>FASB ASU 2023-09, Income Tax (Topic 740) - Improvements to Income Tax Disclosures</i>	The FASB issued ASU 2023-09 in December 2023, which amends ASC Topic 740 by enhancing disclosures regarding rate reconciliation and requiring the disclosure of income taxes paid, income (or loss) from continuing operations before income tax expense and income tax expense disaggregated by national, state and foreign level. Disclosures that no longer were considered cost beneficial or relevant were removed from ASC Topic 740.	January 1, 2025	The Corporation is currently evaluating any impact that the adoption of this guidance will have on its statements and presentation disclosures.
<i>FASB ASU 2023-08, Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60) - Accounting for and Disclosure of Crypto Assets</i>	The FASB issued ASU 2023-08 in December 2023, which amends ASC Subtopic 350-60 by requiring that crypto assets are measured at fair value in the statement of financial position each reporting period with changes from remeasurement being recognized in net income. The ASU also requires enhanced disclosures for both annual and interim reporting periods to provide investors with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings.	January 1, 2025	The Corporation does not expect to be impacted by the adoption of this ASU as it does not hold crypto-assets.

Accounting Standards Updates Not Yet Adopted

<i>Standard</i>	<i>Description</i>	<i>Date of adoption</i>	<i>Effect on the financial statements</i>
<i>FASB ASU 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures</i>	The FASB issued ASU 2023-07 in November 2023, which amends ASC Topic 280 by requiring additional disclosures about significant segment expenses.	January 1, 2024	The Corporation is currently evaluating any impact that the adoption of guidance will have on its statements and presentation disclosures.
	For interim periods within fiscal years beginning after January 1, 2025		
<i>FASB ASU 2023-06, Disclosure Improvements Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative</i>	The FASB issued ASU 2023-06 in October 2023 which modifies the disclosure presentation requirements of various related subtopics in the Codification with the purpose of aligning U.S. GAAP requirements with those of the SEC under Regulation S-X and S-K.	The date on which the SEC removes the requirements from Regulation S-X or Regulation S-K, if by S-K. June 30, 2027, the SEC has not removed the applicable requirements from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.	The Corporation does not expect to be impacted by the adoption of this since it is currently subject to current disclosure and presentations under Regulation S-X and Regulation S-K. If by S-K.
<i>FASB ASU 2023-05, Business Combinations - Joint Venture (Subtopic 805-60) - Recognition and initial measurement</i>	The FASB issued ASU 2023-05 in August 2023, which amends ASC Subtopic 805-60 to include specific guidance about how joint ventures should recognize and initially measure assets contributed and liabilities assumed. The amendments require that a joint venture, upon formation, recognize and initially measure its assets and liabilities at fair value.	January 1, 2025	The Corporation does not expect to be impacted by the adoption of this but will consider this guidance for the measurement of assets and liabilities of newly created ventures.

Note 4 - Restrictions on cash and due from banks and certain securities

BPPR is required by regulatory agencies to maintain average reserve balances with the Federal Reserve Bank of New York ("the Fed") and other banks. Average reserve balances in BPPR amounted to \$1.9 billion at September 30, 2024 (December 31, 2023 \$2.7 billion). Cash and due from banks, as well as other highly liquid securities, are used to cover these required average balances.

At September 30, 2024, the Corporation held \$1.6 billion in restricted assets in the form of funds deposited in money market accounts, debt securities available for sale and equity securities (December 31, 2023 \$1.8 billion). The restricted assets held debt securities available for sale and equity securities consist primarily of assets held for the Corporation's non-qualified retirement plans and fund deposits guaranteeing possible liens or encumbrances over the title of insured properties.

Note 5 – Debt securities available-for-sale

The following tables present the amortized cost, gross unrealized gains and losses, fair value, weighted average yield and contractual maturities of debt securities available-for-sale at September 30, 2024 and December 31, 2023.

	At September 30, 2024				
(in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield
U.S. Treasury securities					
Within 1 year	\$ 8,914,560	\$ 1,555	\$ 45,154	\$ 8,870,961	3.77 %
After 1 to 5 years	2,715,749	3,393	65,673	2,653,469	2.35
Total U.S. Treasury securities	11,630,309	4,948	110,827	11,524,430	3.44
Collateralized mortgage obligations - federal agencies					
After 1 to 5 years	12,176	-	393	11,783	1.54
After 5 to 10 years	16,512	-	763	15,749	2.25
After 10 years	107,656	403	7,038	101,021	2.76
Total collateralized mortgage obligations - federal agencies	136,344	403	8,194	128,553	2.59
Mortgage-backed securities - federal agencies					
Within 1 year	1,393	-	14	1,379	1.69
After 1 to 5 years	74,263	11	1,993	72,281	2.39
After 5 to 10 years	781,628	244	33,408	748,464	2.36
After 10 years	5,603,282	1,480	895,746	4,709,016	1.67
Total mortgage-backed securities - federal agencies	6,460,566	1,735	931,161	5,531,140	1.76
Other					
Within 1 year	500	-	-	500	4.00
After 1 to 5 years	1,500	-	-	1,500	8.50
Total other	2,000	-	-	2,000	7.38
Total debt securities available-for-sale^[1]	\$ 18,229,219	\$ 7,086	\$ 1,050,182	\$ 17,186,123	2.84 %

[1] Includes \$ 12.9 billion pledged to secure government and trust deposits, assets sold under agreements to repurchase, credit facilities and loan servicing agreements that the secured parties are not permitted to sell or repledge the collateral, of which \$ 12.1 billion serve as collateral for public funds. The Corporation had unpledged Available for Sale securities with a fair value of \$ 4.2 billion that could be used to increase its borrowing facilities.

	At December 31, 2023					
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield	
U.S. Treasury securities						
Within 1 year	\$ 7,103,518	\$ 526	\$ 59,415	\$ 7,044,629	3.51 %	
After 1 to 5 years	3,598,209	84	170,209	3,428,084	1.35	
After 5 to 10 years	307,512	-	33,164	274,348	1.63	
Total U.S. Treasury securities	11,009,239	610	262,788	10,747,061	2.75	
Collateralized mortgage obligations - federal agencies						
After 1 to 5 years	17,899	-	838	17,061	1.55	
After 5 to 10 years	20,503	2	1,321	19,184	2.28	
After 10 years	108,280	29	9,868	98,441	2.54	
Total collateralized mortgage obligations - federal agencies	146,682	31	12,027	134,686	2.38	
Mortgage-backed securities - federal agencies						
Within 1 year	637	-	3	634	3.72	
After 1 to 5 years	82,310	11	3,536	78,785	2.34	
After 5 to 10 years	792,431	75	48,250	744,256	2.28	
After 10 years	6,067,353	667	1,046,909	5,021,111	1.64	
Total mortgage-backed securities - federal agencies	6,942,731	753	1,098,698	5,844,786	1.72	
Other						
Within 1 year	1,011	-	-	1,011	4.00	
After 1 to 5 years	1,500	-	-	1,500	8.50	
Total other	2,511	-	-	2,511	6.69	
Total debt securities available-for-sale^[1]	\$18,101,163	\$ 1,394	\$ 1,373,513	\$16,729,044	2.35 %	

[1] Includes \$ 12 billion pledged to secure government and trust deposits, assets sold under agreements to repurchase, credit facilities and loan servicing agreements that the secured parties are not permitted to sell or repledge the collateral, of which \$ 11.1 billion serve as collateral for public funds. The Corporation had unpledged Available for Sale securities with a fair value of \$ 4.6 billion that could be used to increase its borrowing facilities.

The weighted average yield on debt securities available-for-sale is based on amortized cost; therefore, it does not give effect to changes in fair value.

Securities not due on a single contractual maturity date, such as mortgage-backed securities and collateralized mortgage obligations, are classified based on the period of final contractual maturity. The expected maturities of collateralized mortgage backed securities and certain other securities may differ from their contractual maturities because they may be subject to prepayments or may be called by the issuer.

At September 30, 2024, the Corporation did not intend to sell or believed it was more likely than not that it would be required to sell securities classified as available-for-sale. There were no debt securities available-for-sale sold during the nine months ended September 30, 2024 and 2023.

The following tables present the Corporation's fair value and gross unrealized losses of debt securities **available-for-sale**, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2024 and December 31, 2023.

	At September 30, 2024					
	Less than 12 months		12 months or more		Total	
	Fair value	unrealized losses	Fair value	unrealized losses	Fair value	unrealized losses
(In thousands)						
U.S. Treasury securities	\$ 651,502	\$ 2,369	\$ 4,457,595	\$ 108,458	\$ 5,109,097	\$ 110,827
Collateralized mortgage obligations - federal agencies	1,909	2	109,743	8,192	111,652	8,194
Mortgage-backed securities	27,420	569	5,428,612	930,592	5,456,032	931,161
Total debt securities available-for-sale in an unrealized loss position	\$ 680,831	\$ 2,940	\$ 9,995,950	\$ 1,047,242	\$ 10,676,781	\$ 1,050,182

	At December 31, 2023					
	Less than 12 months		12 months or more		Total	
	Fair value	unrealized losses	Fair value	unrealized losses	Fair value	unrealized losses
(In thousands)						
U.S. Treasury securities	\$ 244,925	\$ 5,126	\$ 6,550,941	\$ 257,662	\$ 6,795,866	\$ 262,788
Collateralized mortgage obligations - federal agencies	5,234	35	124,930	11,992	130,164	12,027
Mortgage-backed securities	37,118	405	5,779,260	1,098,293	5,816,378	1,098,698
Total debt securities available-for-sale in an unrealized loss position	\$ 287,277	\$ 5,566	\$ 12,455,131	\$ 1,367,947	\$ 12,742,408	\$ 1,373,513

As of September 30, 2024, the portfolio of available-for-sale debt securities reflects gross unrealized losses of \$1.050 billion (December 31, 2023 - \$4 billion), driven mainly by mortgage-backed securities, which have been impacted by a decline in value as a result of the rising interest rate environment. The portfolio of available-for-sale debt securities is comprised mainly of Treasuries and obligations from the U.S. Government, its agencies or government sponsored entities, including Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and Government National Mortgage Corporation ("GNMA"). As discussed in Note 2 of the 2023 Form 10-K, these securities carry an explicit or implicit guarantee from U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses. Accordingly, the Corporation applies a zero-credit loss assumption.

Note 6 –Debt securities held-to-maturity

The following tables present the amortized cost, allowance for credit losses, gross unrealized gains and losses, approximate fair value, weighted average yield and contractual maturities of debt securities held-to-maturity at September 30, 2024 and December 31, 2023.

At September 30, 2024									
(In thousands)	Amortized cost	Book [1] Value	Allowance for Credit Losses	Carrying Value	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield	
U.S. Treasury securities									
Within 1 year	\$ 599,518	\$ 599,518	\$ -	\$ 599,518	\$ -	\$ 4,538	\$ 594,980	2.70 %	
After 1 to 5 years	7,725,178	7,200,448	- 7,200,448	62,265	2,958	7,259,755	1.31		
Total U.S. Treasury securities	8,324,696	7,799,966	- 7,799,966	62,265	7,496	7,854,735	1.41		
Obligations of Puerto Rico, States and political subdivisions									
Within 1 year	2,440	2,440	7	2,433	4	2	2,435	6.39	
After 1 to 5 years	16,474	16,474	84	16,390	62	83	16,369	3.69	
After 5 to 10 years	655	655	22	633	22	-	655	5.81	
After 10 years	38,276	38,276	5,317	32,959	3,561	2,144	34,376	1.42	
Total obligations of Puerto Rico, States and political subdivisions	57,845	57,845	5,430	52,415	3,649	2,229	53,835	2.33	
Collateralized mortgage obligations - federal agencies									
After 10 years	1,523	1,523	-	1,523	-	125	1,398	2.87	
Total collateralized mortgage obligations - federal agencies	1,523	1,523	-	1,523	-	125	1,398	2.87	
Securities in wholly owned statutory business trusts									
After 10 years	5,960	5,960	-	5,960	-	-	5,960	6.33	
Total securities in wholly owned statutory business trusts	5,960	5,960	-	5,960	-	-	5,960	6.33	
Total debt securities held-to-maturity [2]	\$ 8,390,024	\$ 7,865,294	\$ 5,430	\$ 7,859,864	\$ 65,914	\$ 9,850	\$ 7,915,928	1.42 %	

[1] Book value includes \$ 525 million of net unrealized loss which remains in Accumulated other comprehensive (loss) income (AOCI) related to certain securities previously transferred from available-for-sale securities portfolio to the held-to-maturity securities portfolio.

[2] Includes \$ 7.8 billion pledged to secure public and trust deposits that the secured parties are not permitted to sell or repledge the collateral. The Corporation had unpledged held-to-maturities securities with a fair value of \$ 66.0 million that could be used to increase its borrowing facilities.

Debt securities not due on a single contractual maturity date, such as collateralized mortgage obligations, are classified in the **period** contractual maturity. The expected maturities of collateralized mortgage obligations and certain other securities may differ from their contractual maturities because they may be subject to prepayments or may be called by the issuer.

Credit Quality Indicators

The following describes the credit quality indicators by major security type that the Corporation considers to develop the estimate of the allowance for credit losses for investment securities held-to-maturity.

As discussed in Note 2 of 2023 Form 10-K, U.S. Treasury securities carry an explicit guarantee from the U.S. Government and have a long history of no credit losses. Accordingly, the Corporation applies a zero-credit-loss assumption and no allowance for credit losses ("ACL") for these securities has been established.

At September 30, 2024 and December 31, 2023, the "Obligations of Puerto Rico, States and political subdivisions" classified as held-to-maturity, includes securities issued by municipalities of Puerto Rico that are generally not rated by a credit rating agency. It includes \$13 million of general and special obligation bonds issued by three municipalities of Puerto Rico, that are primarily from certain property taxes imposed by the issuing municipality (December 31, 2023 \$19 million). In the case of general obligations, they also benefit from a pledge of the full faith, credit and unlimited taxing power of the issuing municipality, required by law to levy property taxes in an amount sufficient for the payment of debt service on such general obligation bonds. The Corporation performs periodic credit quality reviews of these securities and internally assigns standardized credit risk ratings based on its evaluation. The Corporation considers these ratings in its estimate to develop the allowance for credit losses associated with these securities. For the definitions of the obligor risk ratings, refer to the Credit Quality section of Note 8 to the Consolidated Financial Statements.

The following presents the amortized cost basis of securities held by the Corporation issued by municipalities of Puerto Rico aggregated by the internally assigned standardized credit risk rating:

(In thousands)	At September 30, 2024	At December 31, 2023
Securities issued by Puerto Rico municipalities		
Watch	\$ 1,555	\$ 2,255
Pass	11,060	16,565
Total	\$ 12,615	\$ 18,820

At September 30, 2024, the portfolio of "Obligations of Puerto Rico, States and political subdivisions" also includes \$10 million in Securities issued by the Puerto Rico Housing Finance Authority ("HFA"), a government instrumentality, for which the underlying source of payment is second mortgage loans in Puerto Rico residential properties (not the government), but for which HFA, provides a guarantee in the event of default and upon the satisfaction of certain other conditions (December 31, 2023 \$10 million). These Securities are not rated by a credit rating agency.

The Corporation assesses the credit risk associated with these securities by evaluating the refreshed FICO score of a representative sample of the underlying borrowers. As of September 30, 2024, the average refreshed FICO score for the sample is 670, compared to 670 and 708, respectively, at December 31, 2023. The loss estimates for this portfolio was based on the methodology established under FICO for similar loan obligations. The Corporation does not consider the government guarantee when estimating the credit losses associated with this portfolio.

A deterioration of the Puerto Rico economy or of the fiscal health of the Government of Puerto Rico and/or its municipalities (including any of the issuing municipalities become subject to a debt restructuring proceeding under PROMESA) could affect the value of these securities, resulting in losses to the Corporation.

Refer to Note 20 to the Consolidated Financial Statements for additional information on the Corporation's exposure to the Puerto Rico Government.

At September 30, 2024 and December 31, 2023, the portfolio of "Obligations of Puerto Rico, States and political subdivisions" includes \$10 million in securities issued by the HFA for which the underlying source of payment is U.S. Treasury Corporation securities. The given credit loss assumption for these securities, and no ACL has been established for these securities that U.S. Treasury securities carry an explicit guarantee from the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses. Refer to Note 2 of 2023 Form 10-K for further details.

Delinquency status

At September 30, 2024 and December 31, 2023, there were no securities held-to-maturity in past due or non-performing status.

Allowance for credit losses on debt securities held-to-maturity

The following table provides the activity in the allowance for credit losses related to debt securities held-to-maturity by security type for the quarters and nine months ended September 30, 2024 and September 30, 2023:

	For the quarters ended September 30,	
	2024	2023
(In thousands)		Obligations of Puerto Rico, States and political subdivisions
Allowance for credit losses:		
Beginning balance	\$ 6,251	\$ 6,145
Provision for credit losses (benefit)	(821)	(88)
Securities charged-off	-	-
Recoveries	-	-
Ending balance	\$ 5,430	\$ 6,057

	For the nine months ended September 30,	
	2024	2023
(In thousands)		Obligations of Puerto Rico, States and political subdivisions
Allowance for credit losses:		
Beginning balance	\$ 5,780	\$ 6,911
Provision for credit losses (benefit)	(350)	(854)
Securities charged-off	-	-
Recoveries	-	-
Ending balance	\$ 5,430	\$ 6,057

The allowance for credit losses for the Obligations of Puerto Rico, States and political subdivisions ~~includes~~ for securities issued by municipalities of Puerto Rico, and \$3 million for bonds issued by the Puerto Rico HFA, which are secured second mortgage loans on Puerto Rico residential properties (compared to \$0 million and \$5.6 million, respectively, at December 31, 2023).

Note 7 – Loans

For a summary of the accounting policies related to loans, interest recognition and allowance for credit losses refer to Note 2 of Significant Accounting Policies of the 2023 Form 10-K.

During the quarter and nine months ended September 30, 2024, the Corporation recorded purchases (including ~~financing~~) of amounting to \$96 million and \$68 million, respectively (September 30, 2023 \$102 million and \$74 million, respectively). The Corporation did not purchase consumer loans during the quarter and nine months ended September 30, (during the quarter and nine months ended September 30, 2023 - \$5 million and \$127 million, respectively). During the quarter and nine months ended September 30, 2024, the Corporation purchased \$3 million and \$48 million commercial loans, respectively (September 30, 2023 - \$9 million and \$162 million, respectively).

The Corporation performed whole-loan sales involving approximately \$million and \$33 million of residential mortgage loans during the quarter and nine months ended September 30, 2024, respectively (September 30, 2023 \$10 million and \$9 million, respectively). During the nine months ended September 30, 2024, the Corporation performed sales of commercial loans, ~~including~~ participations amounting to \$18 million. The Corporation did not perform sales of commercial loans during the quarter September 30, 2024 (during the quarter and nine months ended September 30, 2023 \$4 million and \$81 million, respectively).

During the quarter and nine months ended September 30, 2024, the Corporation securitized approximately \$9 million and \$4 million, respectively, of mortgage loans into GNMA mortgage-backed securities (September 30, 2023 \$10 million and \$6 million, respectively), and \$3 million and \$7 million, respectively, of mortgage loans into FNMA mortgage-backed securities (September 30, 2023 - \$10 million and \$33 million, respectively).

Delinquency status

The following tables present the amortized cost basis of loans held-in-portfolio ("HIP"), net of unearned income, by past due ~~status~~ and by loan class including those that are in non-performing status or that are accruing interest but are past due 90 days or more September 30, 2024 and December 31, 2023.

September 30, 2024							
BPPR							
(In thousands)	Past due					Past due 90 days or more	
	30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP	Non-accrual loans Accruing loans
Commercial multi-family	\$ 1,866	\$ -	\$ 87	\$ 1,953	\$ 303,581	\$ 305,534	\$ 87 \$ -
Commercial real estate:							
Non-owner occupied	170	174	7,493	7,837	3,140,418	3,148,255	7,493 -
Owner occupied	1,544	1,681	26,600	29,825	1,374,025	1,403,850	26,600 -
Commercial and industrial	19,074	6,694	23,819	49,587	5,126,538	5,176,125	19,639 4,180
Construction	-	-	-	-	190,343	190,343	- -
Mortgage	246,220	122,592	359,986	728,798	5,966,619	6,695,417	157,920 202,066
Leasing	19,840	4,661	7,367	31,868	1,855,184	1,887,052	7,367 -
Consumer:							
Credit cards	16,210	11,415	27,214	54,839	1,132,050	1,186,889	- 27,214
Home equity lines of credit	-	-	-	-	2,131	2,131	- -
Personal	21,726	13,153	21,007	55,886	1,698,195	1,754,081	20,992 15
Auto	104,363	26,090	47,828	178,281	3,640,326	3,818,607	47,828 -
Other	727	500	1,188	2,415	154,775	157,190	889 299
Total	\$ 431,740	\$ 186,960	\$ 522,589	\$ 1,141,289	\$ 24,584,185	\$ 25,725,474	\$ 288,815 \$ 233,774

September 30, 2024							
Popular U.S.							
(In thousands)	Past due					Past due 90 days or more	
	30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP	Non-accrual loans Accruing loans
Commercial multi-family	\$ 1,060	\$ -	\$ 8,700	\$ 9,760	\$ 2,090,008	\$ 2,099,768	\$ 8,700 \$ -
Commercial real estate:							
Non-owner occupied	10,330	3,013	2,282	15,625	2,021,501	2,037,126	2,282 -
Owner occupied	250	1,825	22,248	24,323	1,664,220	1,688,543	22,248 -
Commercial and industrial	11,478	2,312	5,443	19,233	2,205,195	2,224,428	5,246 197
Construction	-	34,349	-	34,349	888,615	922,964	- -
Mortgage	899	3,640	28,434	32,973	1,264,958	1,297,931	28,434 -
Consumer:							
Credit cards	-	-	-	-	4	4	- -
Home equity lines of credit	74	984	3,834	4,892	62,668	67,560	3,834 -
Personal	1,696	2,015	1,837	5,548	113,546	119,094	1,837 -
Other	10	508	2	520	11,555	12,075	2 -
Total	\$ 25,797	\$ 48,646	\$ 72,780	\$ 147,223	\$ 10,322,270	\$ 10,469,493	\$ 72,583 \$ 197

September 30, 2024

Popular, Inc.

(In thousands)	Past due					Past due 90 days or more			
	30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP ^{[2][3]}	Non-accrual loans	Accruing loans	
Commercial multi-family	\$ 2,926	\$ -	\$ 8,787	\$ 11,713	\$ 2,393,589	\$ 2,405,302	\$ 8,787	\$ -	
Commercial real estate:									
Non-owner occupied	10,500	3,187	9,775	23,462	5,161,919	5,185,381	9,775	-	
Owner occupied	1,794	3,506	48,848	54,148	3,038,245	3,092,393	48,848	-	
Commercial and industrial	30,552	9,006	29,262	68,820	7,331,733	7,400,553	24,885	4,377	
Construction	-	34,349	-	34,349	1,078,958	1,113,307	-	-	
Mortgage ^[1]	247,119	126,232	388,420	761,771	7,231,577	7,993,348	186,354	202,066	
Leasing	19,840	4,661	7,367	31,868	1,855,184	1,887,052	7,367	-	
Consumer:									
Credit cards	16,210	11,415	27,214	54,839	1,132,054	1,186,893	-	27,214	
Home equity lines of credit	74	984	3,834	4,892	64,799	69,691	3,834	-	
Personal	23,422	15,168	22,844	61,434	1,811,741	1,873,175	22,829	15	
Auto	104,363	26,090	47,828	178,281	3,640,326	3,818,607	47,828	-	
Other	737	1,008	1,190	2,935	166,330	169,265	891	299	
Total	\$ 457,537	\$ 235,606	\$ 595,369	\$ 1,288,512	\$ 34,906,455	\$ 36,194,967	\$ 361,398	\$ 233,971	

[1] At September 30, 2024, mortgage loans held-in-portfolio include \$ 2.5 billion of loans that carry certain guarantees from the FHA or the VA, for which the Corporation's policy is to exclude them from non-performing status, of which \$ 202.2 million are 90 days or more past due. The portfolio of guaranteed loans includes \$ 70 million of residential mortgage loans in Puerto Rico that are no longer accruing interest as of September 30, 2024. The Corporation has approximately \$ 32 million in reverse mortgage loans in Puerto Rico which are guaranteed by FHA, but which are currently not accruing interest at September 30, 2024.

[2] Loans held-in-portfolio are net of \$ 405 million in unearned income and exclude \$ 6 million in loans held-for-sale.

[3] Includes \$ 14.7 billion pledged to secure credit facilities and public funds that the secured parties are not permitted to sell or repledge the collateral, of which \$ 7.3 billion were pledged at the Federal Home Loan Bank ("FHLB") as collateral for borrowings and \$ 7.4 billion at the Federal Reserve Bank ("FRB") for discount window borrowings. As of September 30, 2024, the Corporation had an available borrowing facility with the FHLB and the discount window of Federal Reserve Bank of New York of \$ 4.0 billion and \$ 5.8 billion, respectively.

December 31, 2023							
BPPR							
(In thousands)	Past due				Past due 90 days or more		
	30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP	
Commercial multi-family	\$ 524	\$ -	\$ 1,991	\$ 2,515	\$ 289,427	\$ 291,942	\$ 1,991 \$ -
Commercial real estate:							
Non-owner occupied	5,510	77	8,745	14,332	2,990,922	3,005,254	8,745 -
Owner occupied	2,726	249	29,430	32,405	1,365,978	1,398,383	29,430 -
Commercial and industrial	6,998	3,352	36,210	46,560	4,749,666	4,796,226	32,826 3,384
Construction	-	-	6,378	6,378	163,479	169,857	6,378 -
Mortgage	260,897	114,282	416,528	791,707	5,600,117	6,391,824	175,106 241,422
Leasing	20,140	6,719	8,632	35,491	1,696,318	1,731,809	8,632 -
Consumer:							
Credit cards	13,243	9,912	23,281	46,436	1,089,292	1,135,728	- 23,281
Home equity lines of credit	230	-	26	256	2,392	2,648	- 26
Personal	19,065	14,611	19,031	52,707	1,723,603	1,776,310	19,031 -
Auto	100,061	27,443	45,615	173,119	3,487,661	3,660,780	45,615 -
Other	1,641	204	1,213	3,058	147,104	150,162	964 249
Total	\$ 431,035	\$ 176,849	\$ 597,080	\$ 1,204,964	\$ 23,305,959	\$ 24,510,923	\$ 328,718 \$ 268,362

December 31, 2023							
Popular U.S.							
(In thousands)	Past due				Past due 90 days or more		
	30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP	Non-accrual loans Accruing loans
Commercial multi-family	\$ 9,141	\$ 2,001	\$ -	\$ 11,142	\$ 2,112,536	\$ 2,123,678	\$ - \$ -
Commercial real estate:							
Non-owner occupied	566	1,036	1,117	2,719	2,079,448	2,082,167	1,117 -
Owner occupied	30,560	-	6,274	36,834	1,645,418	1,682,252	6,274 -
Commercial and industrial	7,815	697	3,881	12,393	2,317,502	2,329,895	3,772 109
Construction	-	-	-	-	789,423	789,423	- -
Mortgage	48,818	7,821	11,191	67,830	1,236,263	1,304,093	11,191 -
Consumer:							
Credit cards	-	-	-	-	19	19	- -
Home equity lines of credit	1,472	4	3,733	5,209	58,096	63,305	3,733 -
Personal	2,222	1,948	2,805	6,975	161,962	168,937	2,805 -
Other	4	-	1	5	10,274	10,279	1 -
Total	\$ 100,598	\$ 13,507	\$ 29,002	\$ 143,107	\$ 10,410,941	\$ 10,554,048	\$ 28,893 \$ 109

December 31, 2023										
Popular, Inc.										
(In thousands)	Past due						Loans HIP ^[2] ^[3]	Past due 90 days or more		
	30-59	60-89	90 days or more	Total		Current		Non-accrual	Accruing	
	days	days	or more	past due				loans		loans
Commercial multi-family	\$ 9,665	\$ 2,001	\$ 1,991	\$ 13,657	\$ 2,401,963	\$ 2,415,620		\$ 1,991	\$ -	-
Commercial real estate:										
Non-owner occupied	6,076	1,113	9,862	17,051	5,070,370	5,087,421		9,862		-
Owner occupied	33,286	249	35,704	69,239	3,011,396	3,080,635		35,704		-
Commercial and industrial	14,813	4,049	40,091	58,953	7,067,168	7,126,121		36,598		3,493
Construction	-	-	6,378	6,378	952,902	959,280		6,378		-
Mortgage ^[1]	309,715	122,103	427,719	859,537	6,836,380	7,695,917		186,297		241,422
Leasing	20,140	6,719	8,632	35,491	1,696,318	1,731,809		8,632		-
Consumer:										
Credit cards	13,243	9,912	23,281	46,436	1,089,311	1,135,747		-		23,281
Home equity lines of credit	1,702	4	3,759	5,465	60,488	65,953		3,733		26
Personal	21,287	16,559	21,836	59,682	1,885,565	1,945,247		21,836		-
Auto	100,061	27,443	45,615	173,119	3,487,661	3,660,780		45,615		-
Other	1,645	204	1,214	3,063	157,378	160,441		965		249
Total	\$ 531,633	\$ 190,356	\$ 626,082	\$ 1,348,071	\$ 33,716,900	\$ 35,064,971		\$ 357,611	\$ 268,471	

[1] At December 31, 2023, mortgage loans held-in-portfolio include \$ 2.2 billion of loans that carry certain guarantees from the FHA or the VA, for which the Corporation's policy is to exclude them from non-performing status, of which \$ 241.6 million are 90 days or more past due. The portfolio of guaranteed loans includes \$ 106 million of residential mortgage loans in Puerto Rico that are no longer accruing interest as of December 31, 2023. The Corporation has approximately \$ 38 million in reverse mortgage loans in Puerto Rico which are guaranteed by FHA, but which are currently not accruing interest at December 31, 2023.

[2] Loans held-in-portfolio are net of \$ 356 million in unearned income and exclude \$ 4 million in loans held-for-sale.

[3] Includes \$ 14.2 billion pledged to secure credit facilities and public funds that the secured parties are not permitted to sell or repledge the collateral, of which \$ 7.0 billion were pledged at the FHLB as collateral for borrowings and \$ 7.2 billion at the FRB for discount window borrowings. As of December 31, 2023, the Corporation had an available borrowing facility with the FHLB and the discount window of FRB of \$ 3.5 billion and \$ 4.4 billion, respectively.

Recognition of interest income on mortgage loans is generally discontinued when loans are 90 days or more in arrears on principal or interest. The Corporation discontinues the recognition of interest income on residential mortgage loans insured by FHA or guaranteed by the VA when 15 months delinquent as to principal or interest, since the principal repayment on these loans is insured.

Loans with a delinquency status of 90 days past due as of September 30, 2024 include loans previously pooled in GNMA securities (December 31, 2023 - \$1 billion). Under the GNMA program, issuers subject to BPPR have the option but not obligation to repurchase loans that are 90 days or more past due. For accounting purposes, these loans subject to the repurchase are required to be reflected on the financial statements of BPPR with an offsetting liability. Loans in our portfolio from GNMA from payment forbearance programs but continue to reflect the contractual delinquency until the borrower resumes payments or completes a payment deferral modification or other borrower assistance alternative.

The following tables present the amortized cost basis of non-accrual loans as of September 30, 2024 and December 31, 2023 by class of loans:

September 30, 2024						
	BPPR		Popular U.S.		Popular, Inc.	
(In thousands)	Non-accrual with no allowance	Non-accrual with allowance	Non-accrual with no allowance	Non-accrual with allowance	Non-accrual with no allowance	Non-accrual with allowance
Commercial multi-family	\$ -	\$ 87	\$ 8,700	\$ -	\$ 8,700	\$ 87
Commercial real estate non-owner occupied	3,514	3,979	1,332	950	4,846	4,929
Commercial real estate owner occupied	17,870	8,730	22,248	-	40,118	8,730
Commercial and industrial	9,020	10,619	-	5,246	9,020	15,865
Mortgage	68,248	89,672	206	28,228	68,454	117,900
Leasing	445	6,922	-	-	445	6,922
Consumer:						
HELOCs	-	-	-	3,834	-	3,834
Personal	3,649	17,343	-	1,837	3,649	19,180
Auto	2,077	45,751	-	-	2,077	45,751
Other	-	889	-	2	-	891
Total	\$ 104,823	\$ 183,992	\$ 32,486	\$ 40,097	\$ 137,309	\$ 224,089

December 31, 2023						
	BPPR		Popular U.S.		Popular, Inc.	
(In thousands)	Non-accrual with no allowance	Non-accrual with allowance	Non-accrual with no allowance	Non-accrual with allowance	Non-accrual with no allowance	Non-accrual with allowance
Commercial multi-family	\$ -	\$ 1,991	\$ -	\$ -	\$ -	\$ 1,991
Commercial real estate non-owner occupied	3,695	5,050	-	1,117	3,695	6,167
Commercial real estate owner occupied	20,432	8,998	3,877	2,397	24,309	11,395
Commercial and industrial	6,991	25,835	-	3,772	6,991	29,607
Construction	-	6,378	-	-	-	6,378
Mortgage	84,677	90,429	120	11,071	84,797	101,500
Leasing	481	8,151	-	-	481	8,151
Consumer:						
HELOCs	-	-	-	3,733	-	3,733
Personal	3,589	15,442	-	2,805	3,589	18,247
Auto	1,833	43,782	-	-	1,833	43,782
Other	263	701	-	1	263	702
Total	\$ 121,961	\$ 206,757	\$ 3,997	\$ 24,896	\$ 125,958	\$ 231,653

The Corporation has designated loans classified as collateral dependent for which the ACL is measured based on the fair value of the collateral less cost to sell, when foreclosure is probable or when the repayment is expected to be provided substantially before the operation of the collateral and the borrower is experiencing financial difficulty. The fair value of the collateral is appraisals, which may be adjusted due to their age, and the type, location, and condition of the property or area or general market conditions to reflect the expected change in value between the effective date of the appraisal and the measurement date. Appraisals are updated every one to two years depending on the type of loan and the total exposure of the borrower.

Loans in non-accrual status with no allowance at September 30, 2024 include \$137 million in collateral dependent loans (December 31, 2023 - \$26 million). The Corporation recognized \$3 million in interest income on non-accrual loans during the nine months ended September 30, 2024 (September 30, 2023 - \$3 million).

The following tables present the amortized cost basis of collateral-dependent loans, for which the ACL was measured based on the fair value of the collateral less cost to sell, by class of loans and type of collateral as of September 30, 2024 and December 31,

September 30, 2024					
(In thousands)	Real Estate	Auto	Equipment	Other	Total
BPPR					
Commercial multi-family	\$ 1,293	\$ -	\$ -	\$ -	\$ 1,293
Commercial real estate:					
Non-owner occupied	168,887	-	-	-	168,887
Owner occupied	23,683	-	-	-	23,683
Commercial and industrial	3,304	-	-	12,177	15,481
Construction	768	-	-	-	768
Mortgage	75,374	-	-	-	75,374
Leasing	-	1,367	1	-	1,368
Consumer:					
Personal	3,961	-	-	-	3,961
Auto	-	15,173	-	-	15,173
Other	-	-	-	36	36
Total BPPR	\$ 277,270	\$ 16,540	\$ 1	\$ 12,213	\$ 306,024
Popular U.S.					
Commercial multi-family	\$ 19,270	\$ -	\$ -	\$ -	\$ 19,270
Commercial real estate:					
Non-owner occupied	1,332	-	-	-	1,332
Owner occupied	22,248	-	-	-	22,248
Commercial and industrial	-	-	35	-	35
Mortgage	1,529	-	-	-	1,529
Total Popular U.S.	\$ 44,379	\$ -	\$ 35	\$ -	\$ 44,414
Popular, Inc.					
Commercial multi-family	\$ 20,563	\$ -	\$ -	\$ -	\$ 20,563
Commercial real estate:					
Non-owner occupied	170,219	-	-	-	170,219
Owner occupied	45,931	-	-	-	45,931
Commercial and industrial	3,304	-	35	12,177	15,516
Construction	768	-	-	-	768
Mortgage	76,903	-	-	-	76,903
Leasing	-	1,367	1	-	1,368
Consumer:					
Personal	3,961	-	-	-	3,961
Auto	-	15,173	-	-	15,173
Other	-	-	-	36	36
Total Popular, Inc.	\$ 321,649	\$ 16,540	\$ 36	\$ 12,213	\$ 350,438

	December 31, 2023				
(In thousands)	Real Estate	Auto	Equipment	Other	Total
BPPR					
Commercial multi-family	\$ 1,339	\$ -	\$ -	\$ -	\$ 1,339
Commercial real estate:					
Non-owner occupied	160,555	- -	- -	- -	160,555
Owner occupied	25,848	- -	- -	- -	25,848
Commercial and industrial	1,103	- -	- -	30,287	31,390
Construction	6,378	- -	- -	- -	6,378
Mortgage	85,113	- -	- -	- -	85,113
Leasing	- -	1,373	- -	- -	1,373
Consumer:					
Personal	4,338	- -	- -	- -	4,338
Auto	- -	12,965	- -	- -	12,965
Other	- -	- -	- -	305	305
Total BPPR	\$ 284,674	\$ 14,338	\$ -	\$ 30,592	\$ 329,604
Popular U.S.					
Commercial real estate:					
Owner occupied	\$ 3,877	\$ -	\$ -	\$ -	\$ 3,877
Commercial and industrial	- -	- -	105	400	505
Construction	5,990	- -	- -	- -	5,990
Mortgage	1,303	- -	- -	- -	1,303
Total Popular U.S.	\$ 11,170	\$ -	\$ 105	\$ 400	\$ 11,675
Popular, Inc.					
Commercial multi-family	\$ 1,339	\$ -	\$ -	\$ -	\$ 1,339
Commercial real estate:					
Non-owner occupied	160,555	- -	- -	- -	160,555
Owner occupied	29,725	- -	- -	- -	29,725
Commercial and industrial	1,103	- -	105	30,687	31,895
Construction	12,368	- -	- -	- -	12,368
Mortgage	86,416	- -	- -	- -	86,416
Leasing	- -	1,373	- -	- -	1,373
Consumer:					
Personal	4,338	- -	- -	- -	4,338
Auto	- -	12,965	- -	- -	12,965
Other	- -	- -	- -	305	305
Total Popular, Inc.	\$ 295,844	\$ 14,338	\$ 105	\$ 30,992	\$ 341,279

Purchased Credit Deteriorated (PCD) Loans

The Corporation has purchased loans during the quarter and nine months ended September 30, 2024 and 2023, for which there, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of loans is as follows:

(In thousands)	For the quarter ended September 30, 2024	For the nine months ended September 30, 2024
Purchase price of loans at acquisition	\$ 105	\$ 681
Allowance for credit losses at acquisition	3	26
Par value of acquired loans at acquisition	\$ 108	\$ 707

(In thousands)	For the quarter ended September 30, 2023	For the nine months ended September 30, 2023
Purchase price of loans at acquisition	\$ 227	\$ 759
Allowance for credit losses at acquisition	9	87
Non-credit discount / (premium) at acquisition	-	9
Par value of acquired loans at acquisition	\$ 236	\$ 855

Note 8 – Allowance for credit losses – loans held-in-portfolio

The Corporation follows the current expected credit loss ("CECL") model, to establish and evaluate the adequacy of the provision for expected losses in the loan portfolio. This model establishes a forward-looking methodology that reflects the expected losses over the lives of financial assets, starting when such assets are first acquired or originated. In addition, CECL provides for the initial ACL on PCD financial assets be recorded as an increase to the purchase price, with subsequent changes to be recorded as a credit loss expense. The provision for credit losses recorded in current operations is based on this. Loan losses are charged, and recoveries are credited to the ACL. The Corporation's modeling framework includes competing risk models that generate lifetime default and prepayment estimates as well as other loan level techniques to estimate loss severity. These models combine credit risk factors, which include the impact of loan modifications, with macroeconomic expectations to derive the lifetime expected loss.

At September 30, 2024, the Corporation estimated the ACL by weighting the outputs of optimistic, baseline, and pessimistic scenarios. Among the three scenarios used to estimate the ACL, the baseline is assigned the highest probability, followed by the pessimistic scenario given the uncertainties in the economic outlook and downside risk. The weightings applied are evaluated on a quarterly basis as part of the ACL's governance process. The Corporation evaluates, at least on an annual basis, the assumptions tied to the CECL accounting framework. These include the reasonable and supportable period as well as the relevant window.

The following tables present the changes in the ACL of loans held-in-portfolio and unfunded commitments for the quarter and months ended September 30, 2024 and 2023.

For the quarter ended September 30, 2024

(In thousands)	BPPR					Ending Balances
	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-offs	Recoveries	
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 3,303	\$ (417)	- \$	- \$	- \$	2,886
Commercial real estate non-owner occupied	53,386	3,344	-	(69)	59	56,720
Commercial real estate owner occupied	39,375	(2,418)	-	(2)	1,556	38,511
Commercial and industrial	111,263	16,597	-	(6,190)	1,461	123,131
Total Commercial	207,327	17,106	-	(6,261)	3,076	221,248
Construction	3,638	(970)	-	-	1,036	3,704
Mortgage	73,900	(5,221)	3	(208)	4,102	72,576
Leasing	14,385	3,725	-	(3,630)	1,374	15,854
Consumer						
Credit cards	86,313	21,238	-	(17,503)	2,646	92,694
Home equity lines of credit	83	(90)	-	(82)	158	69
Personal	94,021	20,232	-	(24,712)	2,526	92,067
Auto	157,449	20,765	-	(23,011)	6,110	161,313
Other	6,489	362	-	(728)	526	6,649
Total Consumer	344,355	62,507	-	(66,036)	11,966	352,792
Total - Loans	\$ 643,605	\$ 77,147	3 \$	(76,135)	\$ 21,554	\$ 666,174
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 5,540	\$ 816	- \$	- \$	- \$	6,356
Construction	2,095	373	-	-	-	2,468
Ending balance - unfunded commitments [1]	\$ 7,635	\$ 1,189	- \$	- \$	- \$	8,824

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the quarter ended September 30, 2024

(In thousands)	Popular U.S.					Ending Balance
	Beginning Balance	Provision for credit losses - (benefit)	Charge-offs	Recoveries		
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 7,877	\$ (1,126)	\$ -	\$ 5	\$ 6,756	
Commercial real estate non-owner occupied	10,849	53	(54)	62	10,910	
Commercial real estate owner occupied	18,815	(4,430)	-	19	14,404	
Commercial and industrial	15,219	(1,617)	(613)	241	13,230	
Total Commercial	52,760	(7,120)	(667)	327	45,300	
Construction	9,251	259	-	-	9,510	
Mortgage	9,389	(361)	-	46	9,074	
Consumer						
Home equity lines of credit	1,643	22	(4)	124	1,785	
Personal	13,427	2,799	(4,442)	691	12,475	
Other	2	23	(28)	5	2	
Total Consumer	15,072	2,844	(4,474)	820	14,262	
Total - Loans	\$ 86,472	\$ (4,378)	\$ (5,141)	\$ 1,193	\$ 78,146	
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 2,850	\$ (1,080)	\$ -	\$ -	\$ 1,770	
Construction	8,399	(609)	-	-	7,790	
Ending balance - unfunded commitments [1]	\$ 11,249	\$ (1,689)	\$ -	\$ -	\$ 9,560	

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the quarter ended September 30, 2024

Popular Inc.						
	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-offs	Recoveries	Ending Balance
(In thousands)						
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 11,180	\$ (1,543)	- \$	- \$	5 \$	9,642
Commercial real estate non-owner occupied	64,235	3,397	-	(123)	121	67,630
Commercial real estate owner occupied	58,190	(6,848)	-	(2)	1,575	52,915
Commercial and industrial	126,482	14,980	-	(6,803)	1,702	136,361
Total Commercial	260,087	9,986	-	(6,928)	3,403	266,548
Construction	12,889	(711)	-	-	1,036	13,214
Mortgage	83,289	(5,582)	3	(208)	4,148	81,650
Leasing	14,385	3,725	-	(3,630)	1,374	15,854
Consumer						
Credit cards	86,313	21,238	-	(17,503)	2,646	92,694
Home equity lines of credit	1,726	(68)	-	(86)	282	1,854
Personal	107,448	23,031	-	(29,154)	3,217	104,542
Auto	157,449	20,765	-	(23,011)	6,110	161,313
Other	6,491	385	-	(756)	531	6,651
Total Consumer	359,427	65,351	-	(70,510)	12,786	367,054
Total - Loans	\$ 730,077	\$ 72,769	3 \$	(81,276)	\$ 22,747	\$ 744,320
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 8,390	\$ (264)	- \$	- \$	- \$	8,126
Construction	10,494	(236)	-	-	-	10,258
Ending balance - unfunded commitments [1]	\$ 18,884	\$ (500)	- \$	- \$	- \$	\$ 18,384

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2024

(In thousands)	BPPR					Ending Balance
	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-off	Recoveries	
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 3,614	\$ (729)	\$ -	\$ 1	\$ 2,886	
Commercial real estate non-owner occupied	53,754	2,607	-	(69)	428	56,720
Commercial real estate owner occupied	40,637	(2,567)	-	(2,787)	3,228	38,511
Commercial and industrial	107,577	31,413	-	(20,931)	5,072	123,131
Total Commercial	205,582	30,724	-	(23,787)	8,729	221,248
Construction	5,294	(2,626)	-	-	1,036	3,704
Mortgage	72,440	(11,959)	26	(999)	13,068	72,576
Leasing	9,708	14,787	-	(12,321)	3,680	15,854
Consumer						
Credit cards	80,487	54,734	-	(50,318)	7,791	92,694
Home equity lines of credit	103	35	-	(373)	304	69
Personal	101,181	55,987	-	(72,354)	7,253	92,067
Auto	157,931	44,386	-	(59,787)	18,783	161,313
Other	7,132	672	-	(2,072)	917	6,649
Total Consumer	346,834	155,814	-	(184,904)	35,048	352,792
Total - Loans	\$ 639,858	\$ 186,740	\$ 26	\$ (222,011)	\$ 61,561	\$ 666,174
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 5,062	\$ 1,294	\$ -	\$ -	\$ -	\$ 6,356
Construction	1,618	850	-	-	-	2,468
Ending balance - unfunded commitments [1]	\$ 6,680	\$ 2,144	\$ -	\$ -	\$ -	\$ 8,824

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2024

(In thousands)	Popular U.S.					Ending Balance
	Beginning Balance	Provision for credit losses - (benefit)	Charge-offs	Recoveries		
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 10,126	\$ (2,939)	\$ (441)	\$ 10	\$ 6,756	
Commercial real estate non-owner occupied	11,699	(903)	(54)	168	10,910	
Commercial real estate owner occupied	16,227	(1,925)	-	102	14,404	
Commercial and industrial	14,779	219	(2,372)	604	13,230	
Total Commercial	52,831	(5,548)	(2,867)	884	45,300	
Construction	7,392	2,018	-	100	9,510	
Mortgage	10,774	(1,788)	(18)	106	9,074	
Consumer						
Home equity lines of credit	1,875	(741)	(25)	676	1,785	
Personal	16,609	8,585	(14,750)	2,031	12,475	
Other	2	46	(77)	31	2	
Total Consumer	18,486	7,890	(14,852)	2,738	14,262	
Total - Loans	\$ 89,483	\$ 2,572	\$ (17,737)	\$ 3,828	\$ 78,146	
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 1,851	\$ (81)	\$ -	\$ -	\$ 1,770	
Construction	8,446	(656)	-	-	7,790	
Consumer	29	(29)	-	-	-	
Ending balance - unfunded commitments [1]	\$ 10,326	\$ (766)	\$ -	\$ -	\$ 9,560	

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2024

Popular Inc.						
	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-offs	Recoveries	Ending Balance
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 13,740	\$ (3,668)	- \$ (441)	11 \$	9,642	
Commercial real estate non-owner occupied	65,453	1,704	- (123)	596	67,630	
Commercial real estate owner occupied	56,864	(4,492)	- (2,787)	3,330	52,915	
Commercial and industrial	122,356	31,632	- (23,303)	5,676	136,361	
Total Commercial	258,413	25,176	- (26,654)	9,613	266,548	
Construction	12,686	(608)	-	-	1,136	13,214
Mortgage	83,214	(13,747)	26	(1,017)	13,174	81,650
Leasing	9,708	14,787	-	(12,321)	3,680	15,854
Consumer						
Credit cards	80,487	54,734	- (50,318)	7,791	92,694	
Home equity lines of credit	1,978	(706)	- (398)	980	1,854	
Personal	117,790	64,572	- (87,104)	9,284	104,542	
Auto	157,931	44,386	- (59,787)	18,783	161,313	
Other	7,134	718	- (2,149)	948	6,651	
Total Consumer	365,320	163,704	- (199,756)	37,786	367,054	
Total - Loans	\$ 729,341	\$ 189,312	26 \$ (239,748)	65,389	\$ 744,320	
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 6,913	\$ 1,213	- \$	- \$	- \$	8,126
Construction	10,064	194	-	-	-	10,258
Consumer	29	(29)	-	-	-	-
Ending balance - unfunded commitments [1]	\$ 17,006	\$ 1,378	- \$	- \$	- \$	18,384

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the quarter ended September 30, 2023

(In thousands)	BPPR					
	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-offs	Recoveries	Ending Balance
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 4,787	\$ (1,306)	- \$	- \$	- \$	3,481
Commercial real estate non-owner occupied	53,366	(326)	-	(27)	195	53,208
Commercial real estate owner occupied	41,901	(242)	-	(446)	280	41,493
Commercial and industrial	81,637	(4,605)	-	(2,311)	12,858	87,579
Total Commercial	181,691	(6,479)	-	(2,784)	13,333	185,761
Construction	9,554	(1,486)	-	(2,611)	-	5,457
Mortgage	82,899	(6,808)	9	(62)	3,862	79,900
Leasing	13,927	(2,287)	-	(2,292)	850	10,198
Consumer						
Credit cards	71,408	9,773	-	(10,865)	2,234	72,550
Home equity lines of credit	96	(39)	-	(43)	73	87
Personal	96,046	28,964	-	(19,260)	1,957	107,707
Auto	134,247	30,880	-	(14,553)	4,862	155,436
Other	6,240	1,499	-	(494)	193	7,438
Total Consumer	308,037	71,077	-	(45,215)	9,319	343,218
Total - Loans	\$ 596,108	\$ 54,017	\$ 9	(52,964)	\$ 27,364	\$ 624,534
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 5,288	\$ (400)	- \$	- \$	- \$	4,888
Construction	3,110	(1,768)	-	-	-	1,342
Ending balance - unfunded commitments [1]	\$ 8,398	\$ (2,168)	- \$	- \$	- \$	6,230

[1]Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the quarter ended September 30, 2023

Popular U.S.						
(In thousands)	Beginning Balance	Provision for credit losses (benefit)	Charge-offs	Recoveries	Ending Balance	
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 21,392	\$ (9,651)	\$ -	\$ 1	\$ 11,742	
Commercial real estate non-owner occupied	18,350	(4,475)	-	66	13,941	
Commercial real estate owner occupied	9,506	(1,688)	(1,218)	16	6,616	
Commercial and industrial	18,014	(1,109)	(1,228)	329	16,006	
Total Commercial	67,262	(16,923)	(2,446)	412	48,305	
Construction	1,778	3,736	-	-	5,514	
Mortgage	13,194	(1,252)	-	62	12,004	
Consumer						
Home equity lines of credit	2,074	238	(224)	212	2,300	
Personal	19,782	3,659	(5,636)	604	18,409	
Other	2	39	(43)	4	2	
Total Consumer	21,858	3,936	(5,903)	820	20,711	
Total - Loans	\$ 104,092	\$ (10,503)	\$ (8,349)	\$ 1,294	\$ 86,534	
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 1,348	\$ 197	\$ -	\$ -	\$ 1,545	
Construction	1,797	3,658	-	-	5,455	
Consumer	50	4	-	-	54	
Ending balance - unfunded commitments [1]	\$ 3,195	\$ 3,859	\$ -	\$ -	\$ 7,054	

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the quarter ended September 30, 2023

Popular Inc.						
(In thousands)	Beginning Balance	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Charge-offs	Recoveries	Ending Balance
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 26,179	\$ (10,957)	\$ -	\$ -	\$ 1	\$ 15,223
Commercial real estate non-owner occupied	71,716	(4,801)	-	(27)	261	67,149
Commercial real estate owner occupied	51,407	(1,930)	-	(1,664)	296	48,109
Commercial and industrial	99,651	(5,714)	-	(3,539)	13,187	103,585
Total Commercial	248,953	(23,402)	-	(5,230)	13,745	234,066
Construction	11,332	2,250	-	(2,611)	-	10,971
Mortgage	96,093	(8,060)	9	(62)	3,924	91,904
Leasing	13,927	(2,287)	-	(2,292)	850	10,198
Consumer						
Credit cards	71,408	9,773	-	(10,865)	2,234	72,550
Home equity lines of credit	2,170	199	-	(267)	285	2,387
Personal	115,828	32,623	-	(24,896)	2,561	126,116
Auto	134,247	30,880	-	(14,553)	4,862	155,436
Other	6,242	1,538	-	(537)	197	7,440
Total Consumer	329,895	75,013	-	(51,118)	10,139	363,929
Total - Loans	\$ 700,200	\$ 43,514	\$ 9	\$ (61,313)	\$ 28,658	\$ 711,068
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 6,636	\$ (203)	\$ -	\$ -	\$ -	\$ 6,433
Construction	4,907	1,890	-	-	-	6,797
Consumer	50	4	-	-	-	54
Ending balance - unfunded commitments [1]	\$ 11,593	\$ 1,691	\$ -	\$ -	\$ -	\$ 13,284

[1]Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2023								
BPPR								
(In thousands)	Beginning Balance	Impact of Adopting ASU 2022-02	Provision for credit losses (benefit)	Allowance for credit losses - PCD Loans	Allowance for credit losses - Charge-offs	Recoveries	Net write down	Ending Balance
Allowance for credit losses - loans:								
Commercial								
Commercial multi-family	\$ 5,210	\$ -	\$ (1,730)	\$ -	\$ -	\$ 1	\$ -	\$ 3,481
Commercial real estate non-owner occupied	52,475	-	860	-	(636)	509	-	53,208
Commercial real estate owner occupied	48,393	(1,161)	(7,409)	-	(525)	2,195	-	41,493
Commercial and industrial	68,217	(552)	8,378	-	(4,979)	16,515	-	87,579
Total Commercial	174,295	(1,713)	99	-	(6,140)	19,220	-	185,761
Construction	2,978	-	5,090	-	(2,611)	-	-	5,457
Mortgage	117,344	(33,556)	(15,113)	87	(1,205)	12,343	-	79,900
Leasing	20,618	(35)	(7,023)	-	(6,249)	2,887	-	10,198
Consumer								
Credit cards	58,670	-	35,901	-	(27,998)	6,578	(601)	72,550
Home equity lines of credit	103	-	(107)	-	(111)	202	-	87
Personal	96,369	(7,020)	60,347	-	(49,441)	7,452	-	107,707
Auto	129,735	(21)	45,108	-	(34,770)	15,384	-	155,436
Other	15,433	-	3,297	-	(11,855)	563	-	7,438
Total Consumer	300,310	(7,041)	144,546	-	(124,175)	30,179	(601)	343,218
Total - Loans	\$ 615,545	\$ (42,345)	\$ 127,599	\$ 87	\$ (140,380)	\$ 64,629	\$ (601)	\$ 624,534
Allowance for credit losses - unfunded commitments:								
Commercial	\$ 4,336	\$ -	\$ 552	\$ -	\$ -	\$ -	\$ -	\$ 4,888
Construction	2,022	-	(680)	-	-	-	-	1,342
Ending balance - unfunded commitments [1]	\$ 6,358	\$ -	\$ (128)	\$ -	\$ -	\$ -	\$ -	\$ 6,230

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2023

(In thousands)	Popular U.S.					Ending Balance
	Beginning Balance	Impact of Adopting ASU 2022-02	Provision for credit losses (benefit)	Charge-offs	Recoveries	
Allowance for credit losses - loans:						
Commercial						
Commercial multi-family	\$ 21,101	\$ -	\$ (9,363)	\$ -	\$ 4	\$ 11,742
Commercial real estate non-owner occupied	19,065	-	(7,108)	-	1,984	13,941
Commercial real estate owner occupied	8,688	-	(738)	(1,395)	61	6,616
Commercial and industrial	12,227	-	5,943	(3,808)	1,644	16,006
Total Commercial	61,081	-	(11,266)	(5,203)	3,693	48,305
Construction	1,268	-	4,246	-	-	5,514
Mortgage	17,910	(2,098)	(3,993)	-	185	12,004
Consumer						
Credit cards	-	-	1	(1)	-	-
Home equity lines of credit	2,439	-	(419)	(419)	699	2,300
Personal	22,057	(1,140)	10,019	(14,093)	1,566	18,409
Other	2	-	134	(143)	9	2
Total Consumer	24,498	(1,140)	9,735	(14,656)	2,274	20,711
Total - Loans	\$ 104,757	\$ (3,238)	\$ (1,278)	\$ (19,859)	\$ 6,152	\$ 86,534
Allowance for credit losses - unfunded commitments:						
Commercial	\$ 1,175	\$ -	\$ 370	\$ -	\$ -	\$ 1,545
Construction	1,184	-	4,271	-	-	5,455
Consumer	88	-	(34)	-	-	54
Ending balance - unfunded commitments [1]	\$ 2,447	\$ -	\$ 4,607	\$ -	\$ -	\$ 7,054

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

For the nine months ended September 30, 2023

Popular Inc.								
(in thousands)	Beginning Balance	Impact of adopting ASU 2022-02	Provision for credit losses (benefit)	Allowance credit losses			Net write down	Ending Balance
	PCD Loans	Charge-offs	Recoveries					
Allowance for credit losses - loans:								
Commercial								
Commercial multi-family	\$ 26,311	\$ -	\$ (11,093)	\$ -	\$ -	\$ 5	\$ -	\$ 15,223
Commercial real estate non-owner occupied	71,540	-	(6,248)	-	(636)	2,493	-	67,149
Commercial real estate owner occupied	57,081	(1,161)	(8,147)	-	(1,920)	2,256	-	48,109
Commercial and industrial	80,444	(552)	14,321	-	(8,787)	18,159	-	103,585
Total Commercial	235,376	(1,713)	(11,167)	-	(11,343)	22,913	-	234,066
Construction	4,246	-	9,336	-	(2,611)	-	-	10,971
Mortgage	135,254	(35,654)	(19,106)	87	(1,205)	12,528	-	91,904
Leasing	20,618	(35)	(7,023)	-	(6,249)	2,887	-	10,198
Consumer								
Credit cards	58,670	-	35,902	-	(27,999)	6,578	(601)	72,550
Home equity lines of credit	2,542	-	(526)	-	(530)	901	-	2,387
Personal	118,426	(8,160)	70,366	-	(63,534)	9,018	-	126,116
Auto	129,735	(21)	45,108	-	(34,770)	15,384	-	155,436
Other	15,435	-	3,431	-	(11,998)	572	-	7,440
Total Consumer	324,808	(8,181)	154,281	-	(138,831)	32,453	(601)	363,929
Total - Loans	\$ 720,302	\$ (45,583)	\$ 126,321	\$ 87	\$ (160,239)	\$ 70,781	\$ (601)	\$ 711,068
Allowance for credit losses - unfunded commitments:								
Commercial	\$ 5,511	\$ -	\$ 922	\$ -	\$ -	\$ -	\$ -	\$ 6,433
Construction	3,206	-	3,591	-	-	-	-	6,797
Consumer	88	-	(34)	-	-	-	-	54
Ending balance - unfunded commitments [1]	\$ 8,805	\$ -	\$ 4,479	\$ -	\$ -	\$ -	\$ -	\$ 13,284

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition.

Modifications

A modification constitutes a change in loan terms in the form of principal forgiveness, an interest rate reduction, other than significant payment delay, term extension or combination of the above made to a borrower experiencing financial difficulty.

The amount of outstanding commitments to lend additional funds to debtors with financial difficulties owing receivables whose terms have been modified during the nine months ended September 30, 2024 and September 30, 2023 amounted to \$5.0 million and \$17.0 million, respectively, related to the commercial loan portfolios.

The following tables show the amortized cost basis of the loans modified to borrowers experiencing financial difficulties at the end of the reporting period disaggregated by class of financing receivable and type of concession granted for the quarters and nine months ended September 30, 2024 and September 30, 2023. Loans modified to borrowers under financial difficulties that were fully paid off, charged-off or foreclosed upon by period end are not reported.

Loan Modifications Made to Borrowers Experiencing Financial Difficulty for the quarter ended September 30, 2024

Interest Rate Reduction						
	BPPR		Popular U.S.		Popular, Inc.	
(Dollars in thousands)	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable
CRE owner occupied	\$ 147	0.01%	\$ -	-.%	\$ 147	-.%
Commercial and industrial	693	0.01%	-	-.%	693	0.01%
Consumer:						
Credit cards	213	0.02%	-	-.%	213	0.02%
Personal	830	0.05%	-	-.%	830	0.04%
Total	\$ 1,883	0.01%	\$ -	-.%	\$ 1,883	0.01%
Term Extension						
(Dollars in thousands)	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable
Commercial multi-family	\$ -	-.%	\$ 10,570	0.50%	\$ 10,570	0.44%
CRE non-owner occupied	13,108	0.42%	-	-.%	13,108	0.25%
CRE owner occupied	764	0.05%	-	-.%	764	0.02%
Commercial and industrial	20,966	0.41%	-	-.%	20,966	0.28%
Construction	768	0.40%	-	-.%	768	0.07%
Mortgage	11,850	0.18%	429	0.03%	12,279	0.15%
Consumer:						
Personal	148	0.01%	-	-.%	148	0.01%
Total	\$ 47,604	0.19%	\$ 10,999	0.11%	\$ 58,603	0.16%
Other-Than-Insignificant Payment Delays						
(Dollars in thousands)	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable
CRE non-owner occupied	\$ 139	-.%	\$ -	-.%	\$ 139	-.%
CRE owner occupied	4,993	0.36%	-	-.%	4,993	0.16%
Commercial and industrial	71,867	1.39%	-	-.%	71,867	0.97%
Consumer:						
Credit cards	5	-.%	-	-.%	5	-.%
Total	\$ 77,004	0.30%	\$ -	-.%	\$ 77,004	0.21%
Combination - Term Extension and Interest Rate Reduction						
(Dollars in thousands)	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable
CRE owner occupied	\$ 202	0.01%	\$ -	-.%	\$ 202	0.01%
Commercial and industrial	44	-.%	-	-.%	44	-.%
Mortgage	4,728	0.07%	-	-.%	4,728	0.06%
Consumer:						
Personal	2,569	0.15%	65	0.05%	2,634	0.14%
Total	\$ 7,543	0.03%	\$ 65	-.%	\$ 7,608	0.02%
Combination - Other-Than-Insignificant Payment Delays and Interest Rate Reduction						
Puerto Rico		Popular U.S.		Popular, Inc.		
(Dollars in thousands)	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2024	% of total class of Financing Receivable
Commercial and industrial	\$ 23	-.%	\$ -	-.%	\$ 23	-.%
Consumer:						
Credit cards	862	0.07%	-	-.%	862	0.07%
Total	\$ 885	-.%	\$ -	-.%	\$ 885	-.%

Loan Modifications Made to Borrowers Experiencing Financial Difficulty for the nine months ended September 30, 2024

Interest Rate Reduction								
BPPR			Popular U.S.			Popular, Inc.		
(Dollars in thousands)	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable
CRE owner occupied	\$ 175	0.01%	\$ -	- %	\$ 175	0.01%		
Commercial and industrial	2,756	0.05%	-	- %	2,756	0.04%		
Mortgage	42	-%	-	- %	42	- %		
Consumer:								
Credit cards	721	0.06%	-	- %	721	0.06%		
Personal	1,873	0.11%	-	- %	1,873	0.10%		
Other	24	0.02%	-	- %	24	0.01%		
Total	\$ 5,591	0.02%	\$ -	- % \$	5,591	0.02%		
Term Extension								
(Dollars in thousands)	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable
Commercial multi-family	\$ -	-%	\$ 10,570	0.50 %	\$ 10,570	0.44 %		
CRE non-owner occupied	55,655	1.77%	-	- %	55,655	1.07%		
CRE owner occupied	11,482	0.82%	6,033	0.36 %	17,515	0.57%		
Commercial and industrial	23,837	0.46%	-	- %	23,837	0.32%		
Construction	768	0.40%	-	- %	768	0.07%		
Mortgage	41,649	0.62%	1,075	0.08 %	42,724	0.53%		
Consumer:								
Personal	537	0.03%	-	- %	537	0.03%		
Auto	53	-%	-	- %	53	- %		
Total	\$ 133,981	0.52%	\$ 17,678	0.17 %	\$ 151,659	0.42 %		
Other-Than-Insignificant Payment Delays								
(Dollars in thousands)	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable
CRE non-owner occupied	\$ 139	-%	\$ -	- %	\$ 139	- %		
CRE owner occupied	20,591	1.47%	-	- %	20,591	0.67%		
Commercial and industrial	75,231	1.45%	-	- %	75,231	1.02%		
Mortgage	127	-%	-	- %	127	- %		
Consumer:								
Credit cards	5	-%	-	- %	5	- %		
Total	\$ 96,093	0.37%	\$ -	- % \$	96,093	0.27%		
Combination - Term Extension and Interest Rate Reduction								
(Dollars in thousands)	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable	Amortized Cost September 30, 2024	Basis at % of total class of Financing Receivable
CRE non-owner occupied	\$ 889	0.03%	\$ -	- %	\$ 889	0.02%		
CRE owner occupied	202	0.01%	-	- %	202	0.01%		
Commercial and industrial	615	0.01%	-	- %	615	0.01%		
Mortgage	13,404	0.20%	67	0.01 %	13,471	0.17%		
Consumer:								
Personal	5,755	0.33%	312	0.26 %	6,067	0.32%		
Total	\$ 20,865	0.08%	\$ 379	- % \$	21,244	0.06%		

Combination - Other-Than-Insignificant Payment Delays and Interest Rate Reduction								
	Puerto Rico			Popular U.S.			Popular, Inc.	
	Amortized Cost	Basis at	% of total class of	Amortized Cost	Basis at	% of total class of	Amortized Cost	Basis at
		September 30,	Financing		September 30,	Financing		September 30,
(Dollars in thousands)		2024	Receivable		2024	Receivable		2024
Commercial and industrial	\$ 110		-%	\$ -		-%	\$ 110	
Consumer:								
Credit cards	1,335		0.11%	-		-%	1,335	0.11%
Total	\$ 1,445		0.01%	\$ -		-%	\$ 1,445	-%

Loan Modifications Made to Borrowers Experiencing Financial Difficulty for the quarter ended September 30, 2023

Interest Rate Reduction

		BPPR		Popular U.S.		Popular, Inc.	
		Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable
<i>(Dollars in thousands)</i>							
CRE owner occupied	\$ 141,807	10.07%	\$ -	-	- %	\$ 141,807	4.66%
Commercial and industrial	43	-%	-	-	- %	43	-%
Mortgage	76	-%	-	-	- %	76	-%
Consumer:							
Credit cards	154	0.01%	-	-	- %	154	0.01%
Personal	247	0.01%	-	-	- %	247	0.01%
Total	\$ 142,327	0.60%	\$ -	-	- % \$	142,327	0.42%

Term Extension

		BPPR		Popular U.S.		Popular, Inc.	
		Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable
<i>(Dollars in thousands)</i>							
CRE non-owner occupied	\$ 8,760	0.30%	\$ -	-	- % \$	8,760	0.17%
CRE owner occupied	2,667	0.19%	10,847	0.66 %	13,514	0.44%	
Commercial and industrial	16,535	0.38%	-	-	16,535	0.25%	
Mortgage	17,057	0.27%	933	0.07 %	17,990	0.24%	
Consumer:							
Personal	122	0.01%	-	-	- %	122	0.01%
Total	\$ 45,141	0.19%	\$ 11,780	0.11 % \$	56,921	0.17%	

Other-Than-Insignificant Payment Delays

		BPPR		Popular U.S.		Popular, Inc.	
		Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable
<i>(Dollars in thousands)</i>							
CRE owner occupied	\$ 8,980	0.64%	\$ -	-	- % \$	8,980	0.29%
Commercial and industrial	3,287	0.08%	-	-	- %	3,287	0.05%
Total	\$ 12,267	0.05%	\$ -	-	- % \$	12,267	0.04%

Combination - Term Extension and Interest Rate Reduction

		BPPR		Popular U.S.		Popular, Inc.	
		Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable
<i>(Dollars in thousands)</i>							
CRE non-owner occupied	\$ 18,705	0.63%	\$ -	-	- % \$	18,705	0.37%
CRE owner occupied	14,683	1.04%	-	-	- %	14,683	0.48%
Commercial and industrial	558	0.01%	-	-	- %	558	0.01%
Mortgage	7,691	0.12%	-	-	- %	7,691	0.10%
Consumer:							
Personal	815	0.05%	11	0.01 %	826	0.04%	
Total	\$ 42,452	0.18%	\$ 11	- % \$	42,463	0.12%	

Combination - Other-Than-Insignificant Payment Delays and Interest Rate Reduction

		Puerto Rico		Popular U.S.		Popular, Inc.	
		Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost Basis at September 30, 2023	% of total class of Financing Receivable
<i>(Dollars in thousands)</i>							
CRE non-owner occupied	\$ 182	0.01%	\$ -	-	- % \$	182	-%
Commercial and industrial	78	-%	-	-	- %	78	-%
Consumer:							
Credit cards	195	-%	-	-	- %	195	0.02%
Total	\$ 455	- % \$	-	- % \$	455	- %	

Loan Modifications Made to Borrowers Experiencing Financial Difficulty for the nine months ended September 30, 2023

Interest Rate Reduction								
	BPPR			Popular U.S.			Popular, Inc.	
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE owner occupied	\$ 141,807		10.07%	\$ -		- %	\$ 141,807	4.66%
Commercial and industrial	43		%	-		- %	43	%
Mortgage	302		%	-		- %	302	%
Consumer:								
Credit cards	565		0.05%	-		- %	565	0.05%
Personal	540		0.03%	3		- %	543	0.03%
Other	3		%	-		- %	3	%
Total	\$ 143,260		0.60%	\$ 3		- %	\$ 143,263	0.42%
Term Extension								
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE non-owner occupied	\$ 33,059		1.12%	\$ -		- %	\$ 33,059	0.66%
CRE owner occupied	4,293		0.30%	26,509		1.62 %	30,802	1.01%
Commercial and industrial	38,713		0.89%	-		- %	38,713	0.59%
Construction	2,169		1.27%	5,309		0.71 %	7,478	0.81%
Mortgage	41,916		0.67%	5,423		0.42 %	47,339	0.62%
Consumer:								
Personal	196		0.01%	129		0.07 %	325	0.02%
Auto	36		%	-		- %	36	%
Total	\$ 120,382		0.51%	\$ 37,370		0.36 %	\$ 157,752	0.46%
Principal Forgiveness								
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE owner occupied	\$ 18		%	\$ -		- %	\$ 18	%
Total	\$ 18		%	\$ -		- %	\$ 18	%
Other-Than-Insignificant Payment Delays								
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE non-owner occupied	\$ 1,736		0.06%	\$ -		- %	\$ 1,736	0.03%
CRE owner occupied	12,833		0.91%	13,556		0.83 %	26,389	0.87%
Commercial and industrial	4,653		0.11%	828		0.04 %	5,481	0.08%
Mortgage	137		%	-		- %	137	%
Consumer:								
Other	31		0.02%	-		- %	31	0.02%
Total	\$ 19,390		0.08%	\$ 14,384		0.14 %	\$ 33,774	0.10%

Combination - Term Extension and Interest Rate Reduction								
	BPPR			Popular U.S.			Popular, Inc.	
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE non-owner occupied	\$ 18,705	0.63%	\$ -	-	-%	\$ 18,705	0.37%	
CRE owner occupied	14,784	1.05%	-	-	-%	14,784	0.49%	
Commercial and industrial	614	0.01%	-	-	-%	614	0.01%	
Mortgage	29,044	0.46%	407	0.03%	29,451	0.39%		
Consumer:								
Personal	1,711	0.10%	43	0.02 %	1,754	0.09%		
Auto	27	%	-	- %	27	-%		
Total	\$ 64,885	0.27%	\$ 450	- %	\$ 65,335	0.19%		

Combination - Other-Than-Insignificant Payment Delays and Interest Rate Reduction								
	Puerto Rico			Popular U.S.			Popular, Inc.	
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE non-owner occupied	\$ 182	0.01%	\$ -	-	-	\$ 182	-%	
Commercial and industrial	153	%	-	-	-	153	-%	
Consumer:								
Credit cards	587	0.05%	-	-	-	587	0.05%	
Total	\$ 922	%	\$ -	-	-	\$ 922	-%	

Combination - Other-Than-Insignificant Payment Delays and Principal Forgiveness								
	Puerto Rico			Popular U.S.			Popular, Inc.	
(Dollars in thousands)	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023	% of total class of Financing Receivable	Amortized Cost September 30, 2023	Basis at September 30, 2023
CRE owner occupied	\$ 195	0.01%	\$ -	-	-	\$ 195	0.01%	
Total	\$ 195	%	\$ -	-	-	\$ 195	-%	

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulties:

For the quarter ended September 30, 2024

Interest rate reduction	
Loan Type	Financial Effect
CRE Owner occupied	Reduced weighted-average contractual interest rate from 10.45% to 6.62%
Commercial and industrial	Reduced weighted-average contractual interest rate from 25.76% to 10.21%.
Mortgage	Reduced weighted-average contractual interest rate from 5.87% to 4.32%.
Consumer:	
Credit cards	Reduced weighted-average contractual interest rate from 21.46% to 8.02%.
Personal	Reduced weighted-average contractual interest rate from 19.47% to 10.35%.

Term extension	
Loan Type	Financial Effect
Commercial multi-family	Added a weighted-average of 4 months to the life of loans.
CRE Non-owner occupied	Added a weighted-average of 7 months to the life of loans.
CRE Owner occupied	Added a weighted-average of 5 years to the life of loans.
Commercial and industrial	Added a weighted-average of 1 year to the life of loans.
Construction	Added a weighted-average of 2 months to the life of loans.
Mortgage	Added a weighted-average of 12 years to the life of loans.
Consumer:	
Personal	Added a weighted-average of 5 years to the life of loans.

Other than insignificant payment delays	
Loan Type	Financial Effect
CRE Non-owner occupied	Added a weighted-average of 14 months to the life of loans.
CRE Owner occupied	Added a weighted-average of 7 months to the life of loans.
Commercial and industrial	Added a weighted-average of 7 months to the life of loans.
Consumer:	
Credit cards	Added a weighted-average of 16 months to the life of loans.

For the nine months ended September 30, 2024

Interest rate reduction		
Loan Type	Financial Effect	
CRE Non-owner occupied	Reduced weighted-average contractual interest rate from 10.1% to 8.3%.	
CRE Owner occupied	Reduced weighted-average contractual interest rate from 10.6% to 6.5%.	
Commercial and industrial	Reduced weighted-average contractual interest rate from 20.6% to 9.6%.	
Mortgage	Reduced weighted-average contractual interest rate from 6.1% to 4.4%.	
Consumer:		
Credit cards	Reduced weighted-average contractual interest rate from 20.9% to 6.5%.	
Personal	Reduced weighted-average contractual interest rate from 19.1% to 10.0%.	
Other	Reduced weighted-average contractual interest rate from 18.0% to 0%.	

Term extension		
Loan Type	Financial Effect	
Commercial multi-family	Added a weighted-average of 4 months to the life of loans.	
CRE Non-owner occupied	Added a weighted-average of 9 months to the life of loans.	
CRE Owner occupied	Added a weighted-average of 11 months to the life of loans.	
Commercial and industrial	Added a weighted-average of 2 years to the life of loans.	
Construction	Added a weighted-average of 2 months to the life of loans.	
Mortgage	Added a weighted-average of 12 years to the life of loans.	
Consumer:		
Personal	Added a weighted-average of 8 years to the life of loans.	
Auto	Added a weighted-average of 4 years to the life of loans.	

Other than insignificant payment delay		
Loan Type	Financial Effect	
CRE Non-owner occupied	Added a weighted-average of 14 months to the life of loans.	
CRE Owner occupied	Added a weighted-average of 10 months to the life of loans.	
Commercial and industrial	Added a weighted-average of 7 months to the life of loans.	
Mortgage	Added a weighted-average of 30 months to the life of loans.	
Consumer:		
Credit cards	Added a weighted-average of 18 months to the life of loans.	

For the quarter ended September 30, 2023

Interest rate reduction		
Loan Type	Financial Effect	
CRE Non-owner occupied	Reduced weighted-average contractual interest rate from	9.0% to 7.2%.
CRE Owner occupied	Reduced weighted-average contractual interest rate from	8.4% to 6.6%.
Commercial and industrial	Reduced weighted-average contractual interest rate from	12.5% to 7.6%.
Mortgage	Reduced weighted-average contractual interest rate from	5.7% to 4.2%.
Consumer:		
Credit cards	Reduced weighted-average contractual interest rate from	19.6% to 3.6%.
Personal	Reduced weighted-average contractual interest rate from	17.0% to 9.1%.

Term extension		
Loan Type	Financial Effect	
CRE Non-owner occupied	Added a weighted-average of 28 months to the life of loans.	
CRE Owner occupied	Added a weighted-average of 1 year to the life of loans.	
Commercial and industrial	Added a weighted-average of 3 years to the life of loans.	
Mortgage	Added a weighted-average of 11 years to the life of loans.	
Consumer:		
Personal	Added a weighted-average of 7 years to the life of loans.	

Other than insignificant payment delay		
Loan Type	Financial Effect	
CRE Non-owner occupied	Added a weighted-average of 7 months to the life of loans.	
CRE Owner occupied	Added a weighted-average of 10 months to the life of loans.	
Commercial and industrial	Added a weighted-average of 7 months to the life of loans.	
Consumer:		
Credit cards	Added a weighted-average of 29 months to the life of loans.	

For the nine months ended September 30, 2023

Interest rate reduction

Loan Type	Financial Effect
CRE Non-owner occupied	Reduced weighted-average contractual interest rate from 9.0% to 7.2%.
CRE Owner occupied	Reduced weighted-average contractual interest rate from 8.4% to 6.6%.
Commercial and industrial	Reduced weighted-average contractual interest rate from 14.0% to 7.7%.
Mortgage	Reduced weighted-average contractual interest rate from 5.7% to 4.2%.
Consumer:	
Credit cards	Reduced weighted-average contractual interest rate from 18.0% to 4.3%.
Personal	Reduced weighted-average contractual interest rate from 18.0% to 9.7%.
Auto	Reduced weighted-average contractual interest rate from 12.64% to 12.62%.
Other	Reduced weighted-average contractual interest rate from 18.0% to 0.0%.

Term extension

Loan Type	Financial Effect
CRE Non-owner occupied	Added a weighted-average of 19 months to the life of loans.
CRE Owner occupied	Added a weighted-average of 1 year to the life of loans.
Commercial and industrial	Added a weighted-average of 2 years to the life of loans.
Construction	Added a weighted-average of 6 months to the life of loans.
Mortgage	Added a weighted-average of 11 years to the life of loans.
Consumer:	
Personal	Added a weighted-average of 7 years to the life of loans.
Auto	Added a weighted-average of 3 years to the life of loans.

Principal forgiveness

Loan Type	Financial Effect
CRE Owner occupied	Reduced the amortized cost basis of the loans by \$ 0.1 million.

Other than insignificant payment delay

Loan Type	Financial Effect
CRE Non-owner occupied	Added a weighted-average of 12 months to the life of loans.
CRE Owner occupied	Added a weighted-average of 8 months to the life of loans.
Commercial and industrial	Added a weighted-average of 8 months to the life of loans.
Mortgage	Added a weighted-average of 40 months to the life of loans.
Consumer:	
Credit cards	Added a weighted-average of 26 months to the life of loans.
Other	Added a weighted-average of 11 months to the life of loans.

The following tables present, by class, the performance of loans that have been modified during the twelve months preceding September 30, 2024. The past due 90 days or more categories includes all loans modified classified as non-accruing at the time of modification. These loans will continue in non-accrual status, and presented as past due 90 days or more, until the borrower demonstrated a willingness and ability to make the restructured loan payments (at least nine months of sustained performance after modification or one year for loans providing for quarterly or semi-annual payments) and management has concluded probable that the borrower would not be in payment default in the foreseeable future.

BPPR							
September 30, 2024							
(In thousands)			Past due 90 days or more	Total past due	Current	Past Due 90 days or more [1]	
	30-59 days	60-89 days				With Payment Default	Without Payment Default
Commercial multi-family	\$ -	\$ -	\$ 63	\$ 63	\$ -	\$ 63	\$ 63
CRE non-owner occupied	-	-	2,798	2,798	55,766	58,564	-
CRE owner occupied	92	-	2,232	2,324	36,355	38,679	89
Commercial and industrial	12,359	26	4,817	17,202	86,203	103,405	96
Construction	-	-	-	-	768	768	-
Mortgage	5,649	4,359	24,206	34,214	40,358	74,572	6,609
Consumer:							
Credit cards	205	81	283	569	1,715	2,284	197
Personal	286	51	1,914	2,251	6,854	9,105	210
Auto	-	-	34	34	69	103	-
Other	24	-	-	24	4	28	-
Total	\$ 18,615	\$ 4,517	\$ 36,347	\$ 59,479	\$ 228,092	\$ 287,571	\$ 7,201
							\$ 29,146

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

Popular U.S.							
September 30, 2024							
(In thousands)			Past due 90 days or more	Total past due	Current	Past Due 90 days or more [1]	
	30-59 days	60-89 days				With Payment Default	Without Payment Default
Commercial multi-family	\$ -	\$ -	\$ -	\$ -	\$ 10,570	\$ 10,570	\$ -
CRE owner occupied	-	-	-	-	39,855	39,855	-
Mortgage	-	-	795	795	407	1,202	-
Consumer:							
Personal	29	-	85	114	216	330	-
Total	\$ 29	\$ -	\$ 880	\$ 909	\$ 51,048	\$ 51,957	\$ -
							\$ 880

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

Popular Inc.									
September 30, 2024									
(in thousands)	Past due 90 days or more			Total past due	Current	Total	Past Due 90 days or more [1]		
	30-59 days	60-89 days	Past due 90 days or more				With Payment Default	Without Payment Default	
Commercial multi-family	\$ -	\$ -	\$ 63	\$ 63	\$ 10,570	\$ 10,633	\$ -	\$ 63	
CRE non-owner occupied	-	-	2,798	2,798	55,766	58,564	-	2,798	
CRE owner occupied	92	-	2,232	2,324	76,210	78,534	89	2,143	
Commercial and industrial	12,359	26	4,817	17,202	86,203	103,405	96	4,721	
Construction	-	-	-	-	768	768	-	-	
Mortgage	5,649	4,359	25,001	35,009	40,765	75,774	6,609	18,392	
Consumer:									
Credit cards	205	81	283	569	1,715	2,284	197	86	
Personal	315	51	1,999	2,365	7,070	9,435	210	1,789	
Auto	-	-	34	34	69	103	-	34	
Other	24	-	-	24	4	28	-	-	
Total	\$ 18,644	\$ 4,517	\$ 37,227	\$ 60,388	\$ 279,140	\$ 339,528	\$ 7,201	\$ 30,026	

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

The following tables present, by class, the performance of loans that have been modified during the nine months ended September 2023.

(In thousands)	BPPR						Past Due 90 days or more [1]		
	September 30, 2023						With Payment Default	Without Payment Default	
	30-59 days	60-89 days	Past due 90 days or more	Total past due	Current	Total			
CRE non-owner occupied	\$ -	\$ -	\$ 122	\$ 122	\$ 53,560	\$ 53,682	\$ -	\$ 122	
CRE owner occupied	-	-	2,488	2,488	171,442	173,930	-	2,488	
Commercial and industrial	-	-	1,735	1,735	42,441	44,176	729	1,006	
Construction	-	-	-	-	2,169	2,169	-	-	
Mortgage	4,913	2,572	22,291	29,776	41,623	71,399	4,196	18,095	
Consumer:									
Credit cards	117	87	130	334	818	1,152	93	37	
Personal	48	19	550	617	1,830	2,447	-	550	
Auto	-	-	11	11	52	63	-	11	
Other	-	-	31	31	3	34	31	-	
Total	\$ 5,078	\$ 2,678	\$ 27,358	\$ 35,114	\$ 313,938	\$ 349,052	\$ 5,049	\$ 22,309	

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

(In thousands)	Popular U.S.						Past Due 90 days or more [1]		
	September 30, 2023						With Payment Default	Without Payment Default	
	30-59 days	60-89 days	Past due 90 days or more	Total past due	Current	Total			
CRE owner occupied	\$ -	\$ -	\$ -	\$ -	\$ 40,065	\$ 40,065	\$ -	\$ -	
Commercial and industrial	-	-	-	-	828	828	-	-	
Construction	-	-	-	-	5,309	5,309	-	-	
Mortgage	-	-	334	334	5,496	5,830	103	231	
Consumer:									
Personal	-	-	129	129	46	175	-	129	
Total	\$ -	\$ -	\$ 463	\$ 463	\$ 51,744	\$ 52,207	\$ 103	\$ 360	

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

Popular Inc.								
September 30, 2023								
(In thousands)	Past due 90 days or more			Total past due	Current	Total	Past Due 90 days or more [1]	
	30-59 days	60-89 days	Past due 90 days or more				With Payment Default	Without Payment Default
CRE non-owner occupied	\$ -	\$ -	\$ 122	\$ 122	\$ 53,560	\$ 53,682	\$ -	\$ 122
CRE owner occupied	-	-	2,488	2,488	211,507	213,995	-	2,488
Commercial and industrial	-	-	1,735	1,735	43,269	45,004	729	1,006
Construction	-	-	-	-	7,478	7,478	-	-
Mortgage	4,913	2,572	22,625	30,110	47,119	77,229	4,299	18,326
Consumer:								
Credit cards	117	87	130	334	818	1,152	93	37
Personal	48	19	679	746	1,876	2,622	-	679
Auto	-	-	11	11	52	63	-	11
Other	-	-	31	31	3	34	31	-
Total	\$ 5,078	\$ 2,678	\$ 27,821	\$ 35,577	\$ 365,682	\$ 401,259	\$ 5,152	\$ 22,669

[1] Loans that were in non-accrual status at the time of modification are presented as past due until the borrower has demonstrated a willingness and ability to make the restructured loan payments. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment as of period end is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified with financial difficulty that were fully paid down, charged-off or foreclosed upon by period end are not reported.

Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. During the quarter and nine months ended September 30, 2024, the outstanding balance of loans modified under financial difficulties that were subject to payment default and that had been modified during the twelve preceding the default date was \$ million and \$25 million, respectively. The amount was not considered material for the quarter and nine months ended September 30, 2023.

For the quarter ended September 30, 2024, extension of maturity and the combination of interest rate reduction and extension of maturity amounted to \$6 million and \$ million, respectively, of the outstanding balance of loans modified for borrowers financial difficulties that were subject to payment default during the year preceding the default date. For the nine months ended September 30, 2024, interest rate reduction, extension of maturity and the combination of interest rate reduction and extension of maturity amounted to \$1 million, \$22 million and \$2 million, respectively of the outstanding balance of loans modified for borrowers under financial difficulties that were subject to payment default during the year preceding the default date.

Credit Quality

The risk rating system provides for the assignment of ratings at the obligor level based on the financial condition of the obligor. The rating analysis process is performed at least once a year or more frequently if events or conditions change which may deteriorate the credit quality. In the case of consumer and mortgage loans, these loans are classified considering their delinquency at the end of the reporting period.

The following tables present the amortized cost basis, net of unearned income, of loans held-in-portfolio based on the Corporation's assignment of obligor risk ratings as defined at September 30, 2024 and December 31, 2023 and the gross write-offs recorded by obligor risk ratings as defined at September 30, 2024 and December 31, 2023. For the definitions of the obligor risk ratings, refer to the Credit Quality section of Note 9 to the Consolidated Financial Statements included in the 2023 Form 10-K:

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis			
	2024	2023	2022	2021	2020	Total		Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Total	
BP PR											
Commercial:											
Commercial multi-family											
Pass	\$ 45,745	\$ 37,386	\$ 136,798	\$ 21,021	\$ 20,224	\$ 28,713	\$ -	\$ -	\$ 289,887		
Watch	-	-	-	-	-	5,796	-	-	-	5,796	
Special Mention	-	-	546	-	-	4,665	-	-	-	5,211	
Substandard	-	-	-	-	-	4,640	-	-	-	4,640	
Total commercial multi-family	\$ 45,745	\$ 37,386	\$ 137,344	\$ 21,021	\$ 20,224	\$ 43,814	\$ -	\$ -	\$ 305,534		
Commercial real estate non-owner occupied											
Pass	\$ 319,714	\$ 315,434	\$ 821,480	\$ 551,468	\$ 340,485	\$ 542,362	\$ 6,213	\$ -	\$ 2,897,156		
Watch	-	2,118	1,061	5,015	29,165	56,824	-	-	-	94,183	
Special Mention	-	41,558	7,153	24,424	-	65,985	-	-	-	139,120	
Substandard	-	1,006	111	174	2,028	14,477	-	-	-	17,796	
Total commercial real estate non-owner occupied	\$ 319,714	\$ 360,116	\$ 829,805	\$ 581,081	\$ 371,678	\$ 679,648	\$ 6,213	\$ -	\$ 3,148,255		
Year-to-Date gross write-offs	\$ -	\$ -	\$ 69	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	69	
Commercial real estate owner occupied											
Pass	\$ 89,427	\$ 95,335	\$ 149,373	\$ 217,165	\$ 47,671	\$ 334,396	\$ 5,904	\$ -	\$ 939,271		
Watch	845	2,032	41,922	9,003	4,559	83,693	3	-	-	142,057	
Special Mention	-	1,232	19,778	20,381	887	20,676	1,350	-	-	64,304	
Substandard	467	1,149	20,644	4,714	141,549	76,725	12,932	-	-	258,180	
Doubtful	-	-	-	-	-	38	-	-	-	38	
Total commercial real estate owner occupied	\$ 90,739	\$ 99,748	\$ 231,717	\$ 251,263	\$ 194,666	\$ 515,528	\$ 20,189	\$ -	\$ 1,403,850		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787	\$ -	\$ -	\$ -	2,787	
Commercial and industrial											
Pass	\$ 628,977	\$ 923,130	\$ 609,454	\$ 322,189	\$ 216,674	\$ 324,173	\$ 1,239,993	\$ -	\$ 4,264,590		
Watch	42,726	54,796	48,349	4,210	3,445	71,412	233,386	-	-	458,324	
Special Mention	4,836	13,934	3,931	158,133	2,723	44,297	36,007	-	-	263,861	
Substandard	4,716	1,136	34,868	6,335	12,056	22,380	107,781	-	-	189,272	
Doubtful	-	-	-	-	14	17	-	-	-	31	
Loss	-	-	-	-	-	47	-	-	-	47	
Total commercial and industrial	\$ 681,255	\$ 992,996	\$ 696,602	\$ 490,867	\$ 234,912	\$ 462,279	\$ 1,617,214	\$ -	\$ 5,176,125		
Year-to-Date gross write-offs	\$ 420	\$ 318	\$ 331	\$ 122	\$ 2,838	\$ 11,685	\$ 5,217	\$ -	\$ 20,931		
Construction											
Pass	\$ 46,479	\$ 53,586	\$ 41,492	\$ 10,539	\$ 10,572	\$ 1,011	\$ 19,731	\$ -	\$ 183,410		
Special Mention	-	-	-	6,165	-	-	-	-	-	6,165	
Substandard	-	-	-	768	-	-	-	-	-	768	
Total construction	\$ 46,479	\$ 53,586	\$ 41,492	\$ 17,472	\$ 10,572	\$ 1,011	\$ 19,731	\$ -	\$ 190,343		
Mortgage											
Pass	\$ 636,253	\$ 734,172	\$ 419,816	\$ 413,048	\$ 242,256	\$ 4,173,843	\$ -	\$ -	\$ 6,619,388		
Substandard	-	1,863	1,051	775	348	71,992	-	-	-	76,029	
Total mortgage	\$ 636,253	\$ 736,035	\$ 420,867	\$ 413,823	\$ 242,604	\$ 4,245,835	\$ -	\$ -	\$ 6,695,417		
Year-to-Date gross write-offs	\$ -	\$ -	\$ 8	\$ -	\$ 991	\$ -	\$ -	\$ -	\$ -	999	

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total
	2024	2023	2022	2021	2020	Prior Years	Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis			
BPPR											
Leasing											
Pass	\$ 577,747	\$ 508,333	\$ 394,476	\$ 240,244	\$ 118,620	\$ 40,264	\$ -	\$ -	\$ 1,879,684		
Substandard	315	1,772	2,219	1,744	564	664	-	-	-	7,278	
Loss	-	29	30	-	-	31	-	-	-	90	
Total leasing	\$ 578,062	\$ 510,134	\$ 396,725	\$ 241,988	\$ 119,184	\$ 40,959	\$ -	\$ -	\$ 1,887,052		
Year-to-Date gross write-offs	\$ 639	\$ 3,534	\$ 4,220	\$ 2,477	\$ 453	\$ 998	\$ -	\$ -	\$ -	12,321	
Consumer:											
Credit cards											
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,159,675	\$ -	\$ 1,159,675		
Substandard	-	-	-	-	-	-	27,121	-	27,121		
Loss	-	-	-	-	-	-	93	-	93		
Total credit cards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,186,889	\$ -	\$ 1,186,889		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,318	\$ -	\$ 50,318		
HELOCs											
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,131	\$ -	\$ 2,131		
Total HELOCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,131	\$ -	\$ 2,131		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373	\$ -	\$ 373		
Personal											
Pass	\$ 560,994	\$ 584,410	\$ 308,630	\$ 118,359	\$ 34,512	\$ 103,723	\$ -	\$ 21,944	\$ 1,732,572		
Substandard	347	5,248	3,938	1,556	265	8,660	-	1,293	21,307		
Loss	3	85	100	6	6	2	-	-	202		
Total Personal	\$ 561,344	\$ 589,743	\$ 312,668	\$ 119,921	\$ 34,783	\$ 112,385	\$ -	\$ 23,237	\$ 1,754,081		
Year-to-Date gross write-offs	\$ 882	\$ 26,352	\$ 30,020	\$ 8,457	\$ 2,294	\$ 2,934	\$ -	\$ 1,415	\$ 72,354		
Auto											
Pass	\$ 1,013,543	\$ 1,007,006	\$ 721,883	\$ 547,046	\$ 290,297	\$ 183,490	\$ -	\$ -	\$ 3,763,265		
Substandard	3,665	14,590	13,569	10,585	6,934	5,820	-	-	55,163		
Loss	-	60	58	5	15	41	-	-	179		
Total Auto	\$ 1,017,208	\$ 1,021,656	\$ 735,510	\$ 557,636	\$ 297,246	\$ 189,351	\$ -	\$ -	\$ 3,818,607		
Year-to-Date gross write-offs	\$ 3,815	\$ 28,070	\$ 15,143	\$ 7,377	\$ 3,930	\$ 1,452	\$ -	\$ -	\$ 59,787		
Other consumer											
Pass	\$ 21,944	\$ 30,575	\$ 20,718	\$ 11,621	\$ 4,962	\$ 3,709	\$ 62,453	\$ -	\$ 155,982		
Substandard	-	233	22	14	29	61	299	-	658		
Loss	-	-	-	550	-	-	-	-	550		
Total Other consumer	\$ 21,944	\$ 30,808	\$ 20,740	\$ 12,185	\$ 4,991	\$ 3,770	\$ 62,752	\$ -	\$ 157,190		
Year-to-Date gross write-offs	\$ 25	\$ 196	\$ 130	\$ 96	\$ 128	\$ 1,497	\$ -	\$ -	\$ 2,072		
Total BPPR	\$ 3,998,743	\$ 4,432,208	\$ 3,823,470	\$ 2,707,257	\$ 1,530,860	\$ 6,294,580	\$ 2,915,119	\$ 23,237	\$ 25,725,474		

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total
	2024	2023	2022	2021	2020	Prior Years	Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis			
Popular U.S.											
Commercial:											
Commercial multi-family											
Pass	\$ 88,767	\$ 156,950	\$ 517,888	\$ 353,958	\$ 195,703	\$ 620,641	\$ 2,840	\$ -	\$ 1,936,747		
Watch	-	-	16,549	1,990	23,777	89,401	-	-	131,717		
Special Mention	-	-	-	-	-	4,765	-	-	4,765		
Substandard	-	-	-	-	-	26,539	-	-	26,539		
Total commercial multi-family	\$ 88,767	\$ 156,950	\$ 534,437	\$ 355,948	\$ 219,480	\$ 741,346	\$ 2,840	\$ -	\$ 2,099,768		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ 441		
Commercial real estate non-owner occupied											
Pass	\$ 45,320	\$ 397,410	\$ 496,311	\$ 156,546	\$ 223,062	\$ 469,514	\$ 12,572	\$ -	\$ 1,800,735		
Watch	-	-	13,532	24,646	17,280	63,562	-	-	119,020		
Special Mention	-	-	-	2,373	-	63,304	-	-	65,677		
Substandard	-	-	2,684	2,763	7,878	38,369	-	-	51,694		
Total commercial real estate non-owner occupied	\$ 45,320	\$ 397,410	\$ 512,527	\$ 186,328	\$ 248,220	\$ 634,749	\$ 12,572	\$ -	\$ 2,037,126		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54	\$ -	\$ -	\$ 54		
Commercial real estate owner occupied											
Pass	\$ 137,358	\$ 287,290	\$ 236,338	\$ 253,353	\$ 30,402	\$ 253,735	\$ 5,954	\$ -	\$ 1,204,430		
Watch	-	13,320	33,982	36,980	50,577	70,804	1,905	-	207,568		
Special Mention	-	490	45,220	59,249	31,221	10,899	-	-	147,079		
Substandard	-	-	17,165	2,379	-	109,922	-	-	129,466		
Total commercial real estate owner occupied	\$ 137,358	\$ 301,100	\$ 332,705	\$ 351,961	\$ 112,200	\$ 445,360	\$ 7,859	\$ -	\$ 1,688,543		
Commercial and industrial											
Pass	\$ 145,968	\$ 255,118	\$ 314,585	\$ 324,851	\$ 264,907	\$ 501,314	\$ 193,158	\$ -	\$ 1,999,901		
Watch	22	8,581	51,322	32,037	20,747	67,302	9,533	-	189,544		
Special Mention	55	9,052	5,503	726	1	297	5,190	-	20,824		
Substandard	1,807	670	261	61	2,595	3,212	5,553	-	14,159		
Total commercial and industrial	\$ 147,852	\$ 273,421	\$ 371,671	\$ 357,675	\$ 288,250	\$ 572,125	\$ 213,434	\$ -	\$ 2,224,428		
Year-to-Date gross write-offs	\$ 1,103	\$ 644	\$ 190	\$ 300	\$ 5	\$ 44	\$ 86	\$ -	\$ 2,372		
Construction											
Pass	\$ 169,148	\$ 460,457	\$ 149,988	\$ 14,567	\$ -	\$ 769	\$ 9,133	\$ -	\$ 804,062		
Watch	-	-	28,896	-	-	7,229	24,280	-	60,405		
Special Mention	-	10,026	6,224	-	-	-	-	-	16,250		
Substandard	-	-	7,898	-	-	34,349	-	-	42,247		
Total construction	\$ 169,148	\$ 470,483	\$ 193,006	\$ 14,567	\$ -	\$ 42,347	\$ 33,413	\$ -	\$ 922,964		
Mortgage											
Pass	\$ 69,138	\$ 91,580	\$ 217,752	\$ 275,884	\$ 219,511	\$ 395,632	\$ -	\$ -	\$ 1,269,497		
Substandard	-	-	106	252	-	28,076	-	-	28,434		
Total mortgage	\$ 69,138	\$ 91,580	\$ 217,858	\$ 276,136	\$ 219,511	\$ 423,708	\$ -	\$ -	\$ 1,297,931		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 18		

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year					Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis			Total	
	2024	2023	2022	2021	2020		Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Term Loans Amortized Cost Basis		
	Pass	- \$	- \$	- \$	- \$		- \$	4 \$	- \$	4	
Popular U.S.											
Consumer:											
Credit cards											
Pass	\$	- \$	- \$	- \$	- \$	- \$	6,335	\$ 45,803	\$ 11,587	\$ 63,725	
Total credit cards	\$	- \$	- \$	- \$	- \$	- \$	1,733	16	1,132	2,881	
HELOCs											
Pass	\$	- \$	- \$	- \$	- \$	- \$	99	-	855	954	
Total HELOCs	\$	- \$	- \$	- \$	- \$	- \$	8,167	\$ 45,819	\$ 13,574	\$ 67,560	
Year-to-Date gross write-offs	\$	- \$	- \$	- \$	- \$	- \$	-	25 \$	- \$	25	
Personal											
Pass	\$ 23,428	\$ 27,043	\$ 52,498	\$ 11,362	\$ 1,089	\$ 1,836	- \$	- \$	- \$	117,256	
Substandard	147	656	536	122	16	338	-	-	-	1,815	
Loss	-	23	-	-	-	-	-	-	-	23	
Total Personal	\$ 23,575	\$ 27,722	\$ 53,034	\$ 11,484	\$ 1,105	\$ 2,174	- \$	- \$	- \$	119,094	
Year-to-Date gross write-offs	\$ 253	\$ 3,161	\$ 8,859	\$ 2,030	\$ 180	\$ 267	- \$	- \$	- \$	14,750	
Other consumer											
Pass	\$ 17	- \$	- \$	- \$	- \$	- \$	\$ 12,056	- \$	- \$	12,073	
Substandard	-	-	-	-	-	-	2	-	-	2	
Total Other consumer	\$ 17	- \$	- \$	- \$	- \$	- \$	\$ 12,058	- \$	- \$	12,075	
Year-to-Date gross write-offs	\$ -	- \$	- \$	- \$	- \$	- \$	77 \$	- \$	- \$	77	
Total Popular U.S.	\$ 681,175	\$ 1,718,666	\$ 2,215,238	\$ 1,554,099	\$ 1,088,766	\$ 2,869,976	\$ 327,999	\$ 13,574	\$ 10,469,493		

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total
	2024	2023	2022	2021	2020	Prior Years	Revolving Loans Amortized Cost Basis	Term Loans Amortized Cost Basis			
Popular, Inc.											
Commercial:											
Commercial multi-family											
Pass	\$ 134,512	\$ 194,336	\$ 654,686	\$ 374,979	\$ 215,927	\$ 649,354	\$ 2,840	\$ -	\$ 2,226,634		
Watch	-	-	16,549	1,990	23,777	95,197	-	-	137,513		
Special Mention	-	-	546	-	-	9,430	-	-	9,976		
Substandard	-	-	-	-	-	31,179	-	-	31,179		
Total commercial multi-family	\$ 134,512	\$ 194,336	\$ 671,781	\$ 376,969	\$ 239,704	\$ 785,160	\$ 2,840	\$ -	\$ 2,405,302		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 441	\$ -	\$ -	\$ 441		
Commercial real estate non-owner occupied											
Pass	\$ 365,034	\$ 712,844	\$ 1,317,791	\$ 708,014	\$ 563,547	\$ 1,011,876	\$ 18,785	\$ -	\$ 4,697,891		
Watch	-	2,118	14,593	29,661	46,445	120,386	-	-	213,203		
Special Mention	-	41,558	7,153	26,797	-	129,289	-	-	204,797		
Substandard	-	1,006	2,795	2,937	9,906	52,846	-	-	69,490		
Total commercial real estate non-owner occupied	\$ 365,034	\$ 757,526	\$ 1,342,332	\$ 767,409	\$ 619,898	\$ 1,314,397	\$ 18,785	\$ -	\$ 5,185,381		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	69	\$ -	\$ 54	\$ -	\$ -	\$ 123		
Commercial real estate owner occupied											
Pass	\$ 226,785	\$ 382,625	\$ 385,711	\$ 470,518	\$ 78,073	\$ 588,131	\$ 11,858	\$ -	\$ 2,143,701		
Watch	845	15,352	75,904	45,983	55,136	154,497	1,908	-	349,625		
Special Mention	-	1,722	64,998	79,630	32,108	31,575	1,350	-	211,383		
Substandard	467	1,149	37,809	7,093	141,549	186,647	12,932	-	387,646		
Doubtful	-	-	-	-	-	38	-	-	38		
Total commercial real estate owner occupied	\$ 228,097	\$ 400,848	\$ 564,422	\$ 603,224	\$ 306,866	\$ 960,888	\$ 28,048	\$ -	\$ 3,092,393		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787	\$ -	\$ -	\$ 2,787		
Commercial and industrial											
Pass	\$ 774,945	\$ 1,178,248	\$ 924,039	\$ 647,040	\$ 481,581	\$ 825,487	\$ 1,433,151	\$ -	\$ 6,264,491		
Watch	42,748	63,377	99,671	36,247	24,192	138,714	242,919	-	647,868		
Special Mention	4,891	22,986	9,434	158,859	2,724	44,594	41,197	-	284,685		
Substandard	6,523	1,806	35,129	6,396	14,651	25,592	113,334	-	203,431		
Doubtful	-	-	-	-	14	17	-	-	31		
Loss	-	-	-	-	-	-	47	-	47		
Total commercial and industrial	\$ 829,107	\$ 1,266,417	\$ 1,068,273	\$ 848,542	\$ 523,162	\$ 1,034,404	\$ 1,830,648	\$ -	\$ 7,400,553		
Year-to-Date gross write-offs	\$ 1,523	\$ 962	\$ 521	\$ 422	\$ 2,843	\$ 11,729	\$ 5,303	\$ -	\$ 23,303		

September 30, 2024											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total
	2024	2023	2022	2021	2020	Prior Years	Revolving Loans Amortized Cost Basis	Term Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
	Pass	514,043	191,480	25,106	10,572	1,780	28,864	-	987,472		
Popular, Inc.											
Construction											
Pass	\$ 215,627	\$ 514,043	\$ 191,480	\$ 25,106	\$ 10,572	\$ 1,780	\$ 28,864	- \$	987,472		
Watch	-	-	28,896	-	-	7,229	24,280	-	60,405		
Special Mention	-	10,026	6,224	6,165	-	-	-	-	22,415		
Substandard	-	-	7,898	768	-	34,349	-	-	43,015		
Total construction	\$ 215,627	\$ 524,069	\$ 234,498	\$ 32,039	\$ 10,572	\$ 43,358	\$ 53,144	- \$	1,113,307		
Mortgage											
Pass	\$ 705,391	\$ 825,752	\$ 637,568	\$ 688,932	\$ 461,767	\$ 4,569,475	\$ -	- \$	7,888,885		
Substandard	-	1,863	1,157	1,027	348	100,068	-	-	104,463		
Total mortgage	\$ 705,391	\$ 827,615	\$ 638,725	\$ 689,959	\$ 462,115	\$ 4,669,543	\$ -	- \$	7,993,348		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 1,009	\$ -	\$ -	1,017	
Leasing											
Pass	\$ 577,747	\$ 508,333	\$ 394,476	\$ 240,244	\$ 118,620	\$ 40,264	\$ -	- \$	1,879,684		
Substandard	315	1,772	2,219	1,744	564	664	-	-	7,278		
Loss	-	29	30	-	-	31	-	-	90		
Total leasing	\$ 578,062	\$ 510,134	\$ 396,725	\$ 241,988	\$ 119,184	\$ 40,959	\$ -	- \$	1,887,052		
Year-to-Date gross write-offs	\$ 639	\$ 3,534	\$ 4,220	\$ 2,477	\$ 453	\$ 998	\$ -	- \$	- \$	12,321	

September 30, 2024									
(In thousands)	Term Loans Amortized Cost Basis by Origination Year					Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis		
	2024	2023	2022	2021	2020		Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Total
	Pass	Substandard	Loss	Total	Pass	Substandard	Loss	Total	Total
Popular, Inc.									
Consumer:									
Credit cards									
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,159,679	\$ -	\$ 1,159,679	\$ 1,159,679
Substandard	-	-	-	-	-	-	27,121	-	27,121
Loss	-	-	-	-	-	-	93	-	93
Total credit cards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,186,893	\$ -	\$ 1,186,893	\$ 1,186,893
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,318	\$ -	\$ 50,318	\$ 50,318
HELOCs									
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,335	\$ 47,934	\$ 11,587	\$ 65,856
Substandard	-	-	-	-	-	1,733	16	1,132	2,881
Loss	-	-	-	-	-	99	-	855	954
Total HELOCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,167	\$ 47,950	\$ 13,574	\$ 69,691
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398	\$ -	\$ 398	\$ 398
Personal									
Pass	\$ 584,422	\$ 611,453	\$ 361,128	\$ 129,721	\$ 35,601	\$ 105,559	\$ -	\$ 21,944	\$ 1,849,828
Substandard	494	5,904	4,474	1,678	281	8,998	-	1,293	23,122
Loss	3	108	100	6	6	2	-	-	225
Total Personal	\$ 584,919	\$ 617,465	\$ 365,702	\$ 131,405	\$ 35,888	\$ 114,559	\$ -	\$ 23,237	\$ 1,873,175
Year-to-Date gross write-offs	\$ 1,135	\$ 29,513	\$ 38,879	\$ 10,487	\$ 2,474	\$ 3,201	\$ -	\$ 1,415	\$ 87,104
Auto									
Pass	\$ 1,013,543	\$ 1,007,006	\$ 721,883	\$ 547,046	\$ 290,297	\$ 183,490	\$ -	\$ -	\$ 3,763,265
Substandard	3,665	14,590	13,569	10,585	6,934	5,820	-	-	55,163
Loss	-	60	58	5	15	41	-	-	179
Total Auto	\$ 1,017,208	\$ 1,021,656	\$ 735,510	\$ 557,636	\$ 297,246	\$ 189,351	\$ -	\$ -	\$ 3,818,607
Year-to-Date gross write-offs	\$ 3,815	\$ 28,070	\$ 15,143	\$ 7,377	\$ 3,930	\$ 1,452	\$ -	\$ -	\$ 59,787
Other consumer									
Pass	\$ 21,961	\$ 30,575	\$ 20,718	\$ 11,621	\$ 4,962	\$ 3,709	\$ 74,509	\$ -	\$ 168,055
Substandard	-	233	22	14	29	61	301	-	660
Loss	-	-	-	550	-	-	-	-	550
Total Other consumer	\$ 21,961	\$ 30,808	\$ 20,740	\$ 12,185	\$ 4,991	\$ 3,770	\$ 74,810	\$ -	\$ 169,265
Year-to-Date gross write-offs	\$ 25	\$ 196	\$ 130	\$ 96	\$ 128	\$ 1,497	\$ 77	\$ -	\$ 2,149
Total Popular Inc.	\$ 4,679,918	\$ 6,150,874	\$ 6,038,708	\$ 4,261,356	\$ 2,619,626	\$ 9,164,556	\$ 3,243,118	\$ 36,811	\$ 36,194,967

December 31, 2023

(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis			Total	
	2023	2022	2021	2020	2019			Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
BPPR												
Commercial:												
Commercial multi-family												
Pass	\$ 37,976	\$ 138,619	\$ 21,334	\$ 20,487	\$ 32,554	\$ 24,248	\$ 306	\$ -	\$ 275,524			
Watch	-	-	-	-	1,068	5,179	-	-	-	6,247		
Special Mention	-	559	-	-	-	4,780	-	-	-	5,339		
Substandard	-	-	-	-	-	4,832	-	-	-	4,832		
Total commercial multi-family	\$ 37,976	\$ 139,178	\$ 21,334	\$ 20,487	\$ 33,622	\$ 39,039	\$ 306	\$ -	\$ 291,942			
Commercial real estate non-owner occupied												
Pass	\$ 305,243	\$ 871,191	\$ 560,785	\$ 359,853	\$ 41,262	\$ 563,794	\$ 7,042	\$ -	\$ 2,709,170			
Watch	1,959	882	5,205	22,211	5,938	27,015	-	-	-	63,210		
Special Mention	43,020	5,413	24,730	-	15,843	68,368	-	-	-	157,374		
Substandard	1,016	1,307	180	2,231	53,729	12,968	4,069	-	-	75,500		
Total commercial real estate non-owner occupied	\$ 351,238	\$ 878,793	\$ 590,900	\$ 384,295	\$ 116,772	\$ 672,145	\$ 11,111	\$ -	\$ 3,005,254			
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	609	\$ -	521	\$ -	\$ -	1,130		
Commercial real estate owner occupied												
Pass	\$ 92,234	\$ 155,819	\$ 227,246	\$ 51,038	\$ 24,184	\$ 357,429	\$ 9,146	\$ -	\$ 917,096			
Watch	2,947	45,106	9,913	4,285	5,017	62,217	1,000	-	-	130,485		
Special Mention	-	16,860	20,741	1,462	887	44,069	-	-	-	84,019		
Substandard	1,316	15,710	5,080	143,696	845	87,383	12,617	-	-	266,647		
Doubtful	-	-	-	-	-	136	-	-	-	136		
Total commercial real estate owner occupied	\$ 96,497	\$ 233,495	\$ 262,980	\$ 200,481	\$ 30,933	\$ 551,234	\$ 22,763	\$ -	\$ 1,398,383			
Year-to-Date gross write-offs	\$ -	\$ -	4 \$	\$ -	\$ -	1 \$	4,432	\$ -	\$ -	4,437		
Commercial and industrial												
Pass	\$ 1,109,898	\$ 634,401	\$ 511,912	\$ 241,452	\$ 123,458	\$ 258,872	\$ 1,343,885	\$ -	\$ 4,223,878			
Watch	28,841	95,785	6,111	4,043	15,560	65,360	182,756	-	-	398,456		
Special Mention	6,401	3,269	276	3,200	2,088	41,289	9,410	-	-	65,933		
Substandard	731	1,760	8,644	22,065	1,922	32,087	40,670	-	-	107,879		
Doubtful	-	-	-	-	54	-	26	-	-	80		
Total commercial and industrial	\$ 1,145,871	\$ 735,215	\$ 526,943	\$ 270,814	\$ 143,028	\$ 397,634	\$ 1,576,721	\$ -	\$ 4,796,226			
Year-to-Date gross write-offs	\$ 896	\$ 184	\$ 215	\$ 335	\$ 555	\$ 1,086	\$ 4,468	\$ -	\$ -	7,739		
Construction												
Pass	\$ 26,662	\$ 24,462	\$ 27,364	\$ 10,758	\$ 1,944	\$ 1,049	\$ 38,720	\$ -	\$ 130,959			
Watch	-	16,546	5,458	-	-	-	9,506	-	-	31,510		
Special Mention	-	-	1,009	-	-	-	1	-	-	1,010		
Substandard	-	6,378	-	-	-	-	-	-	-	6,378		
Total construction	\$ 26,662	\$ 47,386	\$ 33,831	\$ 10,758	\$ 1,944	\$ 1,049	\$ 48,227	\$ -	\$ 169,857			
Year-to-Date gross write-offs	\$ -	\$ 2,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,611		
Mortgage												
Pass	\$ 751,532	\$ 439,373	\$ 421,297	\$ 259,412	\$ 164,438	\$ 4,280,509	\$ -	\$ -	\$ 6,316,561			
Substandard	96	161	162	345	2,606	71,893	-	-	-	75,263		
Total mortgage	\$ 751,628	\$ 439,534	\$ 421,459	\$ 259,757	\$ 167,044	\$ 4,352,402	\$ -	\$ -	\$ 6,391,824			
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638	\$ -	\$ -	\$ -	1,638		

December 31, 2023											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total
	2023	2022	2021	2020	2019	Prior Years	Revolving Loans Amortized Cost Basis	Term Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
	Pass	Substandard	Loss	Pass	Substandard	Loss	Pass	Substandard	Loss		
BPPR											
Leasing											
Pass	\$ 647,659	\$ 488,506	\$ 313,133	\$ 163,189	\$ 88,983	\$ 21,706	\$ -	\$ -	\$ 1,723,176		
Substandard	806	2,516	3,053	906	818	517	-	-	-	8,616	
Loss	-	-	-	-	-	17	-	-	-	17	
Total leasing	\$ 648,465	\$ 491,022	\$ 316,186	\$ 164,095	\$ 89,801	\$ 22,240	\$ -	\$ -	\$ 1,731,809		
Year-to-Date gross write-offs	\$ 1,065	\$ 4,424	\$ 2,878	\$ 849	\$ 976	\$ 687	\$ -	\$ -	\$ 10,879		
Consumer:											
Credit cards											
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,112,447	\$ -	\$ 1,112,447		
Substandard	-	-	-	-	-	-	23,259	-	23,259		
Loss	-	-	-	-	-	-	22	-	22		
Total credit cards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,135,728	\$ -	\$ 1,135,728		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,007	\$ -	\$ 41,007		
HELOCs											
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,622	\$ -	\$ 2,622		
Substandard	-	-	-	-	-	-	26	-	26		
Total HELOCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,648	\$ -	\$ 2,648		
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -	\$ 213		
Personal											
Pass	\$ 859,434	\$ 480,771	\$ 181,483	\$ 57,227	\$ 58,849	\$ 96,956	\$ -	\$ 22,034	\$ 1,756,754		
Substandard	1,815	4,985	1,939	493	933	8,322	-	1,006	19,493		
Loss	-	-	14	-	12	37	-	-	63		
Total Personal	\$ 861,249	\$ 485,756	\$ 183,436	\$ 57,720	\$ 59,794	\$ 105,315	\$ -	\$ 23,040	\$ 1,776,310		
Year-to-Date gross write-offs	\$ 4,458	\$ 35,915	\$ 18,076	\$ 4,210	\$ 4,891	\$ 2,952	\$ -	\$ 1,475	\$ 71,977		
Auto											
Pass	\$ 1,210,622	\$ 899,797	\$ 711,439	\$ 405,768	\$ 260,355	\$ 120,318	\$ -	\$ -	\$ 3,608,299		
Substandard	6,980	14,049	11,916	9,157	7,051	3,199	-	-	52,352		
Loss	9	44	45	16	9	6	-	-	129		
Total Auto	\$ 1,217,611	\$ 913,890	\$ 723,400	\$ 414,941	\$ 267,415	\$ 123,523	\$ -	\$ -	\$ 3,660,780		
Year-to-Date gross write-offs	\$ 10,170	\$ 23,849	\$ 11,820	\$ 5,914	\$ 3,553	\$ -	\$ -	\$ -	\$ 55,306		
Other consumer											
Pass	\$ 36,144	\$ 24,238	\$ 14,942	\$ 5,618	\$ 3,433	\$ 2,753	\$ 61,796	\$ -	\$ 148,924		
Substandard	244	25	-	73	16	131	249	-	738		
Loss	-	-	137	-	-	363	-	-	500		
Total Other consumer	\$ 36,388	\$ 24,263	\$ 15,079	\$ 5,691	\$ 3,449	\$ 3,247	\$ 62,045	\$ -	\$ 150,162		
Year-to-Date gross write-offs	\$ 47	\$ 154	\$ 125	\$ 164	\$ 88	\$ 11,876	\$ -	\$ -	\$ 12,454		
Total BPPR	\$ 5,173,585	\$ 4,388,532	\$ 3,095,548	\$ 1,789,039	\$ 913,802	\$ 6,267,828	\$ 2,859,549	\$ 23,040	\$ 24,510,923		

December 31, 2023									
(In thousands)	Term Loans					Revolving Loans			
	Amortized Cost Basis by Origination Year					Converted to Term Loans			
	2023	2022	2021	2020	2019	Prior Years	Revolving Loans Amortized Cost Basis	Term Loans Amortized Cost Basis	Total
Popular U.S.									
Commercial:									
Commercial multi-family									
Pass	\$ 166,410	\$ 417,169	\$ 326,047	\$ 164,887	\$ 182,528	\$ 410,836	\$ 5,112	- \$ 1,672,989	
Watch	- 116,794	- 39,319	- 71,237	- 93,239	- 98,365	-	-	- 418,954	
Special Mention	-	-	862	1,171	-	3,377	-	-	5,410
Substandard	-	-	-	-	5,545	20,780	-	-	26,325
Total commercial multi-family	\$ 166,410	\$ 533,963	\$ 366,228	\$ 237,295	\$ 281,312	\$ 533,358	\$ 5,112	- \$ 2,123,678	
Commercial real estate non-owner occupied									
Pass	\$ 396,712	\$ 490,316	\$ 170,074	\$ 201,225	\$ 86,595	\$ 394,455	\$ 6,086	- \$ 1,745,463	
Watch	- 39,721	- 38,713	- 43,705	- 39,908	- 91,922	- 4,557	-	- 258,526	
Special Mention	-	-	-	-	1,327	63,365	-	-	64,692
Substandard	-	-	-	8,054	1,702	3,730	-	-	13,486
Total commercial real estate non-owner occupied	\$ 396,712	\$ 530,037	\$ 208,787	\$ 252,984	\$ 129,532	\$ 553,472	\$ 10,643	- \$ 2,082,167	
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193	\$ -	\$ -	193
Commercial real estate owner occupied									
Pass	\$ 303,202	\$ 278,380	\$ 226,289	\$ 58,505	\$ 47,083	\$ 204,888	\$ 9,753	- \$ 1,128,100	
Watch	- 69,894	- 84,218	- 53,066	- 14,057	- 98,502	- 1,905	-	- 321,642	
Special Mention	-	-	77,912	4,955	6,074	11,224	-	-	100,165
Substandard	-	477	2,430	-	21,763	107,675	-	-	132,345
Total commercial real estate owner occupied	\$ 303,202	\$ 348,751	\$ 390,849	\$ 116,526	\$ 88,977	\$ 422,289	\$ 11,658	- \$ 1,682,252	
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,395	\$ -	\$ -	1,395

December 31, 2023										
(In thousands)	Term Loans						Revolving Loans			
	Amortized Cost Basis by Origination Year						Converted to Term Loans		Amortized Cost Basis	
	2023	2022	2021	2020	2019	Prior Years	Revolving Loans Amortized Cost Basis	Revolving Loans Amortized Cost Basis	Term Loans Amortized Cost Basis	Total
Popular U.S.										
Commercial and industrial										
Pass	\$ 196,959	\$ 278,238	\$ 346,428	\$ 268,835	\$ 148,502	\$ 379,635	\$ 414,883	\$ -	\$ 2,033,480	
Watch	198	37,022	47,299	44,939	23,493	93,299	32,497	\$ -	\$ 278,747	
Special Mention	208	889	1,021	30	151	39	8,674	\$ -	\$ 11,012	
Substandard	636	628	152	1,152	730	1,841	1,517	\$ -	\$ 6,656	
Total commercial and industrial	\$ 198,001	\$ 316,777	\$ 394,900	\$ 314,956	\$ 172,876	\$ 474,814	\$ 457,571	\$ -	\$ 2,329,895	
Year-to-Date gross write-offs	\$ 247	\$ 221	\$ 1,994	\$ 44	\$ 1,320	\$ -	\$ 49	\$ -	\$ 3,875	
Construction										
Pass	\$ 280,188	\$ 251,627	\$ 89,450	\$ 14,733	\$ 25,254	\$ -	\$ -	\$ -	\$ 661,252	
Watch	-	22,867	12,869	-	21,896	782	-	\$ -	\$ 58,414	
Special Mention	2,120	13,151	-	-	-	-	-	\$ -	\$ 15,271	
Substandard	-	1	13,997	3,895	-	36,593	-	\$ -	\$ 54,486	
Total construction	\$ 282,308	\$ 287,646	\$ 116,316	\$ 18,628	\$ 47,150	\$ 37,375	\$ -	\$ -	\$ 789,423	
Mortgage										
Pass	\$ 99,296	\$ 229,720	\$ 288,767	\$ 233,805	\$ 177,245	\$ 264,069	\$ -	\$ -	\$ 1,292,902	
Substandard	-	235	-	646	2,102	8,208	-	\$ -	\$ 11,191	
Total mortgage	\$ 99,296	\$ 229,955	\$ 288,767	\$ 234,451	\$ 179,347	\$ 272,277	\$ -	\$ -	\$ 1,304,093	

December 31, 2023											
(In thousands)	Term Loans Amortized Cost Basis by Origination Year					Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis			Total	
	2023	2022	2021	2020	2019		Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
	Pass	- \$	- \$	- \$	- \$		- \$	19 \$	- \$	19	
Popular U.S.											
Consumer:											
Credit cards											
Pass	\$	- \$	- \$	- \$	- \$		- \$	19 \$	- \$	19	
Total credit cards	\$	- \$	- \$	- \$	- \$		- \$	19 \$	- \$	19	
Year-to-Date gross write-offs	\$	- \$	- \$	- \$	- \$		- \$	1 \$	- \$	1	
HELOCs											
Pass	\$	- \$	- \$	- \$	- \$		7,394 \$	39,925 \$	12,253 \$	59,572	
Substandard	-	-	-	-	-		1,849	-	966	2,815	
Loss	-	-	-	-	-		99	-	819	918	
Total HELOCs	\$	- \$	- \$	- \$	- \$		9,342 \$	39,925 \$	14,038 \$	63,305	
Year-to-Date gross write-offs	\$	- \$	- \$	- \$	- \$		471 \$	- \$	- \$	471	
Personal											
Pass	\$ 41,016	\$ 93,759	\$ 23,325	\$ 2,993	\$ 3,597	\$ 1,441	\$ -	\$ -	\$ 166,131		
Substandard	333	1,630	325	50	126	211	-	-	2,675		
Loss	-	-	-	-	1	130	-	-	131		
Total Personal	\$ 41,349	\$ 95,389	\$ 23,650	\$ 3,043	\$ 3,724	\$ 1,782	\$ -	\$ -	\$ 168,937		
Year-to-Date gross write-offs	\$ 735	\$ 13,136	\$ 4,450	\$ 618	\$ 872	\$ 160	\$ -	\$ -	\$ 19,971		
Other consumer											
Pass	\$ 19 \$	- \$	- \$	- \$	- \$		- \$	10,259 \$	- \$	10,278	
Substandard	-	-	-	-	-		-	1	-	1	
Total Other consumer	\$ 19 \$	- \$	- \$	- \$	- \$		- \$	10,260 \$	- \$	10,279	
Year-to-Date gross write-offs	\$ - \$	- \$	- \$	- \$	- \$		- \$	171 \$	- \$	171	
Total Popular U.S.	\$ 1,487,297	\$ 2,342,518	\$ 1,789,497	\$ 1,177,883	\$ 902,918	\$ 2,304,709	\$ 535,188	\$ 14,038	\$ 10,554,048		

December 31, 2023										
(In thousands)	Term Loans						Revolving Loans			
	Amortized Cost Basis by Origination Year						Prior Years	Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Total
	2023	2022	2021	2020	2019					
Popular, Inc.										
Commercial:										
Commercial multi-family										
Pass	\$ 204,386	\$ 555,788	\$ 347,381	\$ 185,374	\$ 215,082	\$ 435,084	\$ 5,418	\$ -	\$ 1,948,513	
Watch	-	116,794	39,319	71,237	94,307	103,544	-	-	425,201	
Special Mention	-	559	862	1,171	-	8,157	-	-	10,749	
Substandard	-	-	-	-	5,545	25,612	-	-	31,157	
Total commercial multi-family	\$ 204,386	\$ 673,141	\$ 387,562	\$ 257,782	\$ 314,934	\$ 572,397	\$ 5,418	\$ -	\$ 2,415,620	
Commercial real estate non-owner occupied										
Pass	\$ 701,955	\$ 1,361,507	\$ 730,859	\$ 561,078	\$ 127,857	\$ 958,249	\$ 13,128	\$ -	\$ 4,454,633	
Watch	1,959	40,603	43,918	65,916	45,846	118,937	4,557	-	321,736	
Special Mention	43,020	5,413	24,730	-	17,170	131,733	-	-	222,066	
Substandard	1,016	1,307	180	10,285	55,431	16,698	4,069	-	88,986	
Total commercial real estate non-owner occupied	\$ 747,950	\$ 1,408,830	\$ 799,687	\$ 637,279	\$ 246,304	\$ 1,225,617	\$ 21,754	\$ -	\$ 5,087,421	
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ 609	\$ -	\$ 714	\$ -	\$ -	\$ 1,323	
Commercial real estate owner occupied										
Pass	\$ 395,436	\$ 434,199	\$ 453,535	\$ 109,543	\$ 71,267	\$ 562,317	\$ 18,899	\$ -	\$ 2,045,196	
Watch	2,947	115,000	94,131	57,351	19,074	160,719	2,905	-	452,127	
Special Mention	-	16,860	98,653	6,417	6,961	55,293	-	-	184,184	
Substandard	1,316	16,187	7,510	143,696	22,608	195,058	12,617	-	398,992	
Doubtful	-	-	-	-	-	136	-	-	136	
Total commercial real estate owner occupied	\$ 399,699	\$ 582,246	\$ 653,829	\$ 317,007	\$ 119,910	\$ 973,523	\$ 34,421	\$ -	\$ 3,080,635	
Year-to-Date gross write-offs	\$ -	\$ 4	\$ -	\$ -	\$ 1	\$ 5,827	\$ -	\$ -	\$ 5,832	
Commercial and industrial										
Pass	\$ 1,306,857	\$ 912,639	\$ 858,340	\$ 510,287	\$ 271,960	\$ 638,507	\$ 1,758,768	\$ -	\$ 6,257,358	
Watch	29,039	132,807	53,410	48,982	39,053	158,659	215,253	-	677,203	
Special Mention	6,609	4,158	1,297	3,230	2,239	41,328	18,084	-	76,945	
Substandard	1,367	2,388	8,796	23,217	2,652	33,928	42,187	-	114,535	
Doubtful	-	-	-	54	-	26	-	-	80	
Total commercial and industrial	\$ 1,343,872	\$ 1,051,992	\$ 921,843	\$ 585,770	\$ 315,904	\$ 872,448	\$ 2,034,292	\$ -	\$ 7,126,121	
Year-to-Date gross write-offs	\$ 1,143	\$ 405	\$ 2,209	\$ 379	\$ 1,875	\$ 1,086	\$ 4,517	\$ -	\$ 11,614	

December 31, 2023												
(In thousands)	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Converted to Term Loans Amortized Cost Basis				Total	
	2023		2022		2021		2020		Prior Years			
	2023	2022	2022	2021	2021	2020	2020	2019	2019	2019		
Popular, Inc.												
Construction												
Pass	\$ 306,850	\$ 276,089	\$ 116,814	\$ 25,491	\$ 27,198	\$ 1,049	\$ 38,720	\$ -	\$ 792,211			
Watch	-	39,413	18,327	-	21,896	782	9,506	-	89,924			
Special Mention	2,120	13,151	1,009	-	-	-	1	-	16,281			
Substandard	-	6,379	13,997	3,895	-	36,593	-	-	60,864			
Total construction	\$ 308,970	\$ 335,032	\$ 150,147	\$ 29,386	\$ 49,094	\$ 38,424	\$ 48,227	\$ -	\$ 959,280			
Year-to-Date gross write-offs	\$ -	\$ 2,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,611			
Mortgage												
Pass	\$ 850,828	\$ 669,093	\$ 710,064	\$ 493,217	\$ 341,683	\$ 4,544,578	\$ -	\$ -	\$ 7,609,463			
Substandard	96	396	162	991	4,708	80,101	-	-	86,454			
Total mortgage	\$ 850,924	\$ 669,489	\$ 710,226	\$ 494,208	\$ 346,391	\$ 4,624,679	\$ -	\$ -	\$ 7,695,917			
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,638	\$ -	\$ -	\$ 1,638			
Leasing												
Pass	\$ 647,659	\$ 488,506	\$ 313,133	\$ 163,189	\$ 88,983	\$ 21,706	\$ -	\$ -	\$ 1,723,176			
Substandard	806	2,516	3,053	906	818	517	-	-	8,616			
Loss	-	-	-	-	-	17	-	-	17			
Total leasing	\$ 648,465	\$ 491,022	\$ 316,186	\$ 164,095	\$ 89,801	\$ 22,240	\$ -	\$ -	\$ 1,731,809			
Year-to-Date gross write-offs	\$ 1,065	\$ 4,424	\$ 2,878	\$ 849	\$ 976	\$ 687	\$ -	\$ -	\$ 10,879			

December 31, 2023										
(In thousands)	Term Loans Amortized Cost Basis by Origination Year					Prior Years	Revolving Loans Converted to Term Loans Amortized Cost Basis			
	2023	2022	2021	2020	2019		Revolving Loans Amortized Cost Basis	Converted to Term Loans Amortized Cost Basis	Total	
Popular, Inc.										
Consumer:										
Credit cards										
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,112,466	\$ -	\$ 1,112,466	
Substandard	-	-	-	-	-	-	23,259	-	23,259	
Loss	-	-	-	-	-	-	22	-	22	
Total credit cards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,135,747	\$ -	\$ 1,135,747	
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,008	\$ -	\$ 41,008	
HELOCs										
Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,394	\$ 42,547	\$ 12,253	\$ 62,194	
Substandard	-	-	-	-	-	1,849	26	966	2,841	
Loss	-	-	-	-	-	99	-	819	918	
Total HELOCs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,342	\$ 42,573	\$ 14,038	\$ 65,953	
Year-to-Date gross write-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 471	\$ 213	\$ -	\$ 684	
Personal										
Pass	\$ 900,450	\$ 574,530	\$ 204,808	\$ 60,220	\$ 62,446	\$ 98,397	\$ -	\$ 22,034	\$ 1,922,885	
Substandard	2,148	6,615	2,264	543	1,059	8,533	-	1,006	22,168	
Loss	\$ -	\$ -	\$ 14	\$ -	\$ 13	\$ 167	\$ -	\$ -	\$ 194	
Total Personal	\$ 902,598	\$ 581,145	\$ 207,086	\$ 60,763	\$ 63,518	\$ 107,097	\$ -	\$ 23,040	\$ 1,945,247	
Year-to-Date gross write-offs	\$ 5,193	\$ 49,051	\$ 22,526	\$ 4,828	\$ 5,763	\$ 3,112	\$ -	\$ 1,475	\$ 91,948	
Auto										
Pass	\$ 1,210,622	\$ 899,797	\$ 711,439	\$ 405,768	\$ 260,355	\$ 120,318	\$ -	\$ -	\$ 3,608,299	
Substandard	6,980	14,049	11,916	9,157	7,051	3,199	-	-	52,352	
Loss	9	44	45	16	9	6	-	-	129	
Total Auto	\$ 1,217,611	\$ 913,890	\$ 723,400	\$ 414,941	\$ 267,415	\$ 123,523	\$ -	\$ -	\$ 3,660,780	
Year-to-Date gross write-offs	\$ 10,170	\$ 23,849	\$ 11,820	\$ 5,914	\$ 3,553	\$ -	\$ -	\$ -	\$ 55,306	
Other consumer										
Pass	\$ 36,163	\$ 24,238	\$ 14,942	\$ 5,618	\$ 3,433	\$ 2,753	\$ 72,055	\$ -	\$ 159,202	
Substandard	244	25	-	73	16	131	250	-	739	
Loss	-	-	137	-	-	363	-	-	500	
Total Other consumer	\$ 36,407	\$ 24,263	\$ 15,079	\$ 5,691	\$ 3,449	\$ 3,247	\$ 72,305	\$ -	\$ 160,441	
Year-to-Date gross write-offs	\$ 47	\$ 154	\$ 125	\$ 164	\$ 88	\$ 11,876	\$ 171	\$ -	\$ 12,625	
Total Popular Inc.	\$ 6,660,882	\$ 6,731,050	\$ 4,885,045	\$ 2,966,922	\$ 1,816,720	\$ 8,572,537	\$ 3,394,737	\$ 37,078	\$ 35,064,971	

Note 9 – Mortgage banking activities

Income from mortgage banking activities includes mortgage servicing fees earned in connection with administering residential loans and valuation adjustments on mortgage servicing rights. It also includes gain on sales and securitizations of residential mortgage loans, losses on repurchased loans, including interest advances, and trading gains and losses on derivatives used to hedge the Corporation's securitization activities. In addition, fair value valuation adjustments to residential loans held for sale, if any, are recorded as part of the mortgage banking activities.

The following table presents the components of mortgage banking activities:

(In thousands)	Quarters ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Mortgage servicing fees, net of fair value adjustments:				
Mortgage servicing fees	\$ 7,559	\$ 8,025	\$ 22,912	\$ 25,083
<u>Mortgage servicing rights fair value adjustments</u>	<u>(4,896)</u>	<u>(2,793)</u>	<u>(10,280)</u>	<u>(10,385)</u>
Total mortgage servicing fees, net of fair value adjustments	2,663	5,232	12,632	14,698
<u>Net gain (loss) on sale of loans, including valuation on loans held-for-sale</u>	<u>320</u>	<u>(335)</u>	<u>396</u>	<u>(133)</u>
Trading account (loss) profit:				
Unrealized (loss) gains on outstanding derivative positions	(44)	45	113	160
<u>Realized (loss) gains on closed derivative positions</u>	<u>(261)</u>	<u>494</u>	<u>(249)</u>	<u>661</u>
Total trading account (loss) profit	(305)	539	(136)	821
<u>Losses on repurchased loans, including interest advances</u>	<u>(8)</u>	<u>(43)</u>	<u>(139)</u>	<u>(277)</u>
Total mortgage banking activities	\$ 2,670	\$ 5,393	\$ 12,753	\$ 15,109

Note 10 – Transfers of financial assets and mortgage servicing assets

The Corporation typically transfers conforming residential mortgage loans in conjunction with GNMA, FNMA and ~~FHLMC~~ securitization transactions whereby the loans are exchanged for cash or securities and servicing rights. As seller, the Corporation has made certain representations and warranties with respect to the originally transferred loans and, in the past, has sold loans with credit recourse to a government-sponsored entity, namely FNMA. Refer to Note 19 to the Consolidated Financial Statements for a description of such arrangements.

No liabilities were incurred as a result of these securitizations during the quarters and nine months ended September 30, 2024 and 2023 because they did not contain any credit recourse arrangements. The securitizations completed by the Corporation during the quarters and nine months ended September 30, 2024 and 2023 were completed without credit recourse.

The following tables present the initial fair value of the assets obtained as proceeds from residential mortgage loans securitized during the quarters and nine months ended September 30, 2024 and 2023:

Proceeds Obtained During the Quarter Ended September 30, 2024							
(In thousands)	Level 1	Level 2	Level 3	Initial Fair Value			
Assets							
Trading account debt securities:							
Mortgage-backed securities - GNMA	\$ -	\$ 3,083	\$ -	\$ 3,083			
Mortgage-backed securities - FNMA	\$ -	\$ 3,273	\$ -	\$ 3,273			
Total trading account debt securities	\$ -	\$ 6,356	\$ -	\$ 6,356			
Mortgage servicing rights	\$ -	\$ -	\$ 117	\$ 117			
Total	\$ -	\$ 6,356	\$ 117	\$ 6,473			
Proceeds Obtained During the Nine months Ended September 30, 2024							
(In thousands)	Level 1	Level 2	Level 3	Initial Fair Value			
Assets							
Trading account debt securities:							
Mortgage-backed securities - GNMA	\$ -	\$ 4,183	\$ -	\$ 4,183			
Mortgage-backed securities - FNMA	-	6,979	-	6,979			
Total trading account debt securities	\$ -	\$ 11,162	\$ -	\$ 11,162			
Mortgage servicing rights	\$ -	\$ -	\$ 234	\$ 234			
Total	\$ -	\$ 11,162	\$ 234	\$ 11,396			
Proceeds Obtained During the Quarter Ended September 30, 2023							
(In thousands)	Level 1	Level 2	Level 3	Initial Fair Value			
Assets							
Trading account debt securities:							
Mortgage-backed securities - GNMA	\$ -	\$ 1,421	\$ -	\$ 1,421			
Mortgage-backed securities - FNMA	-	10,178	-	10,178			
Total trading account debt securities	\$ -	\$ 11,599	\$ -	\$ 11,599			
Mortgage servicing rights	\$ -	\$ -	\$ 301	\$ 301			
Total	\$ -	\$ 11,599	\$ 301	\$ 11,900			

Proceeds Obtained During the Nine months Ended September 30, 2023							
(In thousands)	Level 1		Level 2		Level 3		
						Initial Fair Value	
Assets							
Trading account debt securities:							
Mortgage-backed securities - GNMA	\$	-	\$	2,488	\$	-	\$ 2,488
Mortgage-backed securities - FNMA		-		33,470		-	33,470
Total trading account debt securities	\$	-	\$	35,958	\$	-	\$ 35,958
Mortgage servicing rights	\$	-	\$	-	\$	945	\$ 945
Total	\$	-	\$	35,958	\$	945	\$ 36,903

During the nine months ended September 30, 2024, the Corporation retained servicing rights on whole loan sales involving approximately \$2 million in principal balance outstanding (September 30, 2023 - \$1 million), with net realized gains approximately \$0.9 million (September 30, 2023 - gains of \$0.6 million). All loan sales performed during the nine months ended September 30, 2024 and 2023 were without credit recourse agreements.

The Corporation recognizes as assets the rights to service loans for others, whether these rights are purchased or result from transfers such as sales and securitizations. These mortgage servicing rights ("MSRs") are measured at fair value.

The Corporation uses a discounted cash flow model to estimate the fair value of MSRs. The discounted cash flow model incorporates assumptions that market participants would use in estimating future net servicing income, including prepayment speeds, discount rate, cost to service, escrow account earnings, contractual servicing fee income, prepayment and late fees, among other considerations. Prepayment speeds are adjusted for the loans' characteristics and portfolio behavior.

The following table presents the changes in MSRs measured using the fair value method for the nine months ended September 2024 and 2023.

(In thousands)	Residential MSRs	
	September 30, 2024	September 30, 2023
Fair value at beginning of period	\$ 118,109	\$ 128,350
Additions	998	1,814
Changes due to payments on loans ^[1]	(6,629)	(7,569)
Reduction due to loan repurchases	(372)	(468)
Changes in fair value due to changes in valuation model inputs or assumptions	(3,279)	(1,828)
Other	-	(1,269)
Fair value at end of period ^[2]	\$ 108,827	\$ 119,030

[1] Represents changes due to collection / realization of expected cash flows over time.

[2] At September 30, 2024, PB had MSRs amounting to \$ 1.8 million (September 30, 2023 - \$ 1.9 million).

During the quarter ended June 30, 2023, the Corporation terminated a servicing agreement, in which it acted as sub-servicer party, for a portfolio with an unpaid principal balance of approximately \$200 million and a related MSR fair value of approximately \$2 million.

Residential mortgage loans serviced for others were \$2 billion at September 30, 2024 (December 31, 2023 \$1.9 billion).

Net mortgage servicing fees, a component of mortgage banking activities in the Consolidated Statements of Operations, include changes from period to period in the fair value of the MSRs, including changes due to collection / realization of expected cash flows. Banking subsidiaries receive servicing fees based on a percentage of the outstanding loan balance. These servicing fees are treated as income when they are collected. At September 30, 2024, those weighted average mortgage servicing fees 0.32% (September 30, 2023 0.31%). Under these servicing agreements, the banking subsidiaries do not generally earn prepayment penalty fees on the underlying loans serviced.

The section below includes information on assumptions used in the valuation model of the MSRs, originated and purchased. Key economic assumptions used in measuring the servicing rights derived from loans securitized or sold by the Corporation during the quarters and nine months ended September 30, 2024 and 2023 were as follows:

	Quarters ended				Nine months ended			
	September 30, 2024		September 30, 2023		September 30, 2024		September 30, 2023	
	BPPR	PB	BPPR	PB	BPPR	PB	BPPR	PB
Prepayment speed	7.8 %	6.8 %	7.3 %	7.0 %	6.9 %	6.4 %	7.1 %	7.1 %
Weighted average life (in years)	8.7	8.8	9.2	8.0	9.2	8.7	9.2	8.0
Discount rate (annual rate)	9.5 %	12.9 %	9.6 %	11.0 %	9.6 %	12.8 %	9.6 %	10.7 %

Key economic assumptions used to estimate the fair value of MSRs derived from sales and securitizations of originated loans by the banking subsidiaries and servicing rights purchased from other financial institutions, and the sensitivity to changes in those assumptions, were as follows as of the end of the periods reported:

(In thousands)	Originated MSRs		Purchased MSRs	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Fair value of servicing rights	\$ 34,493	\$ 39,757	\$ 74,334	\$ 78,352
Weighted average life (in years)	6.4	6.6	6.6	6.8
Weighted average prepayment speed (annual rate)	5.9 %	5.9 %	6.9 %	7.0 %
Impact on fair value of 10% adverse change	\$ (704)	\$ (696)	\$ (1,513)	\$ (1,440)
Impact on fair value of 20% adverse change	\$ (1,377)	\$ (1,365)	\$ (2,965)	\$ (2,827)
Weighted average discount rate (annual rate)	11.4 %	11.3 %	10.8 %	10.9 %
Impact on fair value of 10% adverse change	\$ (1,277)	\$ (1,387)	\$ (2,685)	\$ (2,871)
Impact on fair value of 20% adverse change	\$ (2,470)	\$ (2,686)	\$ (5,203)	\$ (5,562)

The sensitivity analyses presented in the table above for servicing rights are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 and 20 percent variation in assumptions generally cannot be extrapolated. The relationship of the change in assumption to the change in fair value may not be linear. Also, in the sensitivity tables included herein, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without any other assumption. In reality, changes in one factor may result in changes in another (for example, increases in market rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

At September 30, 2024, the Corporation serviced 511 million in residential mortgage loans with credit recourse to the December 31, 2023 - \$61 million. Also refer to Note 19 to the Consolidated Financial Statements for information on the Corporation's liability of estimated losses related to loans serviced with credit recourse.

Under the GNMA securitizations, the Corporation, as servicer, has the right to repurchase (but not the obligation), at its option and without GNMA's prior authorization, any loan that is collateral for a GNMA guaranteed mortgage-backed security where certain criteria are met. At the time that individual loans meet GNMA's specified delinquency criteria and are repurchased, the Corporation is deemed to have regained effective control over these loans if the Corporation was the pool issuer. At September 30, 2024, the Corporation had recorded \$1 million in mortgage loans on its Consolidated Statements of Condition related to this buy-back option program (December 31, 2023 \$1 million). Loans in our serviced GNMA portfolio benefit from payment forbearance programs but continue to reflect the contractual delinquency until the borrower repays deferred payments. Completes a payment deferral modification or other borrower assistance alternative. As long as the Corporation continues to loans that continue to be collateral in a GNMA guaranteed mortgage-backed security, the MSR is recognized by the Corporation.

During the nine months ended September 30, 2024, the Corporation repurchased approximately 27 million (September 30, 2023 - \$34 million) of mortgage loans from its GNMA servicing portfolio. The determination to repurchase these loans was based on the benefits of the transaction, which results in a reduction of the servicing costs for these severely delinquent loans, related to principal and interest advances. The risk associated with the loans is reduced due to their guaranteed by the Corporation. The Corporation may place these loans under modification programs offered by FHA, VA or United States Department of Housing and Urban Development or other loss mitigation programs offered by the Corporation, and once brought back to current status, these may be retained in portfolio or re-sold in the secondary market.

Note 11 – Other real estate owned

The following tables present the activity related to Other Real Estate Owned ("OREO"), for the quarters and nine months ended September 30, 2024 and 2023.

For the quarter ended September 30, 2024			
(In thousands)	OREO Commercial/Construction	OREO Mortgage	Total
Balance at beginning of period	\$ 9,428	\$ 60,797	70,225
Write-downs in value	(39)	(549)	(588)
Additions	1,125	7,966	9,091
Sales	(588)	(15,112)	(15,700)
Ending balance	\$ 9,926	\$ 53,102	63,028

For the quarter ended September 30, 2023			
(In thousands)	OREO Commercial/Construction	OREO Mortgage	Total
Balance at beginning of period	\$ 11,819	\$ 74,397	86,216
Write-downs in value	(123)	(567)	(690)
Additions	257	14,795	15,052
Sales	(900)	(17,356)	(18,256)
Ending balance	\$ 11,053	\$ 71,269	82,322

For the nine months ended September 30, 2024			
(In thousands)	OREO Commercial/Construction	OREO Mortgage	Total
Balance at beginning of period	\$ 11,189	\$ 69,227	80,416
Write-downs in value	(1,103)	(1,260)	(2,363)
Additions	6,985	32,748	39,733
Sales	(7,145)	(47,548)	(54,693)
Other adjustments	-	(65)	(65)
Ending balance	\$ 9,926	\$ 53,102	63,028

For the nine months ended September 30, 2023			
(In thousands)	OREO Commercial/Construction	OREO Mortgage	Total
Balance at beginning of period	\$ 12,500	\$ 76,626	89,126
Write-downs in value	(362)	(1,587)	(1,949)
Additions	1,524	54,625	56,149
Sales	(2,626)	(58,277)	(60,903)
Other adjustments	17	(118)	(101)
Ending balance	\$ 11,053	\$ 71,269	82,322

Note 12 – Other assets

The caption of other assets in the consolidated statements of financial condition consists of the following major categories:

(In thousands)	September 30, 2024	December 31, 2023
Net deferred tax assets (net of valuation allowance)	\$ 917,793	\$ 1,009,068
Investments under the equity method	248,235	236,485
Prepaid taxes	53,395	39,052
Other prepaid expenses	39,000	29,338
Capitalized software costs	117,894	93,404
Derivative assets	25,934	24,419
Trades receivable from brokers and counterparties	5,701	23,102
Receivables from investments maturities	-	176,000
Principal, interest and escrow servicing advances	44,665	48,557
Guaranteed mortgage loan claims receivable	19,736	29,648
Operating ROU assets (Note 27)	98,077	116,106
Finance ROU assets (Note 27)	19,301	21,093
Assets for pension benefit	26,409	23,404
Others	151,779	144,888
Total other assets	\$ 1,767,919	\$ 2,014,564

The Corporation regularly incurs in capitalizable costs associated with software development or licensing which are recorded within the Other Assets line item in the accompanying Consolidated Statements of Financial Condition. In addition, the Corporation incurs costs associated with hosting arrangements that are service contracts that are also recorded within Other Assets. These arrangements can include capitalizable implementation costs that are amortized during the term of the hosting arrangement. The following table summarizes the composition of acquired or developed software costs as well as costs related to hosting arrangements:

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 30, 2024			
Software development costs	\$ 83,179	\$ 28,978	\$ 54,201
Software license costs	49,072	29,477	19,595
Cloud computing arrangements	56,599	12,501	44,098
Total Capitalized software costs [1] [2]	\$ 188,850	\$ 70,956	\$ 117,894
December 31, 2023			
Software development costs	\$ 76,497	\$ 22,086	\$ 54,411
Software license costs	42,868	18,048	24,820
Cloud computing arrangements	23,623	9,450	14,173
Total Capitalized software costs [1] [2]	\$ 142,988	\$ 49,584	\$ 93,404

[1] Software intangible assets are presented as part of Other Assets in the Consolidated Statements of Financial Condition.

[2] The tables above excludes assets that have been fully amortized.

Total amortization expense for all capitalized software and hosting arrangement cost, reflected as part of technology and software expenses in the consolidated statement of operations, is as follows:

(In thousands)	Quarters ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Software development and license costs	\$ 21,118	\$ 16,820	\$ 57,431	\$ 47,962
Cloud computing arrangements	1,514	923	3,052	2,685
Total amortization expense	\$ 22,632	\$ 17,743	\$ 60,483	\$ 50,647

Note 13 – Goodwill and other intangible assets

There were no changes in the carrying amount of goodwill for the quarter and nine months ended September 30, 2024. During the third quarter of 2023, the Corporation recorded an impairment of \$23 million as a result of its annual goodwill impairment test related to its U.S. based equipment leasing subsidiary, Popular Equipment Finance ("PEF"), due to lower forecasted cash flows and an increase in the rate used to discount cash flows.

The following table shows the changes in the carrying amount of goodwill for the nine months ended September 30, 2024 and 2023, allocated by reportable segments, were as follows (refer to Note 32 for the definition of the Corporation's reportable segments):

	September 30, 2024			
(In thousands)	Balance at January 1, 2024	Goodwill on acquisition	Goodwill impairment	Balance at September 30, 2024
Banco Popular de Puerto Rico	\$ 436,383	\$ -	\$ -	\$ 436,383
Popular U.S.	368,045	-	-	368,045
Total Popular, Inc.	\$ 804,428	\$ -	\$ -	\$ 804,428

	September 30, 2023			
(In thousands)	Balance at January 1, 2023	Goodwill on acquisition	Goodwill impairment	Balance at September 30, 2023
Banco Popular de Puerto Rico	\$ 436,383	\$ -	\$ -	\$ 436,383
Popular U.S.	391,045	-	(23,000)	368,045
Total Popular, Inc.	\$ 827,428	\$ -	\$ (23,000)	\$ 804,428

Other Intangible Assets

The following table reflects the components of other intangible assets subject to amortization:

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 30, 2024			
Core deposits	\$ 12,810	\$ 12,275	\$ 535
Other customer relationships	14,286	8,050	6,236
Total other intangible assets	\$ 27,096	\$ 20,325	\$ 6,771
December 31, 2023			
Core deposits	\$ 12,810	\$ 11,315	\$ 1,495
Other customer relationships	14,286	6,777	7,509
Total other intangible assets	\$ 27,096	\$ 18,092	\$ 9,004

During the quarter ended September 30, 2024, the Corporation recognized \$0.7 million in amortization expense related to intangible assets with definite useful lives (September 30, 2023 - \$0.8 million). During the nine months ended September 30, the Corporation recognized \$2.2 million in amortization related to other intangible assets with definite useful lives (September 30, 2023 - \$2.4 million).

The following table presents the estimated amortization of the intangible assets with definite useful lives for each of the following:

(In thousands)	
Remaining 2024	\$ 704
Year 2025	1,750
Year 2026	1,440
Year 2027	959
Year 2028	959
Later years	959

Results of the Annual Goodwill Impairment Test

The Corporation's goodwill and other identifiable intangible assets having an indefinite useful life are tested for impairment, at least annually and on a more frequent basis if events or circumstances indicate impairment could have taken place. Such events include, among others, a significant adverse change in the business climate, an adverse action by a regulator, an unanticipated change in the competitive environment and a decision to change the operations or dispose of a reporting unit.

Management monitors events or changes in circumstances between annual tests to determine if these events or circumstances would more likely than not reduce the fair value of its reporting units below their carrying amounts.

The Corporation performed the annual goodwill impairment evaluation for the entire organization during the third quarter of 2024, July 31, 2024 as the annual evaluation date. The reporting units utilized for this evaluation were those that are one level below business segments, which are the legal entities within the reportable segment. The Corporation follows push-down accounting. Goodwill is assigned to the reporting units when carrying out a business combination.

In determining the fair value of each reporting unit, the Corporation generally uses a combination of methods, including market multiples of comparable companies and transactions, as well as discounted cash flow analysis. Management evaluates the particular circumstances of each reporting unit in order to determine the most appropriate valuation methodology and the weights to each valuation methodology, as applicable. The Corporation evaluates the results obtained under each methodology to identify and understand the key value drivers in order to ascertain that the results obtained are reasonable and appropriate under the circumstances. Elements considered include current market and economic conditions, developments in the specific business, and any particular features in the individual reporting units.

The computations require management to make estimates and assumptions. Critical assumptions that are used as part of these valuations include:

- a selection of comparable publicly traded companies, based on nature of business, location and size;
- a selection of comparable acquisitions;
- the discount rate applied to future earnings, based on an estimate of the cost of equity;
- the potential future earnings of the reporting unit; and
- the market growth and new business assumptions.

For purposes of the market comparable companies' approach, valuations were determined by calculating price multiples (using regression analyses) of relevant value drivers from a group of companies that are comparable to the reporting unit being analyzed and applying those price multiples to the value drivers of the reporting unit. Management uses judgment in determining which value drivers are considered more appropriate for each reporting unit. Comparable companies' price multiples represent minority-based multiples and thus, a control premium adjustment is added to the comparable companies' price multiples applied to the reporting unit's value drivers.

For purposes of the market comparable transactions' approach, valuations had been previously determined by the Corporation by averaging price multiples of relevant value drivers from a group of transactions for which the target companies are the reporting unit being analyzed and applying those price multiples to the value drivers of the reporting unit.

For purposes of the discounted cash flows ("DCF") approach, the valuation is based on estimated future cash flows. The financial projections used in the DCF valuation analysis for each reporting unit are based on the most recent (as of the valuation date) projections presented to the Corporation's Asset / Liability Management Committee ("ALCO"). The growth assumptions

included in these projections are based on management's expectations for each reporting unit's financial prospects considering economic and industry conditions as well as particular plans of each entity (i.e. restructuring plans, de-leveraging, etc.). The cost of equity used to discount the cash flows was calculated using the Ibbotson Build-Up Method and ranged 11.99% to 15.93% for the 2024 analysis. The Ibbotson Build-Up Method builds up a cost of equity starting with the rate of return of a "risk-free" asset (20-year U.S. Treasury note) and adds to it additional risk elements such as equity risk premium, size premium, industry risk premium, specific geographic risk premium (as applicable). The resulting discount rates were analyzed in terms of reasonability given current market conditions.

The results of the BPPR annual goodwill impairment test as of July 31, 2024 indicated that the estimated fair value using a combination of valuation methodologies exceeded BPPR's equity value by approximately \$7.6 billion or 468%, for the annual goodwill impairment test completed as of July 31, 2023. PB's annual goodwill impairment test as of such date indicated that the average estimated fair value using a combination of valuation methodologies exceeded PB's equity value by approximately \$54 million or 34%, compared to \$19 million or 8%, for the annual goodwill impairment completed as of July 31, 2023. Accordingly, no impairment was recognized for BPPR and PB. The goodwill balance of BPPR and PB, as legal entities, represented approximately 93% of the Corporation's total goodwill balance as of the July 31, 2024 valuation date.

Furthermore, as part of the analyses, management performed a reconciliation of the aggregate fair values determined for the market capitalization of the Corporation concluding that the fair value results determined for the reporting units as of July 31, 2024 annual assessment were reasonable.

The goodwill impairment evaluation process requires the Corporation to make estimates and assumptions with regard to the fair value of the reporting units. Actual values may differ significantly from these estimates. Such differences could result in future impairment of goodwill that would, in turn, negatively impact the Corporation's results of operations and the reporting units where goodwill is recorded. Particularly for reporting units with recognized impairments or where the estimated fair value approximates the equity value, future decreases in fair value estimates could result in additional impairment charges. Additionally, declines in the Corporation's market capitalization and adverse economic conditions sustained over a longer period of time negatively affect earnings could increase the risk of goodwill impairment in the future.

A decline in the Corporation's stock price related to global and/or regional macroeconomic conditions, a deterioration in the Puerto Rico or the U.S. economies, increases in the rate to discount future cash flows, and lower future earnings estimates could, in the aggregate, have a material impact on the determination of the fair value of our reporting units, which could result in an impairment of goodwill in the future. An impairment of goodwill would result in a non-cash expense, net of tax, charge to earnings related to a goodwill impairment would not materially impact regulatory capital calculations.

The following tables present the gross amount of goodwill and accumulated impairment losses by reportable segments.

September 30, 2024				
(in thousands)	Balance at		Balance at	
	September 30,		Accumulated impairment	September 30, 2024
	2024	(gross amounts)		
Banco Popular de Puerto Rico	\$ 440,184	\$ 3,801	\$ 436,383	
Popular U.S.	564,456	196,411	368,045	
Total Popular, Inc.	\$ 1,004,640	\$ 200,212	\$ 804,428	

December 31, 2023

	Balance at December 31, 2023 (gross amounts)	Accumulated impairment	Balance at December 31, 2023 (net amounts)
Banco Popular de Puerto Rico	\$ 440,184	\$ 3,801	\$ 436,383
Popular U.S.	564,456	196,411	368,045
Total Popular, Inc.	\$ 1,004,640	\$ 200,212	\$ 804,428

Note 14 – Deposits

Total deposits as of the end of the periods presented consisted of:

(In thousands)	September 30, 2024	December 31, 2023
Savings accounts	\$ 14,149,122	\$ 14,602,411
<u>NOW, money market and other interest bearing demand deposits</u>	<u>25,162,318</u>	<u>25,094,316</u>
<u>Total savings, NOW, money market and other interest bearing demand deposits</u>	<u>39,311,440</u>	<u>39,696,727</u>
Certificates of deposit:		
Under \$250,000	5,619,851	5,443,062
\$250,000 and over	3,461,139	3,058,830
<u>Total certificates of deposit</u>	<u>9,080,990</u>	<u>8,501,892</u>
<u>Total interest bearing deposits</u>	<u>\$ 48,392,430</u>	<u>\$ 48,198,619</u>
<u>Non- interest bearing deposits</u>	<u>\$ 15,276,071</u>	<u>\$ 15,419,624</u>
<u>Total deposits</u>	<u>\$ 63,668,501</u>	<u>\$ 63,618,243</u>

A summary of certificates of deposits by maturity at September 30, 2024 follows:

(In thousands)	
2024	\$ 3,258,241
2025	3,214,257
2026	903,183
2027	640,857
2028	596,378
<u>2029 and thereafter</u>	<u>468,074</u>
<u>Total certificates of deposit</u>	<u>\$ 9,080,990</u>

At September 30, 2024, the Corporation had brokered deposits amounting to \$1.7 billion (December 31, 2023 - \$1.7 billion).

The aggregate amount of overdrafts in demand deposit accounts that were reclassified to loans was \$6.2 million at September 30, 2024 (December 31, 2023 - \$1 million).

At September 30, 2024, Puerto Rico government deposits amounted to \$18.7 billion. Puerto Rico government deposits are interest bearing accounts. These government deposits are indexed to short-term market rates and fluctuate in cost with changes in rates in accordance with contractual terms. Public deposit balances are difficult to predict. For example, the receipt by the Puerto Rican Government of hurricane recovery related Federal assistance and seasonal tax collections could increase public deposits in PR. On the other hand, the amount and timing of reductions in balances are likely to be impacted by, for example, at which federal assistance is distributed, the financial condition, liquidity and cash management practices of the Puerto Rican Government and its instrumentalities and the implementation of fiscal and debt adjustment plans approved by the FONB or other actions mandated by the Fiscal Oversight and Management Board for Puerto Rico (the "Oversight Board"). Generally, these deposits require that the bank pledge high credit quality securities as collateral, therefore, liquidity risk arising from government deposit outflows are lower.

Note 15 – Borrowings

Assets sold under agreements to repurchase

Assets sold under agreements to repurchase amounted to \$55 million at September 30, 2024 and \$1 million at December 31, 2023.

The Corporation's repurchase transactions are overcollateralized with the securities detailed in the table below. The Corporation's repurchase agreements have a right of set-off with the respective counterparty under the supplemental terms of the repurchase agreements. In an event of default, each party has a right of set-off against the other party for amounts owed related to the agreement and any other amount or obligation owed in respect of any other agreement or transaction between them. Under the Corporation's accounting policy, the repurchase agreements are not offset with other repurchase agreements held with the same counterparty.

The following table presents information related to the Corporation's repurchase transactions accounted for as secured borrowings collateralized with debt securities available-for-sale, debt securities held-to-maturity, and other assets held-for-trading or which have been obtained under agreements to resell. It is the Corporation's policy to maintain effective collateral over assets under agreements to repurchase; accordingly, such securities continue to be carried on the Consolidated Statements of Financial Condition.

Repurchase agreements accounted for as secured borrowings

	September 30, 2024	December 31, 2023
(In thousands)	Repurchase liability	Repurchase liability
U.S. Treasury securities		
Within 30 days	\$ 21,956	\$ 16,931
After 30 to 90 days	13,882	18,369
After 90 days	-	8,292
Total U.S. Treasury securities	35,838	43,592
Mortgage-backed securities		
Within 30 days	5,206	27,171
After 30 to 90 days	14,316	20,394
Total mortgage-backed securities	19,522	47,565
Collateralized mortgage obligations		
Within 30 days	-	227
Total collateralized mortgage obligations	-	227
Total	\$ 55,360	\$ 91,384

Repurchase agreements in this portfolio are generally short-term, often overnight. As such our risk is very limited. We manage the liquidity risks arising from secured funding by sourcing funding globally from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate.

Other short-term borrowings

There were no other short-term borrowings outstanding at September 30, 2024 and December 31, 2023.

Notes Payable

The following table presents the composition of notes payable at September 30, 2024 and December 31, 2023.

(In thousands)		September 30, 2024	December 31, 2023
Advances with the FHLB with maturities ranging from 2024 through 2029 paying interest at monthly fixed rates ranging from 0.54% to 5.26%		\$ 325,095	\$ 394,665
Unsecured senior debt securities maturing on 2028 paying interest semiannually at a fixed rate of 7.25%, net of debt issuance costs of \$ 5,085 ^[1]		394,915	393,937
Junior subordinated deferrable interest debentures (related to trust preferred securities) maturing on 2034 with fixed interest rates ranging from 6.13% to 6.56%, net of debt issuance costs of \$ 268		198,366	198,346
Total notes payable		\$ 918,376	\$ 986,948

Note: Refer to the 2023 Form 10-K for rates information at December 31, 2023.

[1] On March 13, 2023, the Corporation issued \$ 400 million aggregate principal amount of 7.25% Senior Notes due 2028 (the "2028 Notes") in an underwritten public offering. The Corporation used a portion of the net proceeds of the 2028 Notes offering to redeem, on August 14, 2023, the outstanding \$ 300 million aggregate principal amount of its 6.125% Senior Notes which were due on September 2023. The redemption price was equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date.

A breakdown of borrowings by contractual maturities at September 30, 2024 is included in the table below.

(In thousands)	Assets sold under agreements to repurchase	Notes payable	Total
2024	\$ 55,360	\$ 22,373	\$ 77,733
2025	-	144,214	144,214
2026	-	74,500	74,500
2028	-	439,265	439,265
Later years	-	238,024	238,024
Total borrowings	\$ 55,360	\$ 918,376	\$ 973,736

At September 30, 2024 and December 31, 2023, the Corporation had FHLB borrowing facilities whereby the Corporation could borrow \$0.6 billion and \$4.2 billion, respectively, of which \$0.3 billion and \$0.4 billion, respectively, were used. In addition, each of September 30, 2024 and December 31, 2023, the Corporation had placed \$0.3 billion of the available FHLB credit facility as collateral for municipal letters of credit to secure deposits. The FHLB borrowing facilities are collateralized with securities and loans in portfolio, and do not have restrictive covenants or callable features.

Also, at September 30, 2024, the Corporation had borrowing facilities at the discount window of the Federal Reserve Bank of New York amounting to \$5.8 billion (December 31, 2023 - \$4.4 billion), which remained unused at September 30, 2024 and December 31, 2023. The facilities are a collateralized source of credit that is highly reliable even under difficult market conditions.

Note 16 – Other liabilities

The caption of other liabilities in the consolidated statements of financial condition consists of the following major categories:

(In thousands)	September 30, 2024	December 31, 2023
Accrued expenses	\$ 336,223	\$ 337,695
Accrued interest payable	54,316	59,102
Accounts payable	91,226	89,339
Dividends payable	44,614	44,741
Trades payable	3,540	31
Liability for GNMA loans sold with an option to repurchase	8,558	10,960
Reserves for loan indemnifications	3,376	4,408
Reserve for operational losses	28,841	27,994
Operating lease liabilities (Note 27)	108,165	126,946
Finance lease liabilities (Note 27)	23,793	25,778
Pension benefit obligation	6,543	6,772
Postretirement benefit obligation	115,363	117,045
Others	65,765	63,816
Total other liabilities	\$ 890,323	\$ 914,627

Note 17 – Stockholders' equity

As of September 30, 2024, stockholders' equity totaled \$1.8 billion. During the nine months ended September 30, 2024, the Corporation declared cash dividends of \$1.86 (2023 - \$1.65) per common share amounting to 134.3 million (2023 - \$118.9 million). The quarterly dividend of \$0.62 per share declared to stockholders of record as of the close of business September 13, 2024 was paid on October 1, 2024.

During the quarter ended September 30, 2024, the Corporation completed the repurchase of 90,096 shares of common stock for \$58.8 million at an average price of \$8.11 per share, under the previously announced share repurchase authorization of up to \$100 million.

Note 18 – Other comprehensive income

The following table presents changes in accumulated other comprehensive income (loss) by component for the quarters ended September 30, 2024 and, 2023.

(In thousands)	Changes in Accumulated Other Comprehensive Loss by Component [1]				
	Quarters ended		Nine months ended		
	September 30,	September 30,	2024	2023	2024
Foreign currency translation					
Beginning Balance	\$ (68,383)	\$ (55,979)	\$ (64,528)	\$ (56,735)	\$ (64,528)
Other comprehensive income (loss)	615	(976)	(3,240)	(220)	(220)
Net change	615	(976)	(3,240)	(220)	(220)
Ending balance	\$ (67,768)	\$ (56,955)	\$ (67,768)	\$ (56,955)	\$ (67,768)
Adjustment of pension and postretirement benefit plans					
Beginning Balance	\$ (113,371)	\$ (138,319)	\$ (117,894)	\$ (144,335)	\$ (117,894)
Amounts reclassified from accumulated other comprehensive loss for amortization of net losses	2,261	3,009	6,784	9,025	9,025
Net change	2,261	3,009	6,784	9,025	9,025
Ending balance	\$ (111,110)	\$ (135,310)	\$ (111,110)	\$ (135,310)	\$ (135,310)
Unrealized net holding losses on debt securities					
Beginning Balance	\$ (1,696,528)	\$ (2,134,137)	\$ (1,713,109)	\$ (2,323,903)	\$ (1,713,109)
Other comprehensive income (loss)	326,148	(242,567)	271,985	(120,756)	271,985
Amounts reclassified from accumulated other comprehensive loss for amortization of net unrealized losses of debt securities transferred from available-for-sale to held-to-maturity	36,264	35,027	107,008	102,982	102,982
Net change	362,412	(207,540)	378,993	(17,774)	378,993
Ending balance	\$ (1,334,116)	\$ (2,341,677)	\$ (1,334,116)	\$ (2,341,677)	\$ (1,334,116)
Unrealized net (losses) gains on cash flow hedges					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ 45
Other comprehensive (loss) income before reclassifications	-	-	-	-	(19)
Amounts reclassified from accumulated other comprehensive income (loss)	-	-	-	-	(26)
Net change	-	-	-	-	(45)
Total	\$ (1,512,994)	\$ (2,533,942)	\$ (1,512,994)	\$ (2,533,942)	\$ (1,512,994)

[1] All amounts presented are net of tax.

The following table presents the amounts reclassified out of each component of accumulated other comprehensive loss during the nine months ended September 30, 2024 and 2023.

(In thousands)	Affected Line Item in the Consolidated Statements of Operations	Reclassifications Out of Accumulated Other Comprehensive Loss			
		Quarters ended		Nine months ended	
		September 30, 2024	2023	September 30, 2024	2023
Adjustment of pension and postretirement benefit plans					
Amortization of net losses	Other operating expenses	\$ (3,618)	(4,814)	(10,854)	(14,440)
	Total before tax	(3,618)	(4,814)	(10,854)	(14,440)
	Income tax benefit	1,357	1,805	4,070	5,415
	Total net of tax	\$ (2,261)	(3,009)	(6,784)	(9,025)
Unrealized net holding losses on debt securities					
Amortization of unrealized net losses of debt securities transferred to held-to-maturity	Interest income from investment securities	\$ (45,331)	(43,783)	(133,761)	(128,726)
	Total before tax	(45,331)	(43,783)	(133,761)	(128,726)
	Income tax expense	9,067	8,756	26,753	25,744
	Total net of tax	\$ (36,264)	(35,027)	(107,008)	(102,982)
Unrealized net (losses) gains on cash flow hedges					
Forward contracts	Mortgage banking activities	\$ -	\$ -	\$ -	\$ 41
	Total before tax	-	-	-	41
	Income tax benefit	-	-	-	(15)
	Total net of tax	\$ -	\$ -	\$ -	26
	Total reclassification adjustments, net of tax	\$ (38,525)	(38,036)	(113,792)	(111,981)

Note 19 –**Guarantees**

At September 30, 2024, the Corporation recorded a liability of \$1 million (December 31, 2023 - \$1 million), which represents the unamortized balance of the obligations undertaken in issuing the guarantees under the standby letters of credit. Management does not anticipate any material losses related to these instruments.

From time to time, the Corporation securitized mortgage loans into guaranteed mortgage-backed securities subject to limited, and in certain instances, lifetime credit recourse on the loans that serve as collateral for the mortgage-backed securities. The Corporation has not sold any mortgage loans subject to credit recourse since 2009. At September 30, 2024, the Corporation repurchased (December 31, 2023 \$6.5 million) in residential mortgage loans subject to credit recourse provisions, principally associated with FNMA and FHLMC residential mortgage loan securitization programs. In the event of any customer default pursuant to the credit recourse provided, the Corporation is required to repurchase the loan or reimburse the third party investor for incurred loss. The maximum potential amount of future payments that the Corporation would be required to make under the arrangements in the event of nonperformance by the borrowers is equivalent to the total outstanding balance of the residential mortgage loans serviced with recourse and interest, if applicable. During the quarter and nine months ended September 30, 2024, the Corporation repurchased approximately \$5 million and \$5 million, respectively, of unpaid principal balance of mortgage loans subject to the credit recourse provisions (September 30, in \$0.4 million and \$2.0 million, respectively). In the event of nonperformance by the borrower, the Corporation has rights to the underlying collateral securing the mortgage. The Corporation suffers ultimate losses on these loans when the proceeds from a foreclosure sale of the property underlying a defaulted mortgage loan are less than the outstanding principal balance of the loan plus any uncollected interest advanced and the holding and disposing the related property. At September 30, 2024, the Corporation's liability established to cover the estimated loss exposure related to loans sold or serviced with credit recourse amounted to \$1 million (December 31, 2023 - \$1 million).

The following table shows the changes in the Corporation's liability of estimated losses related to loans serviced with credit recourse during the quarters and nine months ended September 30, 2024 and 2023.

(In thousands)	Quarters ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Balance as of beginning of period	\$ 4,058	\$ 6,223	\$ 4,211	\$ 6,897
Provision (benefit) for recourse liability	(808)	228	(768)	52
Net charge-offs	(54)	(54)	(247)	(552)
Balance as of end of period	\$ 3,196	\$ 6,397	\$ 3,196	\$ 6,397

From time to time, the Corporation sells loans and agrees to indemnify the purchaser for credit losses or any breach of representations and warranties made in connection with the sale.

Servicing agreements relating to the mortgage-backed securities programs of FNMA, FHLMC and GNMA, and to mortgage loans serviced to certain other investors, including FHLMC, require the Corporation to advance funds to make scheduled payments of principal, interest, taxes and insurance, if such payments have not been received from the borrowers. At September 30, 2024, the Corporation serviced \$0.2 billion in mortgage loans for third-parties, including the loans serviced with credit recourse (December 31, 2023 - \$0.9 billion). The Corporation generally recovers funds advanced pursuant to these arrangements from the mortgage from liquidation proceeds when the mortgage loan is foreclosed or, in the case of FHA/VA loans, under the applicable FHA/VA insurance and guarantees programs. However, in the meantime, the Corporation must absorb the cost of the funds it advances at the time the advance is outstanding. The Corporation must also bear the costs of attempting to collect on delinquent and defaulted mortgage loans. In addition, if a defaulted loan is not cured, the mortgage loan would be canceled as a result of proceedings and the Corporation would not receive any future servicing income with respect to that loan. At September 30, 2024, the outstanding balance of funds advanced by the Corporation under such mortgage loan servicing agreements was approximately \$5 million (December 31, 2023 \$4.5 million). To the extent the mortgage loans underlying the servicing portfolio experience increased delinquencies, the Corporation would be required to dedicate additional cash resources to its obligation to advance funds as well as incur additional administrative costs related to increases in collection efforts.

Popular, Inc. Holding Company ("PIHC") fully and unconditionally guarantees certain borrowing obligations issued by certain 100% owned consolidated subsidiaries amounting to \$4.5 million at September 30, 2024 and December 31, 2023, respectively. In addition, at both September 30, 2024 and December 31, 2023, PIHC fully and unconditionally guaranteed on a subordinated basis \$0.5 million of capital securities (trust preferred securities) issued by wholly-owned issuing trust entities to the extent set forth in the

applicable guarantee agreement. Refer to Note 18 to the Consolidated Financial Statements in the 2023 Form 10-K for further information on the trust preferred securities.

Note 20 – Commitments and contingencies

Off-balance sheet risk

The Corporation is a party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financial needs of its customers. These financial instruments include loan commitments, letters of credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instruments to extend credit, standby letters of credit and financial guarantees is represented by the contractual notional amounts of these instruments. The Corporation uses the same credit policies in making these commitments and conditional obligations as for those reflected on the consolidated statements of financial condition.

Financial instruments with off-balance sheet credit risk, whose contract amounts represent potential credit risk as of the end of the periods presented were as follows:

(In thousands)	September 30, 2024	December 31, 2023
Commitments to extend credit:		
Credit card lines	\$ 5,582,089	\$ 6,108,939
Commercial lines of credit	3,874,209	3,626,269
Construction lines of credit	1,234,365	1,287,679
Other consumer unused credit commitments	261,470	256,610
Commercial letters of credit	2,157	1,404
Standby letters of credit	123,685	80,889
Commitments to originate or fund mortgage loans	23,217	32,968

At September 30, 2024 and December 31, 2023, the Corporation maintained a reserve of approximately \$19 million and \$17 million, respectively, for potential losses associated with unfunded loan commitments related to commercial and construction lines of credit.

Other commitments

At September 30, 2024 and December 31, 2023, the Corporation also maintained other non-credit commitments for \$20 million and \$3.3 million, respectively, primarily for the acquisition of other investments.

Business concentration

Since the Corporation's business activities are concentrated primarily in Puerto Rico, its results of operations and financial condition are dependent upon the general trends of the Puerto Rico economy and, in particular, the residential and commercial real estate markets. The concentration of the Corporation's operations in Puerto Rico exposes it to greater risk than other banking companies with a wider geographic base. Its asset and revenue composition by geographical area is presented in Note 32 to the consolidated financial statements.

Puerto Rico has faced significant fiscal and economic challenges for over a decade. In response to such challenges, the U.S. Congress enacted the Puerto Rico Oversight Management and Economic Stability Act ("PROMESA") in 2016, which, among others, established the Oversight Board and a framework for the restructuring of the debts of the Commonwealth and municipalities. The Commonwealth and several of its instrumentalities have availed themselves of debt restructuring proceedings under PROMESA. As of the date of this report, while municipalities have been designated as ~~covered~~ under PROMESA, no municipality has commenced, or has been authorized by the Oversight Board to commence, any such restructuring proceeding under PROMESA.

At September 30, 2024, the Corporation's direct exposure to the Puerto Rico government and its instrumentalities and municipalities amounted to \$36 million, of which \$36 million were outstanding (\$32 million and \$33 million at December 31, 2023). Of the amount outstanding, \$23 million consists of loans and \$13 million are securities (\$14 million and \$9 million at December 31, 2023). Substantially all of the amount outstanding at September 30, 2024 and December 31, 2023 were obligations from various Puerto Rican municipalities. In most cases, these were "general obligations" of a municipality, to which the applicable municipality has good faith, credit and unlimited taxing power, or "special obligations" of a municipality, to which the municipality has pledged other revenues. At September 30, 2024, of the Corporation's exposure to municipal loans and

securities was concentrated in the municipalities of San Juan, Guaynabo, Carolina and ~~Corpus Christi~~^{Camuy}.²⁴ In July 2024, the Corporation received scheduled principal payments amounting to \$0 million from various obligations from Puerto Rico municipalities.

The following table details the loans and investments representing the Corporation's direct exposure to the Puerto Rico government²⁵ as of September 30, 2024, according to their maturities as of September 30, 2024.

(In thousands)	Investment Portfolio	Loans	Total Outstanding	Total Exposure
Central Government				
Within 1 year	3	-	3	3
After 5 to 10 years	1	-	1	1
After 10 years	42	-	42	42
Total Central Government	46	-	46	46
Municipalities				
Within 1 year	2,440	12,764	15,204	15,204
After 1 to 5 years	9,520	147,033	156,553	156,553
After 5 to 10 years	655	119,073	119,728	119,728
After 10 years	-	44,582	44,582	44,582
Total Municipalities	12,615	323,452	336,067	336,067
Total Direct Government Exposure	\$ 12,661	\$ 323,452	\$ 336,113	\$ 336,113

In addition, at September 30, 2024, the Corporation ~~had \$1.1 billion in loans insured or securities issued by Puerto Rico governmental entities but for which the principal source of repayment is non-governmental~~²⁶ (December 31, 2023, ~~\$1.1 billion~~²⁷ \$1.2 billion). These included \$79 million in residential mortgage loans insured by the Puerto Rico Housing Finance Authority (~~Instrumentality~~²⁸) that has been designated as a covered entity under PROMESA (December 31, 2023, \$1 million). These mortgage loans are secured by first mortgages on Puerto Rico residential properties and the HFA insurance covers losses in the event of a borrower default and upon the satisfaction of certain other conditions. The Corporation also had at September 30, 2024, \$9 million in bonds issued by HFA which are secured by second mortgage loans on Puerto Rico residential properties, for which ~~HFA~~²⁹ also provides insurance to cover losses in the event of a borrower default and upon the satisfaction of certain other conditions (December 31, 2023, \$10 million). In the event that the mortgage loans insured by HFA and held by the Corporation or those serving as collateral for the HFA bonds default and the collateral is insufficient to satisfy the outstanding balance of these loans, HFA's ability to honor its insurance will depend, among other factors, on the financial condition of HFA at the time obligations become due and payable. The Corporation does not consider the government guarantee when estimating the losses associated with this portfolio. Although the Governor is currently authorized by local legislation to impose a temporary moratorium on the financial obligations of the HFA, a moratorium on such obligations has not been imposed as of the date hereof.

BPPR's commercial loan portfolio also includes loans to private borrowers who are service providers, lessors, suppliers or ~~have~~³⁰ relationships with the government. These borrowers could be negatively affected by the Commonwealth's fiscal crisis and the ongoing Title III proceedings under PROMESA. Similarly, BPPR's mortgage and consumer loan portfolios include ~~government~~³¹ employees and retirees, which could also be negatively affected by fiscal measures such as employee furloughs or reductions in pension benefits.

In addition, \$0 billion of residential mortgages and \$0.4 million commercial loans were insured or guaranteed by the Government or its agencies at September 30, 2024 (~~compared to \$0.9 billion and \$0.2 million, respectively, at December 2023~~³²). The Corporation also had U.S. Treasury and obligations from the U.S. Government³³, its agencies or government sponsored within the portfolio of available-for-sale and held-to-maturity securities as described in Note 5 and 6 to the ~~Consolidated~~³⁴ Financial Statements.

At September 30, 2024, the Corporation had operations in the United States Virgin Islands (the "USVI") and had approximately \$0 million in direct exposure to USVI government entities (December 31, 2023, \$0 million). The USVI has been experiencing a number of fiscal and economic challenges that could adversely affect the ability³⁵ of its public corporations and instrumentalities to meet outstanding debt obligations.

At September 30, 2024, the Corporation had operations in the British Virgin Islands ("BVI") and it had a loan portfolio approximately \$100 million comprised of various retail and commercial clients, compared to a loan portfolio of \$105 million at December 31, 2023. At September 30, 2024, the Corporation had no significant exposure to a single borrower in the BVI.

FDIC Special Assessment

On November 16, 2023, the Federal Deposit Insurance Corporation ("FDIC") approved a final rule that imposes a special assessment (the "FDIC Special Assessment") to recover the losses to the deposit insurance fund resulting from the FDIC's March 2023, of the systemic risk exception to the least-cost resolution test under the Federal Deposit Insurance Act in connection with the receiverships of several failed banks. In connection with this assessment, the Corporation recorded an expense of \$45.3 million, net of tax, in the fourth quarter of 2023, representing the full amount of the assessment.

During the first quarter of 2024, the Corporation recorded an additional expense of \$14.3 million, \$9.1 million net of tax, to reflect the FDIC's higher loss estimate which increased from \$16.3 billion, when approved, to \$24 billion during the quarter. The assessment amount and collection period may change as the estimated loss is periodically adjusted or if the total amount collected.

Legal Proceedings

The nature of Popular's business ordinarily generates claims, litigation, regulatory and governmental investigations, and legal administrative cases and proceedings (collectively, "Legal Proceedings"). When the Corporation determines that it has meritorious defenses to the claims asserted, it vigorously defends itself. The Corporation will consider the settlement of cases (including those it has meritorious defenses) when, in management's judgment, it is in the best interest of the Corporation and its stockholders. At least a quarterly basis, Popular assesses its liabilities and contingencies relating to outstanding Legal Proceedings using the most current information available. For matters where it is probable that the Corporation will incur a material loss and the amount can be reasonably estimated, the Corporation establishes an accrual for the loss. Once established, the accrual is adjusted at a quarterly basis to reflect any relevant developments, as appropriate. For matters where a material loss is not probable, or the amount of the loss cannot be reasonably estimated, no accrual is established.

In certain cases, exposure to loss exists in excess of any accrual to the extent such loss is reasonably possible, but not probable. Management believes and estimates that the range of reasonably possible losses (with respect to those matters where such losses may be determined in excess of amounts accrued) for current Legal Proceedings ranged from approximately \$6.49 million as of September 30, 2024. In certain cases, management cannot reasonably estimate the possible loss at this time. Any involved significant judgment, given the varying stages of the Legal Proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants in several of the current Legal Proceedings whose share of liability has yet to be determined, the numerous unresolved issues in many of the Legal Proceedings, and the inherent uncertainty of the potential outcomes of such Legal Proceedings. Accordingly, management's estimate will change from time-to-time, and losses may be more or less than the current estimate.

While the outcome of Legal Proceedings is inherently uncertain, based on information currently available, advice of counsel and insurance coverage, management believes that the amount it has already accrued is adequate and any amounts arising from the Legal Proceedings in matters in which a loss amount can be reasonably estimated will not have a material effect on the Corporation's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters in a reporting period, if unfavorable, could have a material adverse effect on the Corporation's consolidated financial position for that period.

Set forth below is a description of the Corporation's significant Legal Proceedings.

Insufficient Funds and Overdraft Fees Class Actions

Popular, Inc. ("Popular") was named as a defendant on a putative class action complaint captioned *Golden v. Popular, Inc.* filed in March 2020 before the U.S. District Court for the Southern District of New York, seeking damages, restitution and injunctive relief. Plaintiff alleged breach of contract, violation of the covenant of good faith and fair dealing, unjust enrichment and violation of

New York consumer protection law due to Popular's purported practice of charging overdraft fees ("OD Fees") on transactions that plaintiffs' theory, do not overdraw the account. In October 2022, the parties reached a settlement in principle on a class-wide basis subject to final court approval. On July 9, 2024, the court granted final approval to the settlement agreement. This matter is now closed.

Popular was named as a defendant on a putative class action complaint captioned Lipsett v. Popular, Inc. d/b/a Banco Popular, filed January 31, 2022 before the U.S. District Court for the Southern District of New York, seeking damages, restitution and injunctive relief similar to the claims set forth in the aforementioned Golden complaint. Plaintiff alleged breach of contract, violations of the Fair Credit Reporting Act, and violations of the Consumer Financial Protection Act. Plaintiff also alleged that Popular charged overdraft fees on authorized transactions for which sufficient funds are held for settlement.

On May 2, 2024, the parties reached a settlement in principle on a class-wide basis. On July 25, 2024, the parties filed before the Court a motion for preliminary approval of the settlement agreement, and, on July 26, 2024, the Court issued an order granting preliminary approval of the settlement agreement. The Court scheduled the final approval hearing of the settlement agreement for 2025.

Note 21 – Non-consolidated variable interest entities

The Corporation is involved with three statutory trusts which it created to issue trust preferred securities to the public. These are deemed to be variable interest entities ("VIEs") since the equity investors at risk have no substantial decision-making rights. The Corporation does not hold any variable interest in the trusts, and therefore, cannot be the trusts' primary beneficiary.

Furthermore, the Corporation concluded that it did not hold a controlling financial interest in these trusts since the decisions of the trustee are defined through the trust documents and the guarantee of the trust preferred securities is irrelevant since in substance the trustee is guaranteeing its own debt.

Also, the Corporation is involved with various special purpose entities mainly in guaranteed mortgage securitization transactions with GNMA and FNMA. The Corporation has also engaged in securitization transactions with FHLMC, but exposure in the form of servicing fees and servicing advances not to be significant at September 30, 2024. These special purpose entities are deemed to be VIEs since they lack equity investments at risk. The Corporation's continuing involvement in these guaranteed loan securitizations includes owning certain beneficial interests in the form of securities as well as the servicing rights. The Corporation is not required to provide additional financial support to any of the variable interest entities to which it has transferred the financial assets. The mortgage-backed securities, to the extent retained, are classified in the Corporation's Statements of Financial Condition as available-for-sale or trading securities. The Corporation essentially, these entities (FNMA and GNMA) control the design of their respective VIEs, dictate the quality and nature of the underlying insurance, set the servicing standards via the servicing guides and can change them at will and remove a primary servicer with cause, and without cause in the case of FNMA. Moreover, through their guarantee agreements (FNMA and GNMA) have the obligation to absorb losses that could be potentially significant to the VIE.

The Corporation holds variable interests in these VIEs in the form of agency mortgage-backed securities and collateralized mortgage obligations, including those securities originated by the Corporation and those acquired from third parties. Additionally, the Corporation holds agency mortgage-backed securities and agency collateralized mortgage obligations issued by third party VIEs which it has no other form of continuing involvement. Refer to Note 23 to the Consolidated Financial Statements for additional information on the debt securities outstanding at September 30, 2024 and December 31, 2023, which are classified as available-for-sale and trading securities in the Corporation's Consolidated Statements of Financial Condition. In addition, the Corporation holds interests in the form of servicing fees, since it retains the right to service the transferred loans in those special purpose entities ("SPEs") and may also purchase the right to service loans in other government-sponsored SPEs that were transferred to those SPEs by a third-party.

The following table presents the carrying amount and classification of the assets related to the Corporation's variable interest in consolidated VIEs and the maximum exposure to loss as a result of the Corporation's involvement as servicer of GNMA loans at September 30, 2024 and December 31, 2023.

(In thousands)	September 30, 2024	December 31, 2023
Assets		
Servicing assets:		
Mortgage servicing rights	\$ 85,146	\$ 92,999
Total servicing assets	\$ 85,146	\$ 92,999
Other assets:		
Servicing advances	\$ 7,121	\$ 6,291
Total other assets	\$ 7,121	\$ 6,291
Total assets	\$ 92,267	\$ 99,290
Maximum exposure to loss	\$ 92,267	\$ 99,290

The size of the non-consolidated VIEs, in which the Corporation has a variable interest in the form of servicing fees, measured as paid principal balance of the loans, amounted to 6.7 billion at September 30, 2024 (December 31, 2023 - 6.2 billion).

The Corporation determined that the maximum exposure to loss includes the fair value of the MSRs and the assumption that servicing advances at September 30, 2024 and December 31, 2023, will not be recovered. The agency debt securities are not included as part of the maximum exposure to loss since they are guaranteed by the related agencies.

ASU 2009-17 requires that an ongoing primary beneficiary assessment should be made to determine whether the Corporation is the primary beneficiary of any of the VIEs it is involved with. The conclusion on the assessment of these non-consolidated VIEs has not changed since their initial evaluation. The Corporation concluded that it is still not the primary beneficiary of these VIEs and, therefore, these VIEs are not required to be consolidated in the Corporation's financial statements at September 30, 2024.

Note 22 – Related party transactions

Centro Financiero BHD, S.A.

At September 30, 2024, the Corporation had 15.84% equity interest in Centro Financiero BHD, S.A. ("BHD"), one of the banking and financial services groups in the ~~1999~~ ²⁰²⁴ Dominican Republic. During the nine months ended September 30, ~~2023~~ ²⁰²⁴ the Corporation recorded \$29.6 million in equity pickup, including the impact of changes in the fair value of available for sale included as a component of other comprehensive income, from its investment in BHD (September 30, 2023 ~~\$28~~ million), which had a carrying amount of \$36.1 million at September 30, 2024 (December 31, 2023 \$28.9 million). The Corporation received \$19.4 million in cash dividend distributions ~~and \$1~~ in stock dividends during the nine months ended September 30, 2024 (September 30, 2023 - \$14.1 million in cash dividends and \$1 million in stock dividends).

Investment Companies

The Corporation, through its wholly owned subsidiary Popular Asset Management LLC ("PAM") provided investment ~~advisory~~ ^{services} to several investment companies registered under the Investment Company Act of 1940 in exchange for a fee. These fees calculated at an annual rate of the average net assets of the investment company, as defined in each agreement. ~~Administrative~~ ^{Advisory} role, the Corporation considers these investment companies as related parties. The Corporation, through its ~~subsidiary~~ ^{subsidiary} also provides transfer agency services to investment companies considered affiliates up to the second quarter of 2024. For the nine months ended September 30, 2024, administrative fees charged to these investment companies amounted ~~\$1.1~~ ^{\$1.1} million (September 30, 2023 - \$1.1 million) and waived fees amounted to \$5 million (September 30, 2023 - \$7 million), for a net fee of \$1.1 million (September 30, 2023 - \$1 million).

Note 23 – Fair value measurement

ASC Subtopic 820-10 "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three levels in order to increase consistency and comparability in fair value measurements and disclosures. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- *Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the access and the ability to measurement date. Valuation on these instruments does not necessitate a significant degree of judgment. ~~Valuations are based on quoted prices that are readily available in an active market.~~
- *Level 2* - Quoted prices other than those included in Level 1 that are observable either directly or indirectly. Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or that can be corroborated by observable market data for substantially the full term of the financial instrument.
- *Level 3* - Inputs are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Corporation's own judgements about assumptions that market participants would use in pricing the asset or liability.

The Corporation maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Fair value is based upon quoted market prices when available. If listed prices or quotes are not available, the Corporation employs internally-developed models that primarily use market-based inputs including interest rates, volatilities, and credit curves, among others. Valuation adjustments are limited to those necessary to ensure the financial instrument's fair value is adequately representative of the price that would be received or paid in the market. Adjustments include amounts that reflect counterparty credit quality, the Corporation's credit standing, constraints on liquidity, observable parameters that are applied consistently. There have been no changes in the Corporation's methodologies used to estimate the fair value of assets and liabilities from those disclosed in the 2023 Form 10-K.

The estimated fair value may be subjective in nature and may involve uncertainties and matters of significant judgment for financial instruments. Changes in the underlying assumptions used in calculating fair value could significantly affect the results.

Fair Value on a Recurring and Nonrecurring Basis

The following fair value hierarchy tables present information about the Corporation's assets and liabilities measured at fair value on a recurring basis at September 30, 2024 and December 31, 2023:

At September 30, 2024						
(In thousands)	Level 1	Level 2	Level 3	Measured at NAV		Total
RECURRING FAIR VALUE MEASUREMENTS						
Assets						
Debt securities available-for-sale:						
U.S. Treasury securities	\$ 5,879,911	\$ 5,644,519	\$ -	\$ -	\$ -	\$ 11,524,430
Collateralized mortgage obligations - federal agencies	-	128,553	-	-	-	128,553
Mortgage-backed securities	-	5,530,582	558	-	-	5,531,140
Other	-	-	2,000	-	-	2,000
Total debt securities available-for-sale	\$ 5,879,911	\$ 11,303,654	\$ 2,558	\$ -	\$ -	\$ 17,186,123
Trading account debt securities, excluding derivatives:						
U.S. Treasury securities	\$ 7,675	\$ 10	\$ -	\$ -	\$ -	\$ 7,685
Obligations of Puerto Rico, States and political subdivisions	-	58	-	-	-	58
Collateralized mortgage obligations	-	132	-	-	-	132
Mortgage-backed securities	-	22,723	84	-	-	22,807
Other	-	-	154	-	-	154
Total trading account debt securities, excluding derivatives	\$ 7,675	\$ 22,923	\$ 238	\$ -	\$ 385	\$ 30,836
Equity securities	\$ -	\$ 46,248	\$ -	\$ 385	\$ -	\$ 46,633
Mortgage servicing rights	-	-	108,827	-	-	108,827
Loans held-for-sale	-	5,509	-	-	-	5,509
Derivatives	-	25,941	-	-	-	25,941
Total assets measured at fair value on a recurring basis	\$ 5,887,586	\$ 11,404,275	\$ 111,623	\$ 385	\$ -	\$ 17,403,869
Liabilities						
Derivatives	\$ -	\$ (23,608)	\$ -	\$ -	\$ -	\$ (23,608)
Total liabilities measured at fair value on a recurring basis	\$ -	\$ (23,608)	\$ -	\$ -	\$ -	\$ (23,608)

At December 31, 2023								
(In thousands)	Level 1	Level 2	Level 3	Measured at NAV	Total			
RECURRING FAIR VALUE MEASUREMENTS								
Assets								
Debt securities available-for-sale:								
U.S. Treasury securities	\$ 3,936,036	\$ 6,811,025	\$ -	\$ -	\$ -	\$ 10,747,061		
Collateralized mortgage obligations - federal agencies	-	134,686	-	-	-	134,686		
Mortgage-backed securities	-	5,844,180	606	-	-	5,844,786		
Other	-	11	2,500	-	-	2,511		
Total debt securities available-for-sale	\$ 3,936,036	\$ 12,789,902	\$ 3,106	\$ -	\$ -	\$ 16,729,044		
Trading account debt securities, excluding derivatives:								
U.S. Treasury securities	\$ 16,859	\$ -	\$ -	\$ -	\$ -	\$ 16,859		
Obligations of Puerto Rico, States and political subdivisions	-	71	-	-	-	71		
Collateralized mortgage obligations	-	93	5	-	-	98		
Mortgage-backed securities	-	14,261	112	-	-	14,373		
Other	-	-	167	-	-	167		
Total trading account debt securities, excluding derivatives	\$ 16,859	\$ 14,425	\$ 284	\$ -	\$ -	\$ 31,568		
Equity securities	\$ -	\$ 37,965	\$ -	\$ 310	\$ -	\$ 38,275		
Mortgage servicing rights	-	-	118,109	-	-	118,109		
Loans held-for-sale	-	3,239	-	-	-	3,239		
Derivatives	-	24,419	-	-	-	24,419		
Total assets measured at fair value on a recurring basis	\$ 3,952,895	\$ 12,869,950	\$ 121,499	\$ 310	\$ -	\$ 16,944,654		
Liabilities								
Derivatives	\$ -	\$ (21,103)	\$ -	\$ -	\$ -	\$ (21,103)		
Total liabilities measured at fair value on a recurring basis	\$ -	\$ (21,103)	\$ -	\$ -	\$ -	\$ (21,103)		

Beginning in the first quarter of 2023, the Corporation has elected the fair value option for newly originated mortgage loans held-for-sale. This election better aligns with the management of the portfolio from a business perspective.

Loans held-for-sale measured at fair value

Loans held-for-sale measured at fair value were priced based on secondary market prices. These loans are classified as Level 2.

The following tables summarize the difference between the aggregate fair value and the aggregate unpaid principal balance for loans originated as held-for-sale measured at fair value as of September 30, 2024 and December 31, 2023.

(In thousands)	September 30, 2024		
	Aggregate Unpaid		
	Fair Value	Principal Balance	Difference
Loans held for sale	\$ 5,509	\$ 5,507	\$ 2

(In thousands)	December 31, 2023		
	Aggregate Unpaid		
	Fair Value	Principal Balance	Difference
Loans held for sale	\$ 3,239	\$ 3,202	\$ 37

No loans held-for-sale were 90 or more days past due or on nonaccrual status as of September 30, 2024 and December 31, 2023.

For the nine months ended September 30, 2024, changes in the fair value of mortgage loans held-for-sale for which the ~~Company~~ elected the fair value option, were not considered material.

The fair value information included in the following tables is not as of period end, but as of the date that the fair value measurement was recorded during the quarters and nine months ended September 30, 2024 and 2023 and excludes nonrecurring fair value measurements of assets no longer outstanding as of the reporting date.

Nine months ended September 30, 2024						
(In thousands)	Level 1	Level 2	Level 3	Total		
NONRECURRING FAIR VALUE MEASUREMENTS						
Assets				Write-downs		
Loans [1]	\$ -	\$ -	\$ 4,166	\$ 4,166	\$ (654)	
Other real estate owned [2]	-	-	5,749	5,749	(1,889)	
Other foreclosed assets [2]	-	-	174	174	(38)	
Total assets measured at fair value on a nonrecurring basis	\$ -	\$ -	\$ 10,089	\$ 10,089	\$ (2,581)	
[1] Relates mainly to certain impaired collateral dependent loans. The impairment was measured based on the fair value of the collateral, which is derived from appraisals that take into consideration prices in observed transactions involving similar assets in similar locations. Costs to sell are excluded from the reported fair value amount.						
[2] Represents the fair value of foreclosed real estate and other collateral owned that were written down to their fair value. Costs to sell are excluded from the reported fair value amount.						

Nine months ended September 30, 2023						
(In thousands)	Level 1	Level 2	Level 3	Total		
NONRECURRING FAIR VALUE MEASUREMENTS						
Assets				Write-downs		
Loans [1]	\$ -	\$ -	\$ 9,113	\$ 9,113	\$ (3,087)	
Other real estate owned [2]	-	-	5,457	5,457	(1,012)	
Other foreclosed assets [2]	-	-	44	44	(14)	
Total assets measured at fair value on a nonrecurring basis	\$ -	\$ -	\$ 14,614	\$ 14,614	\$ (4,113)	
[1] Relates mainly to certain impaired collateral dependent loans. The impairment was measured based on the fair value of the collateral, which is derived from appraisals that take into consideration prices in observed transactions involving similar assets in similar locations. Costs to sell are excluded from the reported fair value amount.						
[2] Represents the fair value of foreclosed real estate and other collateral owned that were written down to their fair value. Costs to sell are excluded from the reported fair value amount.						

The following tables present the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarters and nine months ended September 30, 2024 and 2023.

Quarter ended September 30, 2024								
(In thousands)	MBS classified as debt securities available- for-sale	Other securities classified as debt securities available- for-sale	MBS classified as trading account debt securities	Other securities classified as trading account debt securities	Mortgage servicing rights		Total assets	
Balance at June 30, 2024	\$ 581	\$ 2,000	\$ 84	\$ 158	\$ 113,386	\$ 116,209		
Gains (losses) included in earnings	-	-	-	(4)	(4,896)	(4,900)		
Gains (losses) included in OCI	2	-	-	-	-	2		
Additions	-	-	-	-	337	337		
Settlements	(25)	-	-	-	-	(25)		
Balance at September 30, 2024	\$ 558	\$ 2,000	\$ 84	\$ 154	\$ 108,827	\$ 111,623		
Changes in unrealized gains (losses) included in earnings relating to assets still held at September 30, 2024	\$ -	\$ -	\$ -	\$ 6	\$ (2,577)	\$ (2,571)		

Nine months ended September 30, 2024								
(In thousands)	MBS classified as debt securities available- for-sale	Other securities classified as debt securities available- for-sale	CMOs classified as trading account debt securities	MBS classified as trading account debt securities	Other securities classified as trading account debt securities	Mortgage servicing rights		Total assets
Balance at January 1, 2024	\$ 606	\$ 2,500	\$ 5	\$ 112	\$ 167	\$ 118,109	\$ 121,499	
Gains (losses) included in earnings	-	(500)	-	-	(13)	(10,280)	(10,793)	
Gains (losses) included in OCI	2	-	-	-	-	-	2	
Additions	-	-	-	-	-	998	998	
Settlements	(50)	-	(5)	(28)	-	-	(83)	
Balance at September 30, 2024	\$ 558	\$ 2,000	\$ -	\$ 84	\$ 154	\$ 108,827	\$ 111,623	
Changes in unrealized gains (losses) included in earnings relating to assets still held at September 30, 2024	\$ -	\$ -	\$ -	\$ 18	\$ (3,279)	\$ (3,261)		

Quarter ended September 30, 2023								
(In thousands)	MBS classified as debt securities available- for-sale	Other securities classified as debt securities available- for-sale	CMOs classified as trading account debt securities	MBS classified as trading account debt securities	Other securities classified as trading account debt securities	Mortgage servicing rights	Total assets	
Balance at June 30, 2023	\$ 655	\$ 1,000	\$ 56	\$ 163	\$ 191	\$ 121,249	\$ 123,314	
Gains (losses) included in earnings	-	-	-	-	(3)	(2,793)	(2,796)	
Gains (losses) included in OCI	(2)	-	-	-	-	-	(2)	
Additions	-	-	-	-	-	574	574	
Settlements	-	-	(46)	(26)	-	-	(72)	
Balance at September 30, 2023	\$ 653	\$ 1,000	\$ 10	\$ 137	\$ 188	\$ 119,030	\$ 121,018	
Changes in unrealized gains (losses) included in earnings relating to assets still held at September 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ (381)	\$ (377)	
Nine months ended September 30, 2023								
(In thousands)	MBS classified as debt securities available- for-sale	Other securities classified as debt securities available- for-sale	CMOs classified as trading account debt securities	MBS classified as trading account debt securities	Other securities classified as trading account debt securities	Mortgage servicing rights	Total assets	
Balance at January 1, 2023	\$ 711	\$ 1,000	\$ 113	\$ 215	\$ 207	\$ 128,350	\$ 130,596	
Gains (losses) included in earnings	-	-	-	(2)	(19)	(10,386)	(10,407)	
Gains (losses) included in OCI	(8)	-	-	-	-	-	(8)	
Additions	-	-	4	-	-	1,814	1,818	
Sales	-	-	-	-	-	(1,269)	(1,269)	
Settlements	(50)	-	(107)	(76)	-	521	288	
Balance at September 30, 2023	\$ 653	\$ 1,000	\$ 10	\$ 137	\$ 188	\$ 119,030	\$ 121,018	
Changes in unrealized gains (losses) included in earnings relating to assets still held at September 30, 2023	\$ -	\$ -	\$ -	\$ (1)	\$ 22	\$ (1,828)	\$ (1,807)	

Gains and losses (realized and unrealized) included in earnings for the quarters and nine months ended September 30, 2024 and Level 3 assets and liabilities included in the previous tables are reported in the consolidated statement of operations as follows:

	Quarter ended September 30, 2024			Nine months ended September 30, 2024		
			Changes in unrealized			
	Total gains (losses) included	gains (losses) relating to assets still held at reporting date	Total gains (losses) included	gains (losses) relating to assets still held at reporting date		
(in thousands)	in earnings	reporting date	in earnings	reporting date		
Mortgage banking activities	\$ (4,896)	\$ (2,577)	\$ (10,280)	\$ (3,279)		
Trading account profit (loss)	(4)	6	(13)	18		
Provision for credit losses	-	-	(500)	-		
Total	\$ (4,900)	\$ (2,571)	\$ (10,793)	\$ (3,261)		

	Quarter ended September 30, 2023			Nine months ended September 30, 2023		
			Changes in unrealized			
	Total gains (losses) included	gains (losses) relating to assets still held at reporting date	Total gains (losses) included	gains (losses) relating to assets still held at reporting date		
(in thousands)	in earnings	reporting date	in earnings	reporting date		
Mortgage banking activities	\$ (2,793)	\$ (381)	\$ (10,386)	\$ (1,828)		
Trading account profit (loss)	(3)	4	(21)	21		
Total	\$ (2,796)	\$ (377)	\$ (10,407)	\$ (1,807)		

The following tables include quantitative information about significant unobservable inputs used to derive the fair value of Level 3 instruments, excluding those instruments for which the unobservable inputs were not developed by the Corporation such as off-balance sheet transactions and/or unadjusted third-party pricing sources at September 30, 2024 and 2023.

(in thousands)	2024	Valuation technique	Fair value at September 30,	
			Unobservable inputs	Weighted average (range) [1]
Other - trading	\$ 154	Discounted cash flow model	Weighted average life Yield Prepayment speed	2.3 years 12.0% 10.8%
Loans held-in-portfolio	\$ 4,166 [2]	External appraisal	Haircut applied on external appraisals	7.5% (5.0% - 10.0%)
Other real estate owned	\$ 16 [3]	External appraisal	Haircut applied on external appraisals	35.0%

[1]Weighted average of significant unobservable inputs used to develop Level 3 fair value measurements were calculated by relative fair value.

[2]Loans held-in-portfolio in which haircuts were not applied to external appraisals were excluded from this table.

[3]Other real estate owned in which haircuts were not applied to external appraisals were excluded from this table.

		Fair value at September 30, (in thousands)		Valuation technique	Unobservable inputs	Weighted average (range) [1]
	2023					
CMO's - trading	\$ 10		Discounted cash flow model	Weighted average life Yield	0.2 years (0.2 - 0.3 years) 4.9%	
				Prepayment speed	7.3%	
Other - trading	\$ 188		Discounted cash flow model	Weighted average life Yield	2.5 years 12.0%	
				Prepayment speed	10.8%	
Loans held-in-portfolio	\$ 9,044 [2]		External appraisal	Haircut applied on external appraisals	7.2% (5.0% - 10.0%)	
Other real estate owned	\$ 325 [3]		External appraisal	Haircut applied on external appraisals	35.0%	

[1]Weighted average of significant unobservable inputs used to develop Level 3 fair value measurements were calculated by relative fair value.

[2]Loans held-in-portfolio in which haircuts were not applied to external appraisals were excluded from this table.

[3]Other real estate owned in which haircuts were not applied to external appraisals were excluded from this table.

Note 24 – Fair value of financial instruments

The fair value of financial instruments is the amount at which an asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For those financial instruments with no quoted market prices, fair values have been estimated using present value calculations or other valuation techniques, as well as management's best judgment with respect to current economic conditions, including discount rates, estimates of future cash flows, and assumptions. Many of these estimates involve various assumptions and may vary significantly from amounts that could be realized in actual transactions.

The fair values reflected herein have been determined based on the prevailing rate environment at September 30, December 31, 2023, as applicable. In different interest rate environments, fair value estimates can differ significantly, especially for rate financial instruments. In addition, the fair values presented do not attempt to estimate the Corporation's fee generating businesses and anticipated future business activities, that is, they do not represent the Corporation's going concern. There have been no changes in the Corporation's valuation methodologies and inputs used to estimate values for each class of financial assets and liabilities not measured at fair value.

The following tables present the carrying amount and estimated fair values of financial instruments with their corresponding level in value hierarchy. The aggregate fair value amounts of the financial instruments disclosed do not represent management's estimate of the underlying value of the Corporation.

September 30, 2024						
(In thousands)	Carrying amount	Level 1	Level 2	Level 3	at NAV	Measured Fair value
Financial Assets:						
Cash and due from banks	\$ 427,594	\$ 427,594	\$ -	\$ -	\$ -	\$ 427,594
Money market investments	6,530,788	6,522,716	8,072	-	-	6,530,788
Trading account debt securities, excluding derivatives ^[1]	30,836	7,675	22,923	238	-	30,836
Debt securities available-for-sale ^[1]	17,186,123	5,879,911	11,303,654	2,558	-	17,186,123
Debt securities held-to-maturity:						
U.S. Treasury securities	\$ 7,799,966	\$ -	\$ 7,854,735	\$ -	\$ -	\$ 7,854,735
Obligations of Puerto Rico, States and political subdivisions	52,415	-	6,930	46,905	-	53,835
Collateralized mortgage obligation-federal agency	1,523	-	1,398	-	-	1,398
Securities in wholly owned statutory business trusts	5,960	-	5,960	-	-	5,960
Total debt securities held-to-maturity	\$ 7,859,864	\$ -	\$ 7,869,023	\$ 46,905	\$ -	\$ 7,915,928
Equity securities:						
FHLB stock	\$ 46,668	\$ -	\$ 46,668	\$ -	\$ -	\$ 46,668
FRB stock	98,957	-	98,957	-	-	98,957
Other investments	52,566	-	46,248	6,662	385	53,295
Total equity securities	\$ 198,191	\$ -	\$ 191,873	\$ 6,662	\$ 385	\$ 198,920
Loans held-for-sale						
Loans held-in-portfolio	35,450,647	-	-	34,681,826	-	34,681,826
Mortgage servicing rights	108,827	-	-	108,827	-	108,827
Derivatives	25,941	-	25,941	-	-	25,941
September 30, 2024						
(In thousands)	Carrying amount	Level 1	Level 2	Level 3	at NAV	Measured Fair value
Financial Liabilities:						
Deposits:						
Demand deposits	\$ 54,587,511	\$ -	\$ 54,587,511	\$ -	\$ -	\$ 54,587,511
Time deposits	9,080,990	-	8,872,969	-	-	8,872,969
Total deposits	\$ 63,668,501	\$ -	\$ 63,460,480	\$ -	\$ -	\$ 63,460,480
Assets sold under agreements to repurchase						
FHLB advances	\$ 325,095	\$ -	\$ 318,450	\$ -	\$ -	\$ 318,450
Unsecured senior debt securities	394,915	-	417,316	-	-	417,316
Junior subordinated deferrable interest debentures (related to trust preferred securities)	198,366	-	189,592	-	-	189,592
Total notes payable	\$ 918,376	\$ -	\$ 925,358	\$ -	\$ -	\$ 925,358
Derivatives	\$ 23,608	\$ -	\$ 23,608	\$ -	\$ -	\$ 23,608

[1] Refer to Note 23 to the Consolidated Financial Statements for the fair value by class of financial asset and its hierarchy level.

December 31, 2023						
(In thousands)	Carrying amount	Level 1	Level 2	Level 3	at NAV	Measured Fair value
Financial Assets:						
Cash and due from banks	\$ 420,462	\$ 420,462	\$ -	\$ -	\$ -	\$ 420,462
Money market investments	6,998,871	6,991,758	7,113	-	-	6,998,871
Trading account debt securities, excluding derivatives ^[1]	31,568	16,859	14,425	284	-	31,568
Debt securities available-for-sale ^[1]	16,729,044	3,936,036	12,789,902	3,106	-	16,729,044
Debt securities held-to-maturity:						
U.S. Treasury securities	\$ 8,121,411	\$ -	\$ 8,092,339	\$ -	\$ -	\$ 8,092,339
Obligations of Puerto Rico, States and political subdivisions	59,628	-	7,007	52,671	-	59,678
Collateralized mortgage obligation-federal agency	1,556	-	1,395	13	-	1,408
Securities in wholly owned statutory business trusts	5,960	-	5,960	-	-	5,960
Total debt securities held-to-maturity	\$ 8,188,555	\$ -	\$ 8,106,701	\$ 52,684	\$ -	\$ 8,159,385
Equity securities:						
FHLB stock	\$ 49,549	\$ -	\$ 49,549	\$ -	\$ -	\$ 49,549
FRB stock	98,948	-	98,948	-	-	98,948
Other investments	45,229	-	37,965	7,869	310	46,144
Total equity securities	\$ 193,726	\$ -	\$ 186,462	\$ 7,869	\$ 310	\$ 194,641
Loans held-for-sale	\$ 4,301	\$ -	\$ 4,328	\$ -	\$ -	\$ 4,328
Loans held-in-portfolio	34,335,630	-	-	33,376,255	-	33,376,255
Mortgage servicing rights	118,109	-	-	118,109	-	118,109
Derivatives	24,419	-	24,419	-	-	24,419
December 31, 2023						
(In thousands)	Carrying amount	Level 1	Level 2	Level 3	at NAV	Measured Fair value
Financial Liabilities:						
Deposits:						
Demand deposits	\$ 55,116,351	\$ -	\$ 55,116,351	\$ -	\$ -	\$ 55,116,351
Time deposits	8,501,892	-	8,154,823	-	-	8,154,823
Total deposits	\$ 63,618,243	\$ -	\$ 63,271,174	\$ -	\$ -	\$ 63,271,174
Assets sold under agreements to repurchase	\$ 91,384	\$ -	\$ 91,386	\$ -	\$ -	\$ 91,386
Notes payable:						
FHLB advances	\$ 394,665	\$ -	\$ 377,851	\$ -	\$ -	\$ 377,851
Unsecured senior debt securities	393,937	-	400,848	-	-	400,848
Junior subordinated deferrable interest debentures (related to trust preferred securities)	198,346	-	180,076	-	-	180,076
Total notes payable	\$ 986,948	\$ -	\$ 958,775	\$ -	\$ -	\$ 958,775
Derivatives	\$ 21,103	\$ -	\$ 21,103	\$ -	\$ -	\$ 21,103

[1] Refer to Note 23 to the Consolidated Financial Statements for the fair value by class of financial asset and its hierarchy level.

The notional amount of commitments to extend credit at September 30, 2024 and December 31, 2023 was \$1.1 billion and \$0 billion, respectively, and represented the unused portion of credit facilities granted to customers. The notional amount of letters of credit at September 30, 2024 and December 31, 2023 was \$26 million and \$2 million, respectively, and represented contractual amount that is required to be paid in the event of nonperformance. The fair value of commitments to extend credit and letters of credit, which are based on the fees charged to enter into those agreements, are not material to Bank of America's financial statements.

Note 25 – Net income per common share

The following table sets forth the computation of net income per common share (“EPS”), basic and diluted, for the quarters and nine months ended September 30, 2024 and 2023:

(In thousands, except per share information)	Quarters ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	\$ 155,323	\$ 136,609	\$ 436,395	\$ 446,748
Preferred stock dividends	(353)	(353)	(1,059)	(1,059)
Net income applicable to common stock	\$ 154,970	\$ 136,256	\$ 435,336	\$ 445,689
Average common shares outstanding	71,807,136	71,794,934	71,882,273	71,676,630
Average potential dilutive common shares	21,266	23,168	29,880	59,884
Average common shares outstanding - assuming dilution	71,828,402	71,818,102	71,912,153	71,736,514
Basic EPS	\$ 2.16	\$ 1.90	\$ 6.06	\$ 6.22
Diluted EPS	\$ 2.16	\$ 1.90	\$ 6.05	\$ 6.21

For the quarters and nine months ended September 30, 2024 and 2023, the Corporation calculated the impact of potential dilutive shares under the treasury stock method, consistent with the method used for the preparation of the financial statements for the year ended December 31, 2023. For a discussion of the calculation under the treasury stock method, refer to Note 2 of the Consolidated Financial Statements included in the 2023 Form 10-K.

Note 26 – Revenue from contracts with customers.

The following table presents the Corporation's revenue streams from contracts with customers by reportable segments for the quarters and nine months ended September 30, 2024 and 2023.

(In thousands)	Quarter ended September 30,		Nine months ended September 30,	
	2024	2024	BPPR	Popular U.S.
Service charges on deposit accounts	\$ 35,699	\$ 2,616	\$ 105,770	\$ 7,513
Other service fees:				
Debit card fees [1]	25,997	200	78,308	599
Insurance fees, excluding reinsurance	11,702	1,684	33,966	5,130
Credit card fees, excluding late fees and membership fees [1]	26,189	379	76,828	1,205
Sale and administration of investment products	8,387	-	23,664	-
Trust fees	6,902	-	20,810	-
Total revenue from contracts with customers [2]	\$ 114,876	\$ 4,879	\$ 339,346	\$ 14,447

Effective in the third quarter of 2024, the Corporation reclassified certain interchange fees, which were previously included jointly with credit card fees [1] from common network activity, as debit card fees. For the nine month period ended September 30, 2024, interchange fees of approximately \$ 22.2 million, corresponding to the first and second quarters were reclassified.

[2] The amounts include intersegment transactions of \$ 0.6 million and \$3.9 million, respectively, for the quarter and nine months ended September 30, 2024.

(In thousands)	Quarter ended September 30,		Nine months ended September 30,	
	2023	2023	BPPR	Popular U.S.
Service charges on deposit accounts	\$ 34,740	\$ 2,578	\$ 102,145	\$ 7,632
Other service fees:				
Debit card fees [1]	24,390	213	73,489	654
Insurance fees, excluding reinsurance	11,487	1,535	34,437	4,130
Credit card fees, excluding late fees and membership fees [1]	25,336	340	77,128	1,255
Sale and administration of investment products	6,820	-	19,454	-
Trust fees	6,540	-	19,304	-
Total revenue from contracts with customers [2]	\$ 109,313	\$ 4,666	\$ 325,957	\$ 13,671

Effective in the third quarter of 2024, the Corporation reclassified certain interchange fees, which were previously included jointly with credit card fees [1] from common network activity, as debit card fees. For the quarter and nine month period ended September 30, 2023, interchange fees of approximately \$11 million and \$33.8 million were reclassified.

[2] The amounts include intersegment transactions of \$ 1.2 million and \$5 million, respectively, for the quarter and nine months ended September 30, 2023.

Revenue from contracts with customers is recognized when, or as, the performance obligations are satisfied by the Corporation by promised services to the customers. A service is transferred to the customer when, or as, the customer obtains that service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance satisfied over time is recognized based on the services that have been rendered to date. Revenue from a performance satisfied at a point in time is recognized when the customer obtains control over the service. The transaction price, or the amount of revenue recognized, reflects the consideration the Corporation expects to be entitled to in exchange for those services. In determining the transaction price, the Corporation considers the effects of variable consideration. Variable consideration in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Corporation is the principal in a transaction if it obtains control of the specified goods or services they are transferred to the customer. If the Corporation acts as principal, revenues are presented in the gross amount of consideration to which it expects to be entitled and are not netted with any related expenses. On the other hand, the Corporation is an agent if it does not control the specified goods or services before they are transferred to the customer. If the Corporation acts as an agent, revenues are presented in the amount of consideration to which it expects to be entitled, net of related expenses.

Following is a description of the nature and timing of revenue streams from contracts with customers:

Service charges on deposit accounts

Service charges on deposit accounts are earned on retail and commercial deposit activities and include, but are not limited to, insufficient fund fees, overdraft fees and checks stop payment fees. These transaction-based fees are recognized at a point in time, upon occurrence of an activity or event or upon the occurrence of a condition which triggers the fee assessment. The Corporation is acting as principal in these transactions.

Debit card fees

Debit card fees include, but are not limited to, interchange fees, surcharging income and foreign transaction fees. These transaction-based fees are recognized at a point in time, upon occurrence of an activity or event or upon the occurrence of a condition which triggers the fee assessment. Interchange fees are recognized upon settlement of the debit card payment transactions. The Corporation is acting as principal in these transactions.

Insurance fees

Insurance fees include, but are not limited to, commissions and contingent commissions. Commissions and fees are recognized when related policies are effective since the Corporation does not have an enforceable right to payment for services completed to completion. An allowance is created for expected adjustments to commissions earned related to policy cancellations. Commissions are recorded on an accrual basis when the amount to be received is notified by the insurance company. The Corporation is acting as an agent since it arranges for the sale of the policies and receives commissions if, and when, it achieves

Credit card fees

Credit card fees include, but are not limited to, interchange fees, additional card fees, cash advance fees, balance transfer fees, transaction fees, and returned payments fees. Credit card fees are recognized at a point in time, upon the occurrence of an activity or an event. Interchange fees are recognized upon settlement of the credit card payment transactions. The Corporation is acting as principal in these transactions.

Sale and administration of investment products

Fees from the sale and administration of investment products include, but are not limited to, commission income from the sale of investment products, asset management fees, underwriting fees, and mutual fund fees.

Commission income from investment products is recognized on the trade date since clearing, trade execution, and custody services are satisfied when the customer acquires or disposes of the rights to obtain the economic benefits of the investment products. Brokerage contracts have no fixed duration and are terminable at will by either party. The Corporation is acting as principal in these transactions since it performs the service of providing the customer with the ability to acquire or dispose of the rights to obtain the benefits of investment products.

Asset management fees are satisfied over time and are recognized in arrears. At contract inception, the estimate of the asset management fee is constrained from the inclusion in the transaction price since the promised consideration is dependent on the market and thus is highly susceptible to factors outside the manager's influence. As advisor, the broker-dealer subsidiary is acting as principal.

Underwriting fees are recognized at a point in time, when the investment products are sold in the open market at a markup. When a broker-dealer subsidiary is lead underwriter, it is acting as an agent. In turn, when it is a participating underwriter, it is acting as principal.

Mutual fund fees, such as distribution fees, are considered variable consideration and are recognized over time, as the uncertainty to be received is resolved as NAV is determined and investor activity occurs. The promise to provide distribution services is considered a single performance obligation as it requires the provision of a series of distinct services that are substantially the same and have the same pattern of transfer. When the broker-dealer subsidiary is acting as a distributor, it is acting as principal. In turn, when it acts as third-party dealer, it is acting as an agent.

Trust fees

Trust fees are recognized from retirement plan, mutual fund administration, investment management, trustee, escrow, and safekeeping services. These asset management services are considered a single performance obligation as it provides the series of distinct services that are substantially the same and have the same pattern of transfer. The performance is satisfied over time, except for optional services and certain other services that are satisfied at a point in time. Revenues are recognized in arrears, when, or as, the services are rendered. The Corporation is acting as principal since, as asset manager, it has the obligation to provide the specified service to the customer and has the ultimate discretion in establishing the fee paid by the customer for the specified services.

Note 27 – Leases

The Corporation enters in the ordinary course of business into operating and finance leases for land, buildings and equipment. Contracts generally do not include purchase options or residual value guarantees. The remaining lease term is 0.1 to 30.3 years. The Corporation considers options to extend the leases for up to 20 years. The Corporation identifies leases when it has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

The Corporation recognizes right-of-use assets ("ROU assets") and lease liabilities related to operating and finance leases in the Consolidated Statements of Financial Condition under the caption of other assets and other liabilities, respectively. Refer to Note 12 and Note 16 to the Consolidated Financial Statements, respectively, for information on the balances of these lease assets and liabilities.

The Corporation uses the incremental borrowing rate for purposes of discounting lease payments for operating and finance leases. It does not have enough information to determine the rates implicit in the leases. The discount rates are based on fixed-rate amortizing borrowing facilities of its banking subsidiaries that are collateralized. For leases held by 90% or less, a credit spread is added to this rate based on financing transactions with a similar credit risk profile.

The following table presents the undiscounted cash flows of operating and finance leases for each of the following periods:

	September 30, 2024								
(In thousands)	Remaining 2024	2025	2026	2027	2028	Later Years	Total Lease Payments	Less: Imputed Interest	Total
Operating Leases	\$ 7,818	\$ 28,553	\$ 20,088	\$ 14,681	\$ 12,221	40,309	\$ 123,670	\$ (15,505)	\$ 108,165
Finance Leases	1,156	4,692	4,462	3,105	2,432	10,908	26,755	(2,962)	23,793

The following table presents the lease cost recognized by the Corporation in the Consolidated Statements of Operations as follows:

(In thousands)	Quarters ended September 30,		Nine months ended September 30,		
	2024	2023	2024	2023	
Finance lease cost:					
Amortization of ROU assets	\$ 775	\$ 1,071	\$ 2,272	\$ 2,966	
Interest on lease liabilities	239	219	702	749	
Operating lease cost	7,626	7,924	22,964	23,578	
Short-term lease cost	123	101	359	322	
Variable lease cost	69	49	208	150	
Sublease income	(20)	(20)	(61)	(46)	
Total lease cost [1]	\$ 8,812	\$ 9,344	\$ 26,444	\$ 27,719	

[1] Total lease cost is recognized as part of net occupancy expense, except for the net gain recognized from sale and leaseback transactions which was included as part of other operating income.

The following table presents supplemental cash flow information and other related information related to operating and finance leases:

	Nine months ended September 30, 2024	
(Dollars in thousands)	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 23,500	\$ 23,218
Operating cash flows from finance leases	702	749
Financing cash flows from finance leases	2,717	3,557
ROU assets obtained in exchange for new lease obligations:		
Operating leases	\$ 1,618	\$ 4,864
Finance leases	732	1,796
Weighted-average remaining lease term:		
Operating leases	7.2 years	7.3 years
Finance leases	8.2 years	7.8 years
Weighted-average discount rate:		
Operating leases	3.3%	3.2%
Finance leases	3.7%	3.8%

As of September 30, 2024, the Corporation had additional operating leases contracts that have not yet commenced with an aggregate contract amount of \$9 million, which will have lease terms ranging from 10 to 20 years.

Note 28 – Pension and postretirement benefits

The Corporation has a non-contributory defined benefit pension plan and supplementary pension benefit restoration plan for employees of certain of its subsidiaries (the "Pension Plans"). The accrual of benefits under the Pension Plans is for participants. The Corporation also provides certain postretirement health care benefits for retired employees of certain subsidiaries (the "OPEB Plan").

The components of net periodic cost for the Pension Plans and the OPEB Plan for the periods presented were as follows:

(In thousands)	Pension Plans		OPEB Plan	
	Quarter ended September 30, 2024	2023	Quarter ended September 30, 2024	2023
Personnel Cost:				
Service cost	\$ -	\$ -	\$ 32	\$ 48
Other operating expenses:				
Interest cost	7,558	7,886	1,421	1,520
Expected return on plan assets	(8,594)	(8,591)	-	-
Amortization of prior service cost/(credit)	-	-	-	-
Amortization of net loss	4,166	5,367	(548)	(553)
Total net periodic pension cost	\$ 3,130	\$ 4,662	\$ 905	\$ 1,015

(In thousands)	Pension Plans		OPEB Plan	
	Nine months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Personnel Cost:				
Service cost	\$ -	\$ -	\$ 95	\$ 143
Other operating expenses:				
Interest cost	22,675	23,661	4,264	4,561
Expected return on plan assets	(25,782)	(25,774)	-	-
Amortization prior service cost/(credit)	-	-	-	-
Amortization of net loss	12,498	16,099	(1,644)	(1,659)
Total net periodic pension cost	\$ 9,391	\$ 13,986	\$ 2,715	\$ 3,045

The Corporation paid the following contributions to the plans for the nine months ended September 30, 2024 and expects to pay the following contributions for the year ending December 31, 2024.

(In thousands)	For the nine months ended September 30, 2024		For the year ending December 31, 2024	
	\$ 171	\$ 228	\$ 5,012	\$ 5,744
Pension Plans	\$ 171	\$ 228	\$ 5,012	\$ 5,744
OPEB Plan	\$ 171	\$ 228	\$ 5,012	\$ 5,744

Note 29 - Stock-based compensation*Incentive Plan*

On May 12, 2020, the shareholders of the Corporation approved the Popular, Inc. 2020 Omnibus Incentive Plan, which permits the Corporation to issue several types of stock-based compensation to employees and directors of the Corporation and/or any subsidiaries (the "2020 Incentive Plan"). The 2020 Incentive Plan replaced the Popular, Inc. 2004 Omnibus Incentive Plan, which effect prior to the adoption of the 2020 Incentive Plan (the "2004 Incentive Plan" and, together with the 2020 Incentive Plan, the "Incentive Plan"). Participants under the Incentive Plan are designated by the Talent and Compensation Committee of the Board (or its delegate, as determined by the Board). Under the Incentive Plan, the Corporation has issued restricted stock performance shares to its employees and restricted stock and restricted stock units ("RSUs") to its directors.

The restricted stock granted under the Incentive Plan to employees becomes vested based on the employees' continued service. Unless otherwise stated in an agreement, the compensation cost associated with the shares of restricted stock granted prior to 2021 was determined based on a two-prong vesting schedule. These grants include ratable vesting over five or four years commencing at the date of grant ("the graduated vesting portion") with a portion vested at termination of employment after attainment of 55 years of age and 10 years of service or 60 years of age and 5 years of service ("the retirement vesting portion"). The graduated vesting portion is accelerated at termination of employment after attaining the earlier of 55 years of age and 10 years of service or 60 years of age and 5 years of service. Restricted stock granted on or after 2021 have ratable vesting in equal annual installments over a period of 4 years or 3 years, depending on the classification of the employee. The vesting schedule is accelerated at termination of employment after attaining the earlier of 55 years of age and 10 years of service or 60 years of age and 5 years of service.

The performance share awards granted under the Incentive Plan consist of the opportunity to receive shares of Popular, Inc. stock provided that the Corporation achieves certain goals during a three-year performance cycle. The goals will be based on two metrics weighted equally: the Relative Total Shareholder Return ("TSR") and the Absolute Return on Average Equity ("ROATCE"). The TSR metric is considered to be a market condition under ASC 718. For equity settled awards on a market condition, the fair value is determined as of the grant date and is not subsequently revised based on performance. The ROATCE metric is considered to be a performance condition under ASC 718. The fair value is determined based on the probability of achieving the ROATCE goal as of each reporting period. The TSR and ROATCE metrics are weighted and work independently. The number of shares that will ultimately vest ranges from 50 % to a 150 % of target based on both market (TSR) and performance (ROATCE) conditions. The performance shares vest at the end of the three-year performance cycle. If a participant terminates employment after attaining the earlier of 55 years of age and 10 years of service or 60 years of age and 5 years of service, the performance shares shall continue outstanding and vest at the end of the performance cycle.

The following table summarizes the restricted stock and performance shares activity under the Incentive Plan for management.

(Not in thousands)	Shares	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2022	281,963	\$ 56.50
Granted	257,757	66.01
Performance Shares Quantity Adjustment	19,753	75.32
Vested	(243,133)	66.31
Forfeited	(16,444)	55.82
Non-vested at December 31, 2023	299,896	\$ 58.20
Granted	241,744	86.60
Performance Shares Quantity Adjustment	6,739	85.37
Vested	(285,048)	75.54
Forfeited	(2,952)	64.83
Non-vested at September 30, 2024	260,379	\$ 67.13

During the quarter ended September 30, 2022 shares of restricted stock (September 30, 2020) were awarded to management under the Incentive Plan. During the quarters ended September 30, 2024 and 2023 performance shares were awarded to management under the Incentive Plan. For the nine months ended September 30, 176,519 shares of restricted stock (September 30, 2023 200,303) and 65,225 performance shares (September 30, 2023 51,355) were awarded to management under the Incentive Plan.

During the quarter ended September 30, 2024, the Corporation recognized \$1.2 million of restricted stock expense related to management incentive awards, with a tax benefit of \$0.4 million (September 30, 2023 - \$2.6 million, with a tax benefit of \$0.4 million). For the nine months ended September 30, 2024, the Corporation recognized \$1.2 million of restricted stock related to management incentive awards, with a tax benefit of \$0.2 million (September 30, 2023 \$0.9 million, with a tax benefit of \$1.5 million). For the nine months ended September 30, 2024, the fair market value of the restricted stock and performance vesting was \$16.9 million at grant date and \$23.2 million at vesting date. This differential triggers a windfall of \$2.3 million that was recorded as a reduction on income tax expense. During the quarter ended September 30, 2024, the Corporation recognized \$0.5 million of performance shares benefit, with a tax benefit of \$0.2 million due to performance shares target adjustment (September 30, 2023 - \$0.1 million, with a tax benefit of \$0.05 thousand). For the nine months ended September 30, 2024, the Corporation recognized \$3.5 million of performance shares expense, with a tax benefit of \$0.2 million (September 30, 2023 - \$0.6 million, with a tax benefit of \$0.1 million). The total unrecognized compensation cost related to non-vested restricted stock performance shares awards and options of management at September 30, 2024 was \$3.9 million and is expected to be recognized over a weighted-average period of 1.65 years.

The following table summarizes the restricted stock activity under the Incentive Plan for members of the Board of Directors:

(Not in thousands)	RSUs / Unrestricted stock	Weighted-Average Grant Date Fair Value per Unit
Non-vested at December 31, 2022	-	\$ -
Granted	39,104	55.30
Vested	(39,104)	55.30
Forfeited	-	-
Non-vested at December 31, 2023	-	\$ -
Granted	24,279	89.22
Vested	(24,279)	89.22
Forfeited	-	-
Non-vested at September 30, 2024	-	\$ -

The equity awards granted to members of the Board of Directors of Popular, Inc. (the "Directors") will vest and become payable on the grant date of such award. Effective in May 2019, all equity awards granted to the Directors may be paid in either restricted stock or RSUs at each Directors election. If RSUs are elected, the Directors may defer the delivery of the restricted stock underlying the RSUs award until their retirement. To the extent that cash dividends are paid on the Corporation's common stock, the Directors will receive an additional number of RSUs that reflect a reinvested dividend equivalent.

For 2024 and 2023, Directors elected RSUs and unrestricted stock. During the quarter ended September 30, 1,281 RSUs and 2,040 shares of unrestricted stock were granted to the Directors (September 30, 2023 1,384 RSUs and no shares of unrestricted stock) and the Corporation recognized expense related to these shares \$1 million with a tax benefit of \$1 thousand (September 30, 2023 -\$ million with a tax benefit of \$ thousand). For the nine months ended September 30, 2024, the Corporation granted 22,887 RSUs and 1,392 shares of unrestricted stock to the Directors (September 30, 2023 35,412 RSUs and 2,300 shares of unrestricted stock) and the Corporation recognized \$1 million of expense related to these shares, with benefit of \$0.4 million, (September 30, 2023 -\$1 million, with a tax benefit of \$0.3 million). The fair value at vesting date of shares vested during the nine months ended September 30, 2024 for the Directors was \$ million.

Note 30 – Income taxes

The reason for the difference between the income tax expense applicable to income before provision for income taxes and the amount computed by applying the statutory tax rate in Puerto Rico, were as follows:

(In thousands)	Quarters ended			
	September 30, 2024		September 30, 2023	
	Amount	% of pre-tax income	Amount	% of pre-tax income
Computed income tax expense at statutory rates	\$ 74,169	38 %	\$ 68,426	38 %
Net benefit of tax exempt interest income	(29,055)	(13)	(22,862)	(13)
Effect of income subject to preferential tax rate	(327)	-	(199)	-
Deferred tax asset valuation allowance	451	-	1,355	1
Difference in tax rates due to multiple jurisdictions	(6,764)	(3)	(2,839)	(2)
U.S., States, and local taxes	3,429	1	2,436	1
Others	560	-	(458)	-
Income tax expense	\$ 42,463	22 %	\$ 45,859	25 %

(In thousands)	Nine months ended			
	September 30, 2024		September 30, 2023	
	Amount	% of pre-tax income	Amount	% of pre-tax income
Computed income tax expense at statutory rates	\$ 215,582	38 %	\$ 218,409	38 %
Net benefit of tax exempt interest income	(91,035)	(16)	(72,080)	(13)
Effect of income subject to preferential tax rate	(475)	-	(775)	-
Deferred tax asset valuation allowance	2,779	-	(2,217)	-
Difference in tax rates due to multiple jurisdictions	(11,893)	(2)	(11,879)	(3)
Other tax benefits	(4,500)	(1)	-	-
Tax on intercompany distributions ^[1]	24,325	4	-	-
U.S., States, and local taxes	6,669	1	8,829	2
Others	(2,962)	(1)	(4,611)	(1)
Income tax expense	\$ 138,490	24 %	\$ 135,676	23 %

^[1]Includes \$ 16.5 million of out-of-period adjustment.

For the quarter and nine months ended September 30, 2024, the Corporation recorded an income tax expense \$12.5 million and \$138.5 million respectively, compared to \$45.9 million and \$135.7 million for the respective periods of 2023. During the first of 2024, the Corporation recorded a tax expense related to withholding on certain intercompany distributions, \$20.5 million, out of which \$6.5 million corresponded to years 2014-2023 and \$6.5 million was related to a distribution completed during the period ended March 31, 2024, as previously disclosed. As a result of this adjustment, the deferred tax assets related to the Bank Holding Company (BHC) and its related valuation allowance was reduced to \$87 million.

The following table presents a breakdown of the significant components of the Corporation's deferred tax assets and liabilities.

September 30, 2024			
(In thousands)	PR	US	Total
Deferred tax assets:			
Tax credits available for carryforward	\$ 263	\$ 20,192	\$ 20,455
Net operating loss and other carryforward available	54,294	609,814	664,108
Postretirement and pension benefits	36,895	-	36,895
Allowance for credit losses	248,766	24,588	273,354
Depreciation	6,774	6,864	13,638
Deferred loan origination fees/cost	2,470	(2,323)	147
FDIC-assisted transaction	152,665	-	152,665
Lease liability	26,138	16,913	43,051
Unrealized net loss on investment securities	237,859	13,489	251,348
Difference in outside basis from pass-through entities	47,413	-	47,413
Mortgage Servicing Rights	14,854	-	14,854
Other temporary differences	44,651	9,136	53,787
Total gross deferred tax assets	873,042	698,673	1,571,715
Deferred tax liabilities:			
Intangibles	87,422	54,256	141,678
Right of use assets	23,725	14,806	38,531
Loans acquired	17,123	-	17,123
Other temporary differences	7,139	422	7,561
Total gross deferred tax liabilities	135,409	69,484	204,893
Valuation allowance	71,596	378,911	450,507
Net deferred tax asset	\$ 666,037	\$ 250,278	\$ 916,315
December 31, 2023			
(In thousands)	PR	US	Total
Deferred tax assets:			
Tax credits available for carryforward	\$ 263	\$ 10,281	\$ 10,544
Net operating loss and other carryforward available	122,634	620,982	743,616
Postretirement and pension benefits	38,121	-	38,121
Allowance for credit losses	244,956	28,222	273,178
Depreciation	6,774	6,578	13,352
FDIC-assisted transaction	152,665	-	152,665
Lease liability	29,070	20,492	49,562
Unrealized net loss on investment securities	312,583	19,037	331,620
Difference in outside basis from pass-through entities	46,056	-	46,056
Mortgage Servicing Rights	14,085	-	14,085
Other temporary differences	47,679	9,625	57,304
Total gross deferred tax assets	1,014,886	715,217	1,730,103
Deferred tax liabilities:			
Intangibles	84,635	51,944	136,579
Right of use assets	26,648	18,030	44,678
Deferred loan origination fees/cost	(1,056)	1,486	430
Loans acquired	20,430	-	20,430
Other temporary differences	6,402	422	6,824
Total gross deferred tax liabilities	137,059	71,882	208,941
Valuation allowance	139,347	374,035	513,382
Net deferred tax asset	\$ 738,480	\$ 269,300	\$ 1,007,780

The net deferred tax assets shown in the table above at September 30, 2024, is reflected in the consolidated statements of ~~€000~~ as \$17.8 million in net deferred tax assets in the "Other assets" caption (December 31, 2023 \$1.5 billion) and \$1.5 million in deferred tax liabilities in the "Other liabilities" caption (December 31, 2023 \$1.5 million), reflecting the aggregate tax assets or liabilities of individual tax-paying subsidiaries of the Corporation in their ~~respective~~ United States.

At September 30, 2024, the net deferred tax assets of the U.S. operations amounted \$109 million with a valuation allowance of approximately \$379 million, for net deferred tax assets after valuation allowance of approximately \$250 million. The Corporation evaluates the realization of the deferred tax assets on a quarterly basis by taxing jurisdiction. The U.S. operation has ~~historically~~ for the last three calendar years and for the period ended September 30, 2024. These historical financial ~~results~~ are ~~objectively~~ verifiable positive evidence, evaluated together with the positive evidence of stable credit metrics, in combination with the length of the expiration of the NOLs. On the other hand, the Corporation evaluated the negative evidence accumulated ~~over the~~ years, including financial results lower than expectations and challenges to the economy due to inflationary pressures and ~~global~~ political uncertainty that have resulted in a trend of reduction of pre-tax income over the last three years. As of ~~September 30, 2024~~, after weighting all positive and negative evidence, the Corporation concluded that it is more likely than not that ~~\$200 million~~ of the deferred tax assets from the U.S. operations, comprised mainly of net operating losses, will be realized. The Corporation based this determination on its estimated earnings available to realize the deferred tax assets for the ~~remaining~~ period, together with the historical level of book income adjusted by permanent differences. Management will ~~continue~~ monitor and review the U.S. operation's results, including recent earnings trends, the pre-tax earnings forecast, ~~new~~ and other factors, including net income versus forecast, targeted loan growth, net interest income margin, ~~expenses~~ costs, allowance for credit losses, charge offs, NPLs inflows and NPA balances. Significant adverse ~~changes~~ of changes in these factors could impact the future realization of the deferred tax assets.

At September 30, 2024, the Corporation's net deferred tax assets related to its Puerto Rico operations amounted \$66 million. The Corporation's Puerto Rico Banking operation has a historical record of profitability. This is considered a strong ~~objectively~~ verifiable positive evidence that outweighs any negative evidence considered by Management in the evaluation ~~realization~~ of the deferred tax assets. Based on this evidence and management's estimate of future taxable ~~operations~~ has concluded that it is more likely than not that such net deferred tax assets of the Puerto Rico Banking operations ~~will~~ be realized.

The Holding Company operation has been in a cumulative loss position in recent years. Management expects these losses will be ~~trend~~ in future years. This objectively verifiable negative evidence is considered by Management strong negative ~~suggests that~~ income in future years will be insufficient to support the realization of all deferred tax assets. After weighting ~~positive~~ and negative evidence Management concluded, as of the reporting date, that it is more likely than not that the Holding ~~Company~~ will not be able to realize any portion of the deferred tax assets. Accordingly, the Corporation has maintained a ~~valuation~~ on the deferred tax assets of \$2 million as of September 30, 2024.

The reconciliation of unrecognized tax benefits, excluding interest, was as follows:

(In millions)	2024	2023
Balance at January 1	\$ 1.5	\$ 2.5
Balance at March 31	\$ 1.5	\$ 2.5
Balance at June 30	\$ 1.5	\$ 2.5
Balance at September 30	\$ 1.5	\$ 2.5

At September 30, 2024, the total amount of accrued interest recognized in the statement of financial condition amounted to \$1.5 million (December 31, 2023 - \$2.5 million). The total interest expense recognized at September 30, 2024 was \$0.0 million (December 31, 2023 - \$0.9 million). Management determined that at September 30, 2024 and December 31, 2023, there is no need to accrue for the payment of penalties. The Corporation's policy is to report interest related to unrecognized tax benefits in income tax expense, while the penalties, if any, are reported in other operating expenses in the consolidated statements of operations.

After consideration of the effect on U.S. federal tax of unrecognized U.S. state tax benefits, the total amount of unrecognized tax benefits, if recognized, would affect the Corporation's effective tax rate, was approximately 0.9 million at September 30, 2024 (December 31, 2023 - 2.9 million).

The amount of unrecognized tax benefits may increase or decrease in the future for various reasons including adding amounts to year positions, expiration of open income tax returns due to the statutes of limitation, changes in management of the level of uncertainty, status of examinations, litigation and legislative activity and the addition or elimination of tax positions. The Corporation does not anticipate a reduction in the total amount of unrecognized tax benefits within the next 12 months.

The Corporation and its subsidiaries file income tax returns in Puerto Rico, the U.S. federal jurisdiction, various U.S. states and subdivisions, and foreign jurisdictions. At September 30, 2024, the following years remain subject to examination in the U.S. jurisdiction: 2020 and thereafter; and in the Puerto Rico jurisdiction, 2018 and thereafter.

Note 31 – Supplemental disclosure on the consolidated statements of cash flows

Additional disclosures on cash flow information and non-cash activities for the nine months ended September 30, 2024 and September 30, 2023 are listed in the following table:

(In thousands)	September 30, 2024	September 30, 2023
Non-cash activities:		
Loans transferred to other real estate	\$ 34,756	\$ 48,704
<u>Loans transferred to other property</u>	<u>61,447</u>	<u>53,021</u>
Total loans transferred to foreclosed assets	96,203	101,725
Loans transferred to other assets	37,495	15,738
Financed sales of other real estate assets	8,551	7,617
<u>Financed sales of other foreclosed assets</u>	<u>39,283</u>	<u>38,136</u>
Total financed sales of foreclosed assets	47,834	45,753
Financed sale of premises and equipment	59,628	59,345
Transfers from loans held-in-portfolio to loans held-for-sale	7,505	55,497
Transfers from loans held-for-sale to loans held-in-portfolio	5,084	3,772
Loans securitized into investment securities ^[1]	11,162	35,958
Trades receivable from brokers and counterparties	4,983	11,823
Trades payable to brokers and counterparties	3,540	14,761
Net change in receivables from investments maturities	176,000	176,000
Recognition of mortgage servicing rights on securitizations or asset transfers	998	1,814
Loans booked under the GNMA buy-back option	2,836	2,805
<u>Capitalization of lease right of use asset</u>	<u>2,553</u>	<u>14,672</u>

[1]Includes loans securitized into trading securities and subsequently sold before quarter end.

The following table provides a reconciliation of cash and due from banks, and restricted cash reported within the Consolidated Statement of Financial Condition that sum to the total of the same such amounts shown in the Consolidated Statement of Cash Flows.

(In thousands)	September 30, 2024	September 30, 2023
Cash and due from banks	\$ 418,168	\$ 509,538
Restricted cash and due from banks	9,426	25,797
<u>Restricted cash in money market investments</u>	<u>8,072</u>	<u>5,903</u>
<u>Total cash and due from banks, and restricted cash</u> ^[2]	<u>\$ 435,666</u>	<u>\$ 541,238</u>

[2] Refer to Note 4 - Restrictions on cash and due from banks and certain securities for nature of restrictions.

Note 32 – Segment reporting

The Corporation's corporate structure consists of two reportable segments, Banco Popular de Puerto Rico and Popular U.S. Management determined the reportable segments based on the internal reporting used to evaluate performance and to ~~and~~ allocate resources. The segments were determined based on the organizational structure, which focuses primarily on markets the segments serve, as well as on the products and services offered by the segments.

Banco Popular de Puerto Rico:

The Banco Popular de Puerto Rico reportable segment includes commercial, consumer and retail banking operations conducted by BPPR, including U.S. based activities conducted through its New York Branch. It also includes the lending operations of Popular and Popular Mortgage. Other financial services within the BPPR segment include the trust service units of BPPR, asset management services of Popular Asset Management and the brokerage operations of Popular Securities, and the insurance ~~and~~ ~~and~~ insurance businesses of Popular Insurance, Popular Risk Services, Popular Life Re, and Popular Re.

Popular U.S.:

Popular U.S. reportable segment consists of the banking operations of Popular Bank (PB), Popular Insurance Agency, U.S.A., ~~and~~ PB operates through a retail branch network in the U.S. mainland under the name of Popular, and equipment financing and leasing services through PEF. Popular Insurance Agency, U.S.A. offers investment and insurance services across the PB network.

The Corporate group consists primarily of the holding companies Popular, Inc., Popular North America, Popular International Bank and certain of the Corporation's investments accounted for under the equity method, including BHD.

The accounting policies of the individual operating segments are the same as those of the Corporation. ~~Transactions between reportable segments~~ are primarily conducted at market rates, resulting in profits that are eliminated for reporting consolidated results of operations.

The tables that follow present the results of operations and total assets by reportable segments:

2024

For the quarter ended September 30, 2024

(In thousands)	BPPR	Popular U.S.	Intersegment Eliminations
Net interest income	\$ 488,008	\$ 93,128	\$ -
Provision for credit losses (benefit)	77,514	(6,066)	-
Non-interest income	149,050	6,789	-
Amortization of intangibles	394	310	-
Depreciation expense	13,023	2,063	-
Other operating expenses	390,227	62,356	-
Income tax expense	30,064	12,472	-
Net income	\$ 125,836	\$ 28,782	\$ -
Segment assets	\$ 56,906,693	\$ 14,306,045	\$ (260,464)

For the quarter ended September 30, 2024

(In thousands)	Reportable Segments	Corporate	Eliminations	Total Popular, Inc.
Net interest income (expense)	\$ 581,136	\$ (8,663)	\$ -	\$ 572,473
Provision for credit losses	71,448	-	-	71,448
Non-interest income	155,839	8,876	(633)	164,082
Amortization of intangibles	704	-	-	704
Depreciation expense	15,086	385	-	15,471
Other operating expenses	452,583	(391)	(1,046)	451,146
Income tax expense (benefit)	42,536	(279)	206	42,463
Net income	\$ 154,618	\$ 498	\$ 207	\$ 155,323
Segment assets	\$ 70,952,274	\$ 5,887,340	\$ (5,516,540)	\$ 71,323,074

For the nine months ended September 30, 2024

(In thousands)	BPPR	Popular U.S.	Intersegment Eliminations
Net interest income	\$ 1,449,594	\$ 263,832	\$ -
Provision for credit losses	188,576	1,806	-
Non-interest income	447,073	19,909	(56)
Amortization of intangibles	1,302	931	-
Depreciation expense	39,349	6,210	-
Other operating expenses	1,170,263	197,307	(56)
Income tax expense	92,810	23,917	-
Net income	\$ 404,367	\$ 53,570	\$ -
Segment assets	\$ 56,906,693	\$ 14,306,045	\$ (260,464)

For the nine months ended September 30, 2024

(In thousands)	Reportable Segments	Corporate	Eliminations	Total Popular, Inc.
Net interest income (expense)	\$ 1,713,426	\$ (21,897)	\$ -	\$ 1,691,529
Provision for credit losses	190,382	458	-	190,840
Non-interest income	466,926	31,314	(4,034)	494,206
Amortization of intangibles	2,233	-	-	2,233
Depreciation expense	45,559	1,161	-	46,720
Other operating expenses	1,367,514	7,004	(3,461)	1,371,057
Income tax expense	116,727	21,921	(158)	138,490
Net income (loss)	\$ 457,937	\$ (21,127)	\$ (415)	\$ 436,395
Segment assets	\$ 70,952,274	\$ 5,887,340	\$ (5,516,540)	\$ 71,323,074

2023

For the quarter ended September 30, 2023

(In thousands)	BPPR	Popular U.S.	Intersegment Eliminations
Net interest income	\$ 453,879	\$ 87,445	\$ 1
Provision for credit losses (benefit)	51,899	(6,644)	-
Non-interest income	144,691	5,894	(134)
Amortization of intangibles	484	311	-
Goodwill impairment charge	-	23,000	-
Depreciation expense	12,880	1,962	-
Other operating expenses	369,738	58,341	(134)
Income tax expense	40,861	5,358	-
Net income	\$ 122,708	\$ 11,011	\$ 1
Segment assets	\$ 57,039,000	\$ 12,806,630	\$ (448,100)

For the quarter ended September 30, 2023

(In thousands)	Reportable Segments	Corporate	Eliminations	Total Popular, Inc.
Net interest income (expense)	\$ 541,325	\$ (7,305)	\$ -	\$ 534,020
Provision for credit losses (benefit)	45,255	(138)	-	45,117
Non-interest income	150,451	10,179	(1,081)	159,549
Amortization of intangibles	795	-	-	795
Goodwill impairment charge	23,000	-	-	23,000
Depreciation expense	14,842	381	-	15,223
Other operating expenses	427,945	180	(1,159)	426,966
Income tax expense (benefit)	46,219	(396)	36	45,859
Net income	\$ 133,720	\$ 2,847	\$ 42	\$ 136,609
Segment assets	\$ 69,397,530	\$ 5,554,370	\$ (5,214,964)	\$ 69,736,936

For the nine months ended September 30, 2023

(In thousands)	BPPR	Popular U.S.	Intersegment Eliminations
Net interest income	\$ 1,356,774	\$ 265,033	\$ 2
Provision for credit losses	126,952	3,328	-
Non-interest income	435,966	18,165	(404)
Amortization of intangibles	1,453	932	-
Goodwill impairment charge	-	23,000	-
Depreciation expense	36,424	5,661	-
Other operating expenses	1,119,522	182,809	(404)
Income tax expense	120,996	16,184	-
Net income	\$ 387,393	\$ 51,284	\$ 2
Segment assets	\$ 57,039,000	\$ 12,806,630	\$ (448,100)

For the nine months ended September 30, 2023

(In thousands)	Reportable Segments	Corporate	Eliminations	Total Popular, Inc.
Net interest income (expense)	\$ 1,621,809	\$ (24,465)	\$ -	\$ 1,597,344
Provision for credit losses (benefit)	130,280	(334)	-	129,946
Non-interest income	453,727	32,905	(4,651)	481,981
Amortization of intangibles	2,385	-	-	2,385
Goodwill impairment charge	23,000	-	-	23,000
Depreciation expense	42,085	1,095	-	43,180
Other operating expenses	1,301,927	(146)	(3,391)	1,298,390
Income tax expense (benefit)	137,180	(1,006)	(498)	135,676
Net income	\$ 438,679	\$ 8,831	\$ (762)	\$ 446,748
Segment assets	\$ 69,397,530	\$ 5,554,370	\$ (5,214,964)	\$ 69,736,936

Geographic Information

The following information presents selected financial information based on the geographic location where the Corporation conducts business. The banking operations of BPPR are primarily based in Puerto Rico, where it has the largest retail banking franchise. BPPR also conducts banking operations in the U.S. Virgin Islands, the British Virgin Islands and New York. Operations in the mainland United States include commercial lending activities. BPPR's commercial lending activities in the U.S. through its New York Branch, include periodic loan participations with PB. During the quarter and nine months ended September 30, 2024, BPPR did not participate in loans originated by PB (2023 - \$10 million and \$33 million, respectively). At September 30, 2024, total assets for the BPPR segment related to its operations in the United States amounted to \$6 billion (December 31, 2023 - \$1.5 billion), including \$105 million in multifamily loans (December 31, 2023 - \$106 million), \$521 million in commercial real estate loans (December 31, 2023 - \$28 million), \$747 million in C&I loans (December 31, 2023 - \$57 million), and \$140 million in unsecured personal loans (December 31, 2023 - \$29 million). During the nine months ended September 30, 2024, the BPPR generated approximately \$1.2 million (2023 - \$0.1 million) in revenues from its operations in the United States, interest income, service charge on deposit accounts and other service fees. In the Virgin Islands, the BPPR segment offers banking products, including loans and deposits. At September 30, 2024, total assets for the BPPR segment related to its operations in the U.S. and British Virgin Islands amounted to \$0 billion (December 31, 2023 - \$0 billion). The BPPR segment generated \$2.3 million in revenues during the nine months ended September 30, 2024 (2023 - \$3 million) from its operations in the U.S. and British Virgin Islands.

Geographic Information

(In thousands)	Quarter ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues: [1]				
Puerto Rico	\$ 582,953	\$ 539,985	\$ 1,735,035	\$ 1,623,963
United States	133,067	131,698	386,819	389,463
Other	20,535	21,886	63,881	65,899
Total consolidated revenues	\$ 736,555	\$ 693,569	\$ 2,185,735	\$ 2,079,325

[1] Total revenues include net interest income, service charges on deposit accounts, other service fees, mortgage banking activities, net (loss) gain, including impairment, on equity securities, net gain on trading account debt securities, net loss on sale of loans, including valuation adjustments on loans held-for-sale, adjustments to indemnity reserves on loans sold, and other operating income.

Selected Balance Sheet Information:

(In thousands)	September 30, 2024		December 31, 2023	
Puerto Rico				
Total assets	\$ 54,200,914	\$ 54,181,300		
Loans	23,672,112	22,519,961		
Deposits	50,759,657	51,282,007		
United States				
Total assets	\$ 15,883,947	\$ 15,343,156		
Loans	11,998,043	12,006,012		
Deposits	11,203,741	10,643,602		
Other				
Total assets	\$ 1,238,213	\$ 1,233,699		
Loans ^[1]	530,321	543,299		
Deposits ^[2]	1,705,103	1,692,634		

[1] Represents loans from BPPR operations located in the U.S. and British Virgin Islands.

[2] Represents deposits from BPPR operations located in the U.S. and British Virgin Islands.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report includes management's discussion and analysis ("MD&A") of the consolidated financial position and financial performance of Popular, Inc. (the "Corporation" or "Popular"). All accompanying tables, financial statements and notes included elsewhere in this report should be considered an integral part of this analysis.

The Corporation is a diversified, publicly-owned financial holding company subject to the supervision and regulation of the Board of Governors of the Federal Reserve System. The Corporation has operations in Puerto Rico, the United States ("U.S.") mainland and the U.S. and British Virgin Islands. In Puerto Rico, the Corporation provides retail, mortgage and commercial banking services through its principal banking subsidiary, Banco Popular de Puerto Rico ("BPPR"), as well as broker-dealer, auto and equipment financing, and insurance services through specialized subsidiaries. In the U.S. mainland, the Corporation provides retail, mortgage and commercial banking services, as well as equipment leasing and financing, through its New York -chartered subsidiary, Popular Bank ("PB" or "Popular U.S."), which has branches located in New York, New Jersey and Florida. Note 32 to the Consolidated Financial Statements presents information about the Corporation's business segments.

As a financial services company, the Corporation's earnings are significantly affected by general business and economic conditions in the markets which we serve. Lending and deposit activities and fee income generation are influenced by the level of business spending and investment, consumer income, spending and savings, capital market activities, competition, customer preferences, interest rate conditions and prevailing market rates on competing products.

The Corporation operates in a highly regulated environment and may be adversely affected by changes in federal and local laws regulations. Also, competition with other financial institutions, as well as with non-traditional financial service providers and technology companies that provide electronic and internet-based financial solutions and services, could adversely affect its profitability.

The Corporation continuously monitors general business and economic conditions, industry-related indicators and trends, competition, interest rate volatility, credit quality indicators, loan and deposit demand, operational and systems efficiencies, revenue enhancements and changes in the regulation of financial services companies.

The description of the Corporation's business contained in Item 1 of the 2023 Form 10-K, while not all inclusive, discusses additional information about the business of the Corporation. Readers should also refer to "Part I - Item 1A" of the 2023 Form 10-K and "Part II Item 1A" of this Form 10-Q for a discussion of certain risks and uncertainties to which the Corporation is subject, many beyond the Corporation's control that, in addition to the other information in this Form 10-Q, readers should consider.

The Corporation's common stock is traded on the NASDAQ Global Select Market under the symbol BPOP.

OVERVIEW

Table 1 provides selected financial data and performance indicators for the quarters ended September 30, 2024 and 2023.

Table 1 - Financial Highlights

Financial Condition Highlights

(In thousands)	Ending balances at			Average for the nine months ended		
	September 30, 2024	December 31, 2023	Variance	September 30, 2024	September 30, 2023	Variance
Money market investments	\$ 6,530,788	\$ 6,998,871	\$ (468,083)	\$ 6,663,967	\$ 6,965,588	\$ (301,621)
Investment securities	25,280,451	25,148,673	131,778	27,701,911	27,463,370	238,541
Loans	36,200,476	35,069,272	1,131,204	35,411,807	32,732,877	2,678,930
Earning assets	68,011,715	67,216,816	794,899	69,777,685	67,161,835	2,615,850
Total assets	71,323,074	70,758,155	564,919	72,851,597	70,209,477	2,642,120
Deposits	63,668,501	63,618,243	50,258	64,521,953	62,304,083	2,217,870
Borrowings	973,736	1,078,332	(104,596)	1,039,130	1,274,682	(235,552)
Total liabilities	65,532,560	65,611,202	(78,642)	66,530,111	64,430,204	2,099,907
Stockholders' equity	5,790,514	5,146,953	643,561	6,321,486	5,779,273	542,213

Note: Average balances exclude unrealized gains or losses on debt securities available-for-sale and the unrealized loss related to certain securities transferred from available-to-maturity to held-to-maturity.

Operating Highlights

(In thousands, except per share information)	Quarters ended September 30,			Nine months ended September 30,		
	2024	2023	Variance	2024	2023	Variance
Net interest income	\$ 572,473	\$ 534,020	\$ 38,453	\$ 1,691,529	\$ 1,597,344	\$ 94,185
Provision for credit losses	71,448	45,117	26,331	190,840	129,946	60,894
Non-interest income	164,082	159,549	4,533	494,206	481,981	12,225
Operating expenses	467,321	465,984	1,337	1,420,010	1,366,955	53,055
Income before income tax	197,786	182,468	15,318	574,885	582,424	(7,539)
Income tax expense	42,463	45,859	(3,396)	138,490	135,676	2,814
Net income	\$ 155,323	\$ 136,609	\$ 18,714	\$ 436,395	\$ 446,748	\$ (10,353)
Net income applicable to common stock	\$ 154,970	\$ 136,256	\$ 18,714	\$ 435,336	\$ 445,689	\$ (10,353)
Net income per common share – basic	\$ 2.16	\$ 1.90	\$ 0.26	\$ 6.06	\$ 6.22	\$ (0.16)
Net income per common share – diluted	\$ 2.16	\$ 1.90	\$ 0.26	\$ 6.05	\$ 6.21	\$ (0.16)
Dividends declared per common share	\$ 0.62	\$ 0.55	\$ 0.07	\$ 1.86	\$ 1.65	\$ 0.21

Quarters ended September 30,

Nine months ended September 30,

Selected Statistical Information

2024

2024

Common Stock Data

2023

2023

End market price

\$ 100.27

63.01

\$ 100.27

63.01

Book value per common share at period end

80.35

61.49

80.35

61.49

Profitability Ratios

0.84 %

0.75 %

0.79 %

0.84 %

Return on assets

8.82

8.17

8.43

9.13

Return on common equity

2.43

2.37

2.41

2.52

Net interest spread (taxable equivalent) - Non-GAAP

2.66

2.54

2.65

2.70

Net interest margin

3.24

3.07

3.20

3.14

Net interest margin (taxable equivalent) - Non-GAAP

3.47

3.24

3.44

3.32

Capitalization Ratios

Average equity to average assets

8.86 %

8.26 %

8.68 %

8.23 %

Common equity Tier 1 capital

16.42

16.81

16.42

16.81

Tier I capital

16.48

16.87

16.48

16.87

Total capital

18.24

18.67

18.24

18.67

Tier 1 leverage

8.67

8.41

8.67

8.41

Non-GAAP Financial Measures

This Form 10-Q contains financial information prepared under accounting principles generally accepted in the United States ("U.S. GAAP") and non-GAAP financial measures. Management uses non-GAAP financial measures when it has determined that these measures provide meaningful information about the underlying performance of the Corporation's ongoing operations. Non-GAAP financial measures used by the Corporation may not be comparable to similarly named non-GAAP financial measures used by other companies.

Adjusted net income - Non-GAAP Financial Measure

In addition to analyzing the Corporation's results on a reported basis, management monitors the "adjusted net income" of the Corporation and excludes the impact of certain transactions on the results of its operations. Management believes that the "adjusted net income" provides meaningful information about the underlying performance of the Corporation's ongoing operations. The "adjusted net income" is a non-GAAP financial measure.

The following table presents the adjusted net income for the nine months ended of September 30, 2024. There were no non-GAAP adjustments for the nine months ended September 30, 2023.

Table 2 - Adjusted Net Income for the Nine Months Ended September 30, 2024 (Non-GAAP)

(Unaudited)

(In thousands)	Income before income tax	Income tax expense (benefit)	Total
U.S. GAAP Net income	\$574,885	\$138,490	\$436,395
Non-GAAP Adjustments:			
FDIC Special Assessment [1]	14,287	(5,234)	9,053
Adjustments related to intercompany distributions [2]	6,400	16,483	22,883
Adjusted net income (Non-GAAP)	\$595,572	\$127,241	\$468,331

[1] Expense recorded during the first quarter of 2024 related to the November 16, 2023 FDIC Special Assessment to recover the losses to the deposit insurance fund used by the FDIC in connection with the receiverships of several failed banks. The special assessment amount and collection period may change as the estimated loss is periodically adjusted or if the total amount collected varies.

[2] Income tax expense and other related expenses from prior periods, but recorded during the first quarter of 2024, related to withholding taxes on certain distributions from U.S. subsidiaries.

Net interest income on a taxable equivalent basis – Non-GAAP Financial Measure

Net interest income on a taxable equivalent basis is a non-GAAP financial measure. Management believes that this provides meaningful information since it facilitates the comparison of revenues arising from taxable and tax-exempt sources.

The Corporation's interest earning assets include investment securities and loans that are exempt from income tax, principally in Puerto Rico. The main sources of tax-exempt interest income are certain investments in obligations of the U.S. Government, agencies and sponsored entities, certain obligations of the Commonwealth of Puerto Rico and/or its agencies and municipalities, and assets held by the Corporation's international banking entities. To facilitate the comparison of interest related to these assets, interest income has been converted to a taxable equivalent basis, using the applicable statutory income tax rates for each asset. The effective yield, on a taxable equivalent basis, will vary depending on the level of these expenses that are attributed to the available exempt income.

Net interest income on a taxable equivalent basis, with its different components, along with the reconciliation to net interest income (GAAP), for the quarter ended September 30, 2024 as compared with the same period in 2023, segregated by major categories of interest earning assets and interest-bearing liabilities are included in Table 3 of the Operating Results Analysis section below.

Tangible Common Equity and Tangible Assets

Tangible common equity, tangible common equity ratio, tangible assets and tangible book value per common share are non-GAAP financial measures. Tangible common equity ratio and tangible book value per common share in conjunction with more traditional capital ratios are commonly used by banks and analysts to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, typically stemming from the use of the purchase accounting method for mergers and acquisitions. Tangible common equity, tangible assets and other related measures should not be used in isolation as a substitute for stockholders' equity, total assets or any other measure calculated in accordance with GAAP. Moreover, the manner in which the Corporation calculates its tangible common equity, tangible assets and other related measures may differ from other companies reporting measures with similar names.

Table 10 provides a reconciliation of total stockholders' equity to tangible common equity and total assets to tangible assets as of September 30, 2024, and December 31, 2023.

Financial highlights for the quarter ended September 30, 2024

- For the quarter ended September 30, 2024, the Corporation recorded net income of \$ 155.3 million, compared to net income of \$ 136.6 million for the same quarter of the previous year. Net interest margin for the third quarter of 2024 was 3.24%, an increase of 17 basis points when compared to 3.07% for the same quarter of the previous year. The increase was mainly due to higher yields in investment securities, mainly due to reinvestment of maturities in higher yielding U.S. Treasury securities, and to higher average loan balances and higher yields in almost all loans portfolios, which was partially offset by higher deposit costs, principally due to higher average volume and higher cost of interest-bearing deposits, mainly from the Puerto Rico government and time deposits at PB. On a taxable equivalent basis, the net interest margin was 3.47%, compared to 3.24% for the same quarter of the previous year.
- For the quarter ended September 30, 2024, the Corporation recorded a provision for credit losses of \$71.4 million, compared to \$45.1 million for the same quarter of the previous year. The increase in provision for credit losses was mainly reflected within the commercial loan portfolio for both of the Corporation's segments. The increase was mainly due to net charge-offs in the commercial loan portfolio during the third quarter of 2024, compared to net recoveries recognized during the third quarter of 2023, and the changes in credit quality and macroeconomic variables. In the U.S. commercial portfolio, the release of \$4.4 million was lower compared with the third quarter of 2023 due to the impact of the new model for the U.S. commercial real estate segment that was implemented during that quarter which resulted in a higher benefit.
- Non-interest income was \$164.1 million for the quarter, an increase of \$4.5 million when compared to the quarter ended

September 30, 2023 mainly due to higher other service fees, due to higher credit and debit card service fees as a result of higher volume of transactions, partially offset by lower income from mortgage banking activities resulting from the fair value adjustments of mortgage servicing rights.

- Operating expenses of \$467.3 million for the quarter were higher by \$1.3 million when compared to the quarter ended September 30, 2023. Higher operating expenses were driven mainly by higher technology and software expenses, ~~personnel~~ and regulatory examination fees included as other taxes, partially offset by lower professional fees and a goodwill impairment charge related to our U.S. based leasing subsidiary recorded in 2023.
- Income tax expense of \$42.5 million during the quarter was lower by \$3.4 million compared to the quarter ended September 30, 2023, mainly due to higher exempt income.
- Total assets at September 30, 2024 amounted to \$71.3 billion, compared to \$70.8 billion, at December 31, 2023. The ~~increase~~ was driven by loan growth, mainly in the commercial portfolio, and higher portfolio balance in available-for-sale ("AFS") securities, impacted by lower unrealized losses, and partially offset by a decrease in held-to-maturity ("HTM") investment securities driven by maturities of U.S. Treasury securities.
- Total deposits at September 30, 2024 increased by \$50.3 million when compared to deposits at December 31, 2023, ~~Mainly~~ due to higher deposits in PB, mainly those captured via the online channel.
- Stockholders' equity as of September 30, 2024 increased by \$643.6 million from the December 31, 2023, mainly due to net income for the nine months ended September 30, 2024 of \$436.4 million, the after-tax impact of the decrease in net unrealized losses in the portfolio of AFS securities of \$272.0 million and the net accretion of the discount from securities previously reclassified to HTM of \$107.0 million, net of taxes, partially offset by the repurchases of common stock for \$58.8 million ~~during~~ the third quarter and dividends declared during the period of \$135.4 million. As of September 30, 2024, the Corporation's tangible book value per common share was \$69.04, an increase of \$9.30 from December 31, 2023.
- Regulatory capital ratios remain strong. At September 30, 2024, the Corporation's common equity tier 1 capital ratio was 16.42%, the tier 1 leverage ratio was 8.67%, and the total capital ratio was 18.24%. Refer to Table 9 for capital ratios.

CRITICAL ACCOUNTING POLICIES / ESTIMATES

The accounting and reporting policies followed by the Corporation and its subsidiaries conform to generally accepted accounting principles in the United States of America and general practices within the financial services industry. Various elements of the Corporation's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. These estimates are made under facts and circumstances at a point in time and changes in those facts and circumstances could produce actual results that differ from those estimates.

Management has discussed the development and selection of the critical accounting policies and estimates with the Corporation's Audit Committee. The Corporation has identified as critical accounting policies those related to: (i) Fair Value Measurement of Financial Instruments; (ii) Loans and Allowance for Credit Losses; (iii) Loans Acquired with Deteriorated Credit Quality; (iv) Income Taxes; (v) Goodwill and Other Intangible Assets; and (vi) Pension and Postretirement Benefit Obligations. For a summary of these accounting policies and estimates, refer to the MD&A included in the 2023 Form 10-K. Also, refer to Note 2 to the Consolidated Financial Statements included in the 2023 Form 10-K for a summary of the Corporation's significant accounting policies and to Note 3 to the Consolidated Financial Statements included in this Form 10-Q for information on recently adopted accounting standard updates.

OPERATING RESULTS ANALYSIS

NET INTEREST INCOME

Net interest income for the quarter ended September 30, 2024 was \$572.5 million, compared to \$534.0 million in the same quarter of 2023, an increase of \$38.5 million. Net interest income on a taxable equivalent basis for the third quarter of 2024 was \$561.9 million compared to \$563.7 million in the third quarter of 2023, an increase of \$49.2 million.

Net interest margin for the quarter was 3.24% compared to 3.07% in the third quarter of 2023 or an increase of 17 basis points. On a taxable equivalent basis, net interest margin for the third quarter of 2024 was 3.47%, compared to 3.24% for the same quarter the prior year. The main variances in net interest income on a taxable equivalent basis were:

- higher interest income from investment securities by \$33.8 million mainly driven higher yield by 48 basis points, due to higher interest rate environment and reinvestment of investment maturities in higher yielding U.S. Treasury bills;
- higher interest income from loans by \$69.6 million resulting from higher balances in both PB and BPPR and across portfolios and higher yield on loans by 32 basis points when compared to the same quarter of 2023.

Partially offset by:

- higher interest expense on interest-bearing deposits by \$56.9 million driven by a higher cost of interest-bearing deposits 84 basis points due to higher average volume by \$884.1 million and higher cost of market linked interest-bearing P.R. Government deposits and higher volume of U.S. deposits, mainly those captured via the online channel.

Net interest income for the BPPR segment amounted to \$488.0 million for the third quarter of 2024, compared to \$453.9 million in the third quarter of 2023. Net interest margin increased to 3.41% compared to 3.14% in the third quarter of 2023. The increase in net interest income of \$34.1 million was driven by higher yields from earning assets and loan growth partially offset by the increase cost of deposits, mainly from P.R. Government deposits. The cost of interest-bearing deposits increased 29 basis points to 2.55% from 2.25% in the same quarter of 2023. Total deposit costs for the quarter increased by 21 basis points, from 1.68% in the third quarter of 2023 to 1.89%.

Net interest income for PB was \$93.1 million for the quarter ended September 30, 2024, compared to \$87.4 million during the third quarter of 2023, an increase of \$5.7 million. Net interest margin decreased 17 basis points to 2.73% when compared to 2.90% during the third quarter of 2023. The decrease in net interest margin was mostly driven by higher balances and cost of deposits in most of the interest-bearing categories, partially offset by the increase in loan volume and yield. The cost of interest-bearing deposits was 3.80% compared to 3.31% in the third quarter of 2023, or an increase of 49 basis points. Total deposit cost was 2.35% compared to 2.84%, or a decrease of 51 basis points in the third quarter of 2023.

Table 3 - Analysis of Levels & Yields on a Taxable Equivalent Basis (Non-GAAP)

Quarter ended September 30,

										Variance	
Average Volume			Average Yields / Costs			Interest			Attributable to		
2024	2023	Variance	2024	2023	Variance	2024	2023	Variance	Rate	Volume	
(In millions)											
\$ 7,033	\$ 7,292	\$ (259)	5.43 %	5.40 %	0.03 %	Money market investments	\$ 96,061	\$ 99,285	\$ (3,224)	311	\$ (3,535)
27,569	28,396	(827)	2.92	2.31	0.61	Investment securities [1]	202,317	165,319	36,998	41,382	(4,384)
30	34	(4)	5.87	4.43	1.44	Trading securities	436	375	61	110	(49)
Total money market, investment and trading securities											
34,632	35,722	(1,090)	3.43	2.95	0.48		298,814	264,979	33,835	41,803	(7,968)
Loans:											
17,798	16,611	1,187	6.90	6.64	0.26	Commercial	308,734	277,977	30,757	10,336	20,421
1,129	865	264	8.85	8.99	(0.14)	Construction	25,102	19,580	5,522	(364)	5,886
1,851	1,669	182	6.97	6.50	0.47	Leasing	32,241	27,142	5,099	2,022	3,077
7,911	7,504	407	5.73	5.42	0.31	Mortgage	113,409	101,700	11,709	6,038	5,671
3,211	3,147	64	14.08	13.39	0.69	Consumer	112,423	105,042	7,381	4,260	3,121
3,879	3,657	222	8.94	8.47	0.47	Auto	87,189	78,055	9,134	4,248	4,886
35,779	33,453	2,326	7.56	7.24	0.32	Total loans	679,098	609,496	69,602	26,540	43,062
\$ 70,411	\$ 69,175	\$ 1,236	5.53 %	5.02 %	0.51 %	Total earning assets	\$ 977,912	\$ 874,475	\$ 103,437	\$ 68,343	\$ 35,094
Interest bearing deposits:											
\$ 26,148	\$ 25,652	\$ 496	3.64 %	3.31 %	0.33 %	NOW and money market [2]	\$ 238,923	\$ 213,957	\$ 24,966	\$ 26,317	\$ (1,351)
14,322	14,875	(553)	0.92	0.73	0.19	Savings	33,169	27,373	5,796	6,429	(633)
9,069	7,986	1,083	3.46	2.62	0.84	Time deposits	78,893	52,791	26,102	16,893	9,209
49,539	48,513	1,026	2.82	2.41	0.41	Total interest bearing deposits	350,985	294,121	56,864	49,639	7,225
14,968	15,038	(70)				Non-interest bearing demand deposits					
64,507	63,551	956	2.16	1.84	0.32	Total deposits	350,985	294,121	56,864	49,639	7,225
101	108	(7)	5.62	5.45	0.17	Short-term borrowings	1,430	1,478	(48)	44	(92)
Other medium and long-term debt											
950	1,172	(222)	5.32	5.20	0.12		12,560	15,167	(2,607)	415	(3,022)
50,590	49,793	797	2.87	2.48	0.39	Total interest bearing liabilities (excluding demand deposits)	364,975	310,766	54,209	50,098	4,111
4,853	4,344	509				Other sources of funds					
\$ 70,411	\$ 69,175	\$ 1,236	2.06 %	1.78 %	0.28 %	Total source of funds	364,975	310,766	54,209	50,098	4,111
Net interest margin/ income on a taxable equivalent basis (Non-GAAP)											
3.47 %	3.24 %	0.23 %					612,937	563,709	49,228	\$ 18,245	\$ 30,983
2.66 %	2.54 %	0.12 %				Net interest spread					
3.24 %	3.07 %	0.17 %				Taxable equivalent adjustment	40,464	29,689	10,775		
Net interest margin/ income non-taxable equivalent basis (GAAP)											
\$ 572,473	\$ 534,020	\$ 38,453									

Note: The changes that are not due solely to volume or rate are allocated to volume and rate based on the proportion of the change in each category.

[1] Average balances exclude unrealized gains or losses on debt securities available-for-sale and the unrealized loss related to certain securities transferred from available-for-sale to held-to-maturity.

[2] Includes interest bearing demand deposits corresponding to certain government entities in Puerto Rico.

Net interest income for the nine months ended September 30, 2024 was \$1.7 billion, or \$94.2 million higher than the same period in 2023. Taxable equivalent net interest income was \$1.8 billion, an increase of \$124.8 million when compared to the same period in 2023. Net interest margin was 3.20%, an increase of six basis points when compared to 3.14% for the nine months ended September 30, 2023. The increase in net interest margin was mainly driven by a higher yield on earning assets due to a higher interest rate environment. Net interest margin, on a taxable equivalent basis, for the nine months ended September 30, 2024, was 3.23%, an increase of 12 basis points when compared to the 3.32% for the same period of 2023. The drivers of the variances in net interest income for the nine-month period are:

Positive variances:

- higher interest income from investment securities by \$156.8 million resulting from higher yield of the portfolio by 62 basis points driven by the re-investment of maturities and deployment of liquidity to higher yield short-term Treasury bills, for which interest is tax exempt in Puerto Rico;
- higher interest income from loans by \$249.5 million reflecting higher interest income from commercial loans by \$122.9 million due to higher yield by 37 basis points related to higher rates in adjustable-rate loans and higher volume of \$1.5 billion, increasing in BPPR and PB, and higher volume and yield across the rest of the portfolios as shown in Table 4; and

partially offset by:

- higher interest expense from deposits by \$289.6 million mainly due to the increase in interest rates that has resulted in a higher cost in most deposit categories in both BPPR and PB; but particularly from P.R. Government deposits that are market-linked and PB online deposits.

Table 4 – Analysis of Levels & Yields on a Taxable Equivalent Basis from Continuing Operations (Non-GAAP)

Period ended September 30,

						Variance					
Average Volume			Average Yields / Costs			Interest			Attributable to		
2024	2023	Variance	2024	2023	Variance	2024	2023	Variance	Rate	Volume	
(In millions)											
\$ 6,664	\$ 6,966	\$ (302)	5.47 %	5.10 %	0.37 %	Money market investments	\$ 272,893	\$ 265,785	\$ 7,108	\$ 18,902	\$ (11,794)
28,271	28,205	66	2.88	2.18	0.70	Investment securities [1]	610,341	460,641	149,700	148,136	1,564
30	32	(2)	5.02	4.52	0.50	Trading securities	1,114	1,084	30	117	(87)
Total money market, investment and trading securities											
34,965	35,203	(238)	3.38	2.76	0.62		884,348	727,510	156,838	167,155	(10,317)
Loans:											
17,707	16,206	1,501	6.87	6.50	0.37	Commercial	910,241	787,381	122,860	47,469	75,391
1,064	778	286	8.97	8.79	0.18	Construction	71,426	51,178	20,248	1,090	19,158
1,794	1,630	164	6.86	6.31	0.55	Leasing	92,292	77,135	15,157	7,024	8,133
7,818	7,434	384	5.67	5.45	0.22	Mortgage	332,626	303,777	28,849	12,819	16,030
3,209	3,082	127	13.94	13.10	0.84	Consumer	334,818	302,050	32,768	17,783	14,985
3,820	3,603	217	8.86	8.31	0.55	Auto	253,511	223,929	29,582	15,682	13,900
35,412	32,733	2,679	7.52	7.13	0.39	Total loans	1,994,914	1,745,450	249,464	101,867	147,597
\$ 70,377	\$ 67,936	\$ 2,441	5.46 %	4.86 %	0.60 %	Total earning assets	\$ 2,879,262	\$ 2,472,960	\$ 406,302	\$ 269,022	\$ 137,280
Interest bearing deposits:											
\$ 25,986	\$ 24,407	\$ 1,579	3.62 %	2.93 %	0.69 %	NOW and money market [2]	\$ 704,396	\$ 534,567	\$ 169,829	\$ 137,718	\$ 32,111
14,584	14,889	(305)	0.93	0.62	0.31	Savings	101,136	69,262	31,874	30,343	1,531
8,877	7,603	1,274	3.23	2.23	1.00	Time deposits	214,888	126,995	87,893	56,973	30,920
49,447	46,899	2,548	2.76	2.08	0.68	Total interest bearing deposits	1,020,420	730,824	289,596	225,034	64,562
15,075	15,405	(330)				Non-interest bearing demand deposits					
64,522	62,304	2,218	2.11	1.57	0.54	Total deposits	1,020,420	730,824	289,596	225,034	64,562
89	160	(71)	5.65	5.02	0.63	Short-term borrowings	3,748	5,987	(2,239)	681	(2,920)
975	1,140	(165)	5.18	5.12	0.06	Other medium and long-term debt	37,799	43,660	(5,861)	152	(6,013)
50,511	48,199	2,312	2.81	2.16	0.65	Total interest bearing liabilities (excluding demand deposits)	1,061,967	780,471	281,496	225,867	55,629
4,791	4,332	459				Other sources of funds					
\$ 70,377	\$ 67,936	\$ 2,441	2.02 %	1.54 %	0.48 %	Total source of funds	1,061,967	780,471	281,496	225,867	55,629
Net interest margin/ income on a taxable equivalent basis (Non-GAAP)											
3.44 %	3.32 %	0.12 %					1,817,295	1,692,489	124,806	\$ 43,155	\$ 81,651
2.65 %	2.70 %	(0.05) %				Net interest spread					
3.20 %	3.14 %	0.06 %				Taxable equivalent adjustment	125,766	95,145	30,621		
						Net interest margin/ income non-taxable equivalent basis (GAAP)	\$ 1,691,529	\$ 1,597,344	\$ 94,185		

Note: The changes that are not due solely to volume or rate are allocated to volume and rate based on the proportion of the change in each category.

[1] Average balances exclude unrealized gains or losses on debt securities available-for-sale and the unrealized loss related to certain securities transferred from available-for-sale to held-to-maturity.

[2] Includes interest bearing demand deposits corresponding to certain government entities in Puerto Rico.

Provision for Credit Losses - Loans Held-in-Portfolio and Unfunded Commitments

For the quarter ended September 30, 2024, the Corporation recorded a provision for credit losses related to loans held-in-portfolio and unfunded commitments of \$72.3 million, an increase of \$27.1 million, compared to the same quarter of the previous year.

The provision for the loan portfolio increased by \$29.3 million. Refer to Note 8 to the Consolidated Financial Statements for details of the movement of the allowance for credit losses. The drivers of the increase in the provision for loan losses by business segments when comparing the third quarter of 2024, to the same quarter in 2023 were as follows:

- In the BPPR segment, the provision for credit losses increased by \$23.1 million, to \$77.1 million. The increase was mainly reflected within the commercial loan portfolio driven by net charge-offs, instead of net recoveries for the same quarter in 2023, along with changes in credit quality and macroeconomic variables.
- In the Popular U.S. segment, a release of \$4.4 million was recorded for the quarter ended September 30, 2024 driven by changes in credit quality, and improvements in credit ratings related to the commercial portfolio. This release was lower when compared to the same quarter in 2023 for which a release of \$10.5 million was recorded mainly driven by the implementation of a new model for the U.S. commercial real estate portfolio based on more granular regional data.

For the nine months ended September 30, 2024, the Corporation recorded a provision for credit loss related to loans held-in-portfolio and unfunded commitments of \$190.7 million, an increase of \$59.9 million, compared to the nine months ended September 30, 2023. The provision for the loan portfolio increased by \$63.0 million. The drivers of the increase in the provision for loan losses by business segments when comparing the nine months ended September 30, 2024, to the same period in 2023 were as follows:

- In the BPPR segment, the provision for loan losses was of \$186.7 million for the nine months ended September 30, 2024, compared to \$127.6 million for the nine months ended September 30, 2023, attributable to higher reserves in the commercial, auto leases and consumer portfolios due to loan growth, higher losses, and changes in credit quality.
- In the Popular U.S. segment, the provision for loan losses was an expense of \$2.6 million for the nine months ended September 30, 2024, compared to a release of \$1.3 million for the same period in 2023. The higher provision was driven by a reduction in reserves during the same period of 2023 due to the implementation of a new model, based on granular regional data, for the U.S. commercial real estate portfolio.

At September 30, 2024, the total allowance for credit losses for loans held-in-portfolio amounted to \$744.3 million, compared to \$729.3 million as of December 31, 2023. The ratio of the allowance for credit losses to loans held-in-portfolio was 2.06% at September 30, 2024, compared to 2.08% at December 31, 2023. Refer to Note 8 to the Consolidated Financial Statements, for additional information on the Corporation's methodology to estimate its ACL. Refer to the Credit Risk section of this MD&A for a detailed analysis of net charge-offs, non-performing assets, the allowance for credit losses and selected loan losses statistics.

Provision for Credit Losses – Investment Securities

The Corporation's provision for credit losses related to its investment securities held-to-maturity is related to the portfolio of obligations from the Government of Puerto Rico, states and political subdivisions. At September 30, 2024, the total allowance for credit losses for this portfolio amounted to \$5.4 million, compared to \$5.8 million at December 31, 2023. Refer to Note 6 to the Consolidated Financial Statements for additional information on the ACL for this portfolio.

Non-Interest Income

Non-interest income amounted to \$164.1 million for the quarter ended September 30, 2024, compared to \$159.5 million for the same quarter of the previous year. The main factors that contributed to the variance in non-interest income were:

- higher other service fees by \$5.3 million mainly due to higher credit and debit card service fees as a result of higher volume of transactions;

partially offset by:

- lower income from mortgage banking activities by \$2.7 million mainly due to a decrease in the fair value of mortgage servicing rights ("MSRs").

Non-interest income amounted to \$494.2 million for the nine months ended September 30, 2024, compared to \$482.0 million for the same period of the previous year. The main factors that contributed to the variance in non-interest income were:

- higher other service fees by \$12.1 million mainly due to an increase in debit and credit cards fees due to higher transactional and higher income from the sale and administration of investment products; and
- higher service charges on deposit accounts by \$3.5 million mainly due to higher fees resulting mainly from non-balance compensation in commercial deposits;

partially offset by:

- lower mortgage banking activities by \$2.4 million mainly due to a decrease in mortgage servicing fees due to higher delinquencies in the serviced portfolio.

Operating Expenses

Operating expenses amounted to \$467.3 million for the quarter ended September 30, 2024, an increase of \$1.3 million, when compared with the same quarter of 2023. The variance in operating expenses was driven primarily by:

- higher technology and software expenses by \$15.5 million mainly due to higher IT consulting fees by \$5.8 million, higher software amortization expense by \$3.9 million and an increase of \$2.9 million from network management services;
- higher other taxes expense by \$9.2 million mainly due the reversal of an accrual of \$8.2 million during the third quarter of 2023 related to regulatory examination fees in BPPR;
- higher personnel costs by \$8.7 million mainly due to higher salaries by \$8.2 million as a result of annual salary revisions and an increase in headcount;
- higher business promotion expenses by \$2.6 million mainly due to higher donations granted during the quarter, higher advertising costs and higher customer rewards programs expense in our credit card business; and
- lower other real estate owned (OREO) benefit by \$2.5 million mainly due to lower gain on sale of mortgage and commercial properties;

partially offset by:

- a goodwill impairment charge of \$23.0 million recorded during the third quarter of 2023 in our U.S. based equipment leasing subsidiary due to lower forecasted cash flows and an increase in the rate used to discount cash flows;
- lower professional fees by \$11.8 million mainly due to a decrease in advisory expenses arising from corporate initiatives; and
- lower processing and transactional services expenses by \$3.6 million mainly due to lower point of service (POS) processing fees, driven by a lower fee rate and higher incentive rebates in 2024.

Operating expenses amounted to \$1.4 billion for the nine months ended September 30, 2024, an increase of \$53.1 million compared with the same period of 2023. Excluding the \$6.4 million of interest accrued related to prior period tax withholdings and the \$14.3 million impact of the FDIC Special Assessment, total expenses for the nine months ended September 30, 2024 increased \$32.4 million, when compared with the same period of 2023. The main drivers of the \$32.4 million variance were:

- higher technology and software expenses by \$33.8 million mainly due to higher IT professional fees by \$11.2 million, higher software amortization expense by \$9.7 million, an increase of \$7.6 million from network management services and an increase of \$2.4 million in application processing and hosting services;
- higher personnel costs by \$31.3 million mainly due to higher salaries by \$15.9 million as a result of annual salary revisions and an increase in headcount, an increase in restricted shares, commissions and incentive compensation by \$9.6 million and higher payroll taxes and other compensation expenses by \$5.3 million;
- higher other taxes expense by \$6.2 million mainly due to an increase in municipal license tax and to the impact of the reversal in 2023 of regulatory examination fees in BPPR, as mentioned above;
- higher promotion expenses by \$5.0 million mainly due to higher donations, advertising and sponsorship expenses by \$3.0 million and higher customer rewards programs expense in our credit card business by \$2.0 million; and
- higher operational losses by \$4.6 million due to build up on reserves for operational losses;

partially offset by:

- lower professional fees by \$28.7 million mainly due to advisory expenses arising from corporate initiatives including those related to the Corporation's transformation initiative incurred during the nine months ended September 30, 2023; and

- A goodwill impairment charge of \$23.0 million recorded during the third quarter of 2023 in our U.S. based equipment leasing subsidiary due to lower forecasted cash flows and an increase in the rate used to discount cash flows;

Table 5 - Operating Expenses

(In thousands)	Quarters ended September 30,			Nine months ended September 30,		
	2024	2023	Variance	2024	2023	Variance
Personnel costs:						
Salaries	\$ 135,983	\$ 127,832	\$ 8,151	\$ 394,001	\$ 378,126	\$ 15,875
Commissions, incentives and other bonuses	26,350	27,670	(1,320)	95,587	86,025	9,562
Pension, postretirement and medical insurance	16,387	16,985	(598)	50,391	49,871	520
Other personnel costs, including payroll taxes	23,136	20,665	2,471	74,678	69,358	5,320
Total personnel costs	201,856	193,152	8,704	614,657	583,380	31,277
Net occupancy expenses	28,031	28,100	(69)	83,764	81,304	2,460
Equipment expenses	9,349	8,905	444	28,578	26,878	1,700
Other taxes	17,757	8,590	9,167	47,465	41,290	6,175
Professional fees	26,708	38,514	(11,806)	93,370	122,077	(28,707)
Technology and software expenses	88,452	72,930	15,522	247,666	213,843	33,823
Processing and transactional services:						
Credit and debit cards	11,761	13,762	(2,001)	37,644	37,896	(252)
Other processing and transactional services	22,559	24,137	(1,578)	69,966	70,713	(747)
Total processing and transactional services	34,320	37,899	(3,579)	107,610	108,609	(999)
Communications	5,229	4,220	1,009	14,143	12,483	1,660
Business promotion:						
Rewards and customer loyalty programs	16,533	15,988	545	46,995	44,962	2,033
Other business promotion	9,104	7,087	2,017	25,080	22,067	3,013
Total business promotion	25,637	23,075	2,562	72,075	67,029	5,046
Deposit insurance	10,433	8,932	1,501	44,901	24,600	20,301
Other real estate owned (OREO) income	(2,674)	(5,189)	2,515	(13,745)	(10,197)	(3,548)
Other operating expenses:						
Operational losses	5,769	5,504	265	21,153	16,584	4,569
All other	15,750	17,557	(1,807)	56,140	53,690	2,450
Total other operating expenses	21,519	23,061	(1,542)	77,293	70,274	7,019
Amortization of intangibles	704	795	(91)	2,233	2,385	(152)
Goodwill impairment charge	-	23,000	(23,000)	-	23,000	(23,000)
Total operating expenses	\$ 467,321	\$ 465,984	\$ 1,337	\$ 1,420,010	\$ 1,366,955	\$ 53,055

Income Taxes

For the quarter and nine months ended September 30, 2024, the Corporation recorded an income tax expense of \$42.5 million and \$8.5 million with an effective tax rate (ETR) of 21.5% and 24.1%, respectively, compared to \$45.9 million and \$135.7 million with ETR of 25.1% and 23.3% for the respective periods of 2023. The lower income tax expense for the quarter ended September 30, 2024, compared to the same quarter of 2023, is mostly due to the higher exempt income recorded for the current quarter. For the nine months ended September 30, 2024, the higher income tax reflects the tax withholding expense recorded during the first quarter on certain intercompany distributions, amounting to \$22.9 million, out of which \$16.5 million corresponded to years 2024 and \$6.5 million was related to a distribution completed during the period ended March 31, 2024; this negative variance was partially offset by the lower income before tax, higher exempt income and other tax credits recorded this year, compared with the same period of year 2023.

At September 30, 2024, the Corporation had a net deferred tax asset amounting to \$916 million, net of a valuation allowance of \$451 million. The net deferred tax asset related to the U.S. operations was \$250 million, net of a valuation allowance of \$379 million.

Refer to Note 30 to the Consolidated Financial Statements for a reconciliation of the statutory income tax rate to the effective tax rate and additional information on the income tax expense and deferred tax asset balances.

REPORTABLE SEGMENT RESULTS

The Corporation's reportable segments for managerial reporting purposes consist of Banco Popular de Puerto Rico and Popular U.S. A Corporate group has also been defined to support the reportable segments.

For a description of the Corporation's reportable segments, including additional financial information and the underlying management accounting process, refer to Note 32 to the Consolidated Financial Statements.

The Corporate group reported a net income of \$0.5 million for the quarter ended September 30, 2024, compared with a net income of \$0.8 million for the same quarter of the previous year. For the nine months ended September 30, 2024, the Corporate group reported net loss of \$21.7 million, compared to a net income of \$8.8 million for the same period of the previous year. The negative variance was mainly attributed to the \$22.9 million adjustment to recognize the tax impact associated with prior period differences and the additional \$6.5 million recognized for the tax impact related to intercompany distributions paid during the first quarter of 2024.

Highlights on the earnings results for the reportable segments are discussed below:

Banco Popular de Puerto Rico

The Banco Popular de Puerto Rico reportable segment's net income amounted to \$125.8 million for the quarter ended September 30, 2024, compared with net income of \$122.7 million for the same quarter of the previous year. The factors that contributed to the variance in the financial results included the following:

- Higher net interest income by \$34.1 million mainly due to:
 - higher interest income from money market and investment securities by \$4.9 million due to higher yields driven by the reinvestment into higher interest rates U.S. Treasury securities; and
 - higher interest income from loans by \$53.6 million mainly due to higher average balances across all portfolios;
 - partially offset by
 - higher interest expense on deposits by \$23.9 million mainly due to the higher interest rate environment's impact on the cost of P.R. Government deposits.

The net interest margin for the quarter ended September 30, 2024 was 3.41% compared to 3.14% for the same quarter in the previous year. The increase in net interest margin is driven by the earnings assets mix and the higher yields from investment securities and loans, particularly commercial and consumer loans, due to the increase in rates; partially offset by higher cost of deposits.

- A provision for loan losses of \$77.1 million, compared to a provision of \$54.2 million in quarter ended September 30, 2023, higher by \$22.9 million mainly in the commercial portfolio due to net charge offs as compared to net recoveries in 2023, and changes in credit quality in the commercial portfolio;
- Non-interest income was higher by \$4.4 million mainly due to:
 - higher other service fees by \$4.3 million due to higher interchange income from debit and credit card as result of higher volume of transactions and higher ancillary fees;
 - partially offset by
 - lower income from mortgage banking activities by \$2.6 million mainly due to an unfavorable variance of \$2.0 million in the fair value adjustment of mortgage service rights;
- Higher operating expenses by \$20.6 million mostly due to:

- higher technology and software expenses by \$9.9 million mainly due to higher IT professional fees, higher amortization of software costs and higher network management fees;
- higher other operating taxes by \$9.4 million due to the accrual reversal in the quarter ended September 30, 2023 related to regulatory examination fees in BPPR by \$8.2 million;
- higher personnel costs by \$4.0 million driven by annual salary revisions, and an increase in headcount;
- lower net recoveries from OREO by \$2.5 million mainly due to lower gain on sale of mortgage and commercial properties; and

partially offset by

- lower processing and transactional services by \$3.5 million mainly due to a lower point of service ("POS") processing fees, driven by a lower fee rate and higher incentive rebates in 2024; and
- lower professional fees of \$6.1 million mainly due to lower consulting fees related to corporate initiatives;

- Lower income tax expense by \$10.8 million is mainly due to higher net exempt income.

For the nine months ended September 30, 2024, the BPPR segment recorded net income of \$404.3 million compared to a net income of \$387.4 million for the same period of the previous year. The factors that contributed to the variance in the financial results included the following:

- Higher net interest income by \$92.8 million mainly due to:
 - higher interest income from money market and investment securities by \$77.5 million due to higher yields driven by the re-investments of maturities and deployment of liquidity to higher yield U.S. Treasury securities; and
 - higher interest income from loans by \$183.0 million mainly due to higher average balances from commercial and consumer loans,

partially offset by

- higher interest expense on deposits by \$166.9 million mainly due to higher costs on the market-linked Puerto Rico government deposits.

The net interest margin for the nine months ended September 30, 2024 was 3.38% compared to 3.24% for the same period in the previous year. The increase in net interest margin is driven by the earnings assets mix and the higher yields from investment securities and loans, due to the increase in rates; partially offset by higher cost of deposits.

- An unfavorable variance of \$58.8 million on the provision for loan losses mainly attributable to higher reserves in the commercial, auto leases and consumer portfolios due to loan growth, higher losses, and changes in credit quality;
- Non-interest income was higher by \$11.1 million mainly due to:
 - higher other service fees by \$9.4 million mainly due to higher debit and credit card fees by \$5.0 million as result of higher volume of customer transactions; and
 - higher service charges on deposit accounts by \$3.6 million mainly due to higher fees from non-balance compensation in commercial deposits;

partially offset by

- lower income from mortgage banking activities by \$2.3 million mainly due to an unfavorable variance of \$2.0 million in the fair value adjustment of mortgage service rights.
- Higher operating expenses by \$53.6 million mostly due to:
 - higher personnel costs by \$19.3 million driven by annual salary revisions, an increase in headcount, an increase in restricted shares, higher commissions and incentive compensation, and an increase in payroll taxes;
 - higher technology and software expenses by \$19.0 million mainly due to higher amortization of software, higher consulting fees, higher network management fees and higher application and hosting services;
 - higher FDIC deposit insurance expense by \$15.1 million due to \$12.7 million on FDIC Special Assessment recorded in the first quarter of 2024;
 - higher other operating expenses by \$6.5 million mostly due to higher charges from the Corporate segment group;
 - higher other operating taxes by \$5.7 million due to reversal in the nine-month period ended September 30, 2023 related to regulatory examination fees in BPPR by \$8.2 million;
 - higher business promotions by \$4.0 million due to higher donations, advertising and sponsorship expenses, and higher customer rewards expense in credit card business;

partially offset by

- lower professional fees of \$17.5 million mainly due to lower advisory costs associated with several initiatives including the Corporations transformation initiatives;
- higher net recoveries from OREO by \$3.6 million mainly due to an increase in gain on sale of mortgage and commercial properties;
- Lower income tax expense of \$28.2 million is mainly due to higher net exempt income and higher tax credit recorded during this period.

Popular U.S.

For the quarter ended September 30, 2024, the reportable segment of Popular U.S. reported a net income of \$28.8 million, compared with a net income of \$11.0 million for the same quarter of the previous year. The factors that contributed to the variance in the financial results included the following:

- Higher net interest income by \$5.7 million due to:
 - higher interest income from loans by \$14.3 million, mainly from growth in the commercial portfolio as well as higher yields due to higher interest rates; and
 - higher interest income from money market and investment securities by \$17.9 million due to higher yields, mainly in money markets;

partially offset by:

- higher interest expense on deposits by \$27.3 million mainly due to higher interest rates and higher average balances.

The net interest margin for the quarter ended September 30, 2024 was 2.73% compared to 2.90% for the same quarter in the previous year driven by the higher cost of deposits.

- An unfavorable variance of \$6.1 million on the provision for loan losses reflecting a release of the reserve for credit losses of \$4.4 million for the third quarter of 2024 compared to a release of \$10.5 million recorded in the quarter ended September 30, 2023;
- A favorable variance of \$5.5 million in the reserve for unfunded commitments, mainly related to the construction portfolio;
- Lower operating expenses by \$18.9 million mostly due to:
 - the goodwill impairment charge related to our U.S. based leasing subsidiary of \$23.0 million recorded in the third quarter of 2023, due to lower forecasted cash flows and an increase in the rate used to discount cash flows;

partially offset by

- higher personnel costs and technology and software expenses by \$3.6 million;
- Higher income tax expense by \$7.1 million is related to higher income before tax.

For the nine months ended September 30, 2024, the reportable segment of Popular U.S. recorded a net income of \$53.6 million compared with a net income of \$51.3 million for the same period of the previous year. The factors that contributed to the variance in the financial results included the following:

- Lower net interest income by \$1.2 million due to:
 - higher interest expense on deposits by \$114.6 million mainly due to higher interest rates and higher average balance;

partially offset by

- higher interest income from loans by \$61.0 million, mainly from growth in the commercial portfolio as well as higher yields due to higher rates; and
- higher interest income from money market and investment securities by \$49.6 million due to higher yields and higher average balance.

The net interest margin for the nine months ended September 30, 2024 was 2.64% compared to 3.08% for the same quarter in the previous year.

- An unfavorable variance of \$3.8 million on the provision for loan losses reflecting a release mainly due to the reduction in reserves in 2023 due to the implementation of a new model, based on more granular regional performance, for the U.S. commercial real estate portfolio;
- A favorable variance of \$5.4 million in the reserve for unfunded commitments, mainly related to the construction portfolio;
- Lower operating expenses by \$8.0 million mostly due to:
 - the goodwill impairment charge related to our U.S. based leasing subsidiary of \$23.0 million recorded in 2023 due to lower forecasted cash flows and an increase in the rate used to discount cash flows;

- lower professional fees of \$4.0 million mainly due to lower costs associated with corporate initiatives and lower legal fees;
partially offset by:
 - higher personnel costs by \$2.1 million driven by higher annual salary revisions and increase in headcount;
 - higher technology and software expenses by \$5.5 million mainly due to higher network management fees, higher amortization of software costs and higher IT consulting fees;
 - higher other operating expense by \$5.7 million mainly due to higher charges allocated from the Corporate segment group; and
 - higher FDIC deposit insurance expense by \$5.3 million mostly due to FDIC Special Assessment;
- Higher income tax expense by \$7.7 million due to a higher net income before income tax.

FINANCIAL CONDITION ANALYSIS

Assets

The Corporation's total assets were \$71.3 billion at September 30, 2024, compared to \$70.8 billion at December 31, 2023. Refer to the Consolidated Statements of Financial Condition included in this report for additional information.

Money market investments and debt securities available-for-sale and held-to-maturity

Money market investments decreased by \$468.1 million as of September 30, 2024, when compared to December 31, 2023, driven by lower deposits and loan growth. Debt securities available-for-sale increased \$457.1 million, mainly due to reinvestment of U.S. Treasury Securities and the decrease in the unrealized losses of AFS securities of \$329.0 million. Debt securities held-to-maturity decreased by \$328.7 million driven by maturities and paydowns, partially offset by the accretion of \$133.8 million of the discount related to U.S. Treasury securities previously reclassified from the AFS to HTM. Refer to Note 5 and to Note 6 to the Consolidated Financial Statements for additional information with respect to the Corporation's debt securities available-for-sale and held-to-maturity.

Loans

Refer to Table 6 for a breakdown of the Corporation's loan portfolio. Also, refer to Note 7 in the Consolidated Financial Statements for detailed information about the Corporation's loan portfolio composition and loan purchases and sales.

Loans held-in-portfolio increased by \$1.1 billion to \$36.2 billion as of September 30, 2024, compared to December 31, 2023. The BPPR portfolio increased by \$1.2 billion, driven by the growth in the commercial, mortgage and auto loan portfolios, and the PB loan portfolio decreased by \$0.1 billion, due in part by commercial loans payoffs, offset by growth in the construction loan portfolio.

The Corporation's \$5.2 billion non-owner occupied commercial real estate portfolio is comprised of \$3.2 billion in BPPR and \$2.0 billion in Popular U.S. and is well diversified across a number of tenants in different industries and segments with exposure to (39%) of non-owner occupied CRE), hotels (19%) and office space (14%) accounting for two thirds of the total exposure. The approximate \$708 million office space exposure represents only 2.0% of the total loan portfolio and is comprised mainly of mid-rise properties with diversified tenants with average loan size of \$2 million across both BPPR and Popular U.S.

Popular's \$2.4 billion commercial multi-family portfolio represents approximately 7% of total loans and is concentrated in New York Metro (\$1.5 billion), South Florida (\$698 million) and Puerto Rico (\$192 million). In the New York Metro region, the Corporation has no exposure to rent controlled buildings. The rent stabilized units represent less than 40% of the total units in the loan portfolio with the majority originated after 2019.

Table 6 - Loans Ending Balances

(In thousands)	September 30, 2024	December 31, 2023	Variance
Loans held-in-portfolio:			
Commercial			
Commercial multi-family	\$ 2,405,302	\$ 2,415,620	\$ (10,318)
Commercial real estate non-owner occupied	5,185,381	5,087,421	97,960
Commercial real estate owner occupied	3,092,393	3,080,635	11,758
Commercial and industrial	7,400,553	7,126,121	274,432
Total Commercial	18,083,629	17,709,797	373,832
Construction	1,113,307	959,280	154,027
Leasing	1,887,052	1,731,809	155,243
Mortgage	7,993,348	7,695,917	297,431
Consumer			
Credit cards	1,186,893	1,135,747	51,146
Home equity lines of credit	69,691	65,953	3,738
Personal	1,873,175	1,945,247	(72,072)
Auto	3,818,607	3,660,780	157,827
Other	169,265	160,441	8,824
Total Consumer	7,117,631	6,968,168	149,463
Total loans held-in-portfolio	\$ 36,194,967	\$ 35,064,971	\$ 1,129,996
Loans held-for-sale:			
Mortgage	\$ 5,509	\$ 4,301	\$ 1,208
Total loans held-for-sale	\$ 5,509	\$ 4,301	\$ 1,208
Total loans	\$ 36,200,476	\$ 35,069,272	\$ 1,131,204

Other assets

Other assets amounted to \$1.8 billion at September 30, 2024, compared to \$2.0 billion at December 31, 2023. The decrease in other assets was driven by unsettled trade receivables related to proceeds from maturities of U.S. Treasury securities and interest payments from the fourth quarter of 2023 which were received in the first quarter of 2024. Refer to Note 12 to the **Consolidated Financial Statements** for a breakdown of the principal categories that comprise the caption of "Other Assets" in the Consolidated Statements of Financial Condition at September 30, 2024 and December 31, 2023.

Liabilities

The Corporation's total liabilities were \$65.5 billion at September 30, 2024, a decrease of \$78.6 million, when compared to December 31, 2023. The following is a discussion of the significant changes in liabilities.

Deposits and Borrowings

The composition of the Corporation's financing to total assets at September 30, 2024 and December 31, 2023 is included in Table 7.

Table 7 - Financing to Total Assets

	September 30, (In millions)	2024	December 31, 2023	% increase (decrease) from 2023 to 2024	2024	2023
Non-interest bearing core deposits	\$ 15,276	\$ 15,420		(0.9)%	21.4 %	21.8 %
Interest-bearing core deposits	43,346	43,571		(0.5)	60.8	61.6
Interest-bearing other deposits	5,047	4,627		9.1	7.1	6.5
Repurchase agreements	55	91		(39.6)	0.1	0.1
Notes payable	919	987		(6.9)	1.3	1.4
Other liabilities	890	915		(2.7)	1.2	1.3
Stockholders' equity	5,790	5,147		12.5	8.1	7.3

Total Deposits

The Corporation's deposits totaled \$63.7 billion as of September 30, 2024, compared to \$63.6 billion as of December 31, 2023. An increase in the P.R. public sector, as well as an increase in interest-bearing deposits, were the main drivers of the \$0.1 billion increase during the period.

Excluding P.R. public deposits, as of September 30, 2024, deposits amounted to \$45.0 billion, compared to \$45.6 billion as of December 31, 2023. This \$0.6 billion decrease includes a reduction of approximately \$0.9 billion in low-cost interest-bearing deposits, partially offset by a \$0.5 billion increase in higher cost interest-bearing deposits, mainly related to time deposits in Popular Bank.

In BPPR, deposit balances, excluding P.R. public funds, have been impacted during 2023 and 2024 by outflows driven by changes in client behavior, mainly by commercial and affluent retail clients seeking products that provide for high rates in the current rate environment, along with significant spending and use of balances including the retail client base, which had experienced an increase in average deposit balances during the pandemic driven by federal incentives. Notwithstanding this decrease, average retail deposit balances at BPPR are still higher than pre-pandemic levels.

As of September 30, 2024, the Puerto Rico public sector deposits amounted to \$18.7 billion, compared to \$18.1 billion as of December 31, 2023.

Approximately 29% of the Corporation's deposits as of September 30, 2024 are funds deposited by the Government of Puerto Rico, municipalities and government instrumentalities and corporations. P.R. public sector deposit costs are indexed to changes in short-term market rates with a one-quarter lag, in accordance with contractual terms. During the second quarter of 2024, approximately \$800 million of low-cost government-related accounts managed by our fiduciary services group were repriced to market-linked rates.

Fluctuations of public sector deposit balances are uncertain and difficult to predict. Factors that could impact these balances include, but are not limited to, the receipt of funds by the Puerto Rico Government from federal disaster funding assistance (i.e. hurricane and pandemic related funds) and other events such as seasonal tax collections, actions resulting from changes in the financial condition, liquidity and cash management practices of the Puerto Rico Government and its instrumentalities, and/or the implementation of fiscal and debt adjustment plans approved pursuant to PROMESA or other actions mandated by the Fiscal Oversight and Management Board for Puerto Rico (the "Oversight Board"). These deposits require that the bank pledge high credit quality securities as collateral; therefore, liquidity risks arising from deposit outflows are lower.

The volume and cost of public deposits at BPPR and the proportion of high-cost deposits in the U.S. directly impact the balance and of earning assets and therefore represent a key factor in the Corporation's ability to expand its net interest margin.

Refer to Table 8 for a breakdown of the Corporation's deposits at September 30, 2024 and December 31, 2023.

Table 8 - Deposits Ending Balances

(In thousands)	September 30, 2024	December 31, 2023	Variance
Deposits excluding P.R. government deposits:			
Demand deposits ^[1]	\$ 15,276,071	\$ 15,419,624	\$ (143,553)
Savings, NOW and money market deposits (non-brokered)	20,584,328	21,541,261	(956,933)
Savings, NOW and money market deposits (brokered)	735,231	719,453	15,778
Time deposits (non-brokered)	7,363,477	6,914,035	449,442
Time deposits (brokered CDs)	993,522	955,754	37,768
Sub-total deposits excluding P.R. government deposits	44,952,629	45,550,127	(597,498)
P.R. government deposits:			
Demand deposits	11,088,511	12,159,430	(1,070,919)
Savings, NOW and money market deposits (non-brokered)	6,903,370	5,276,583	1,626,787
Time deposits (non-brokered)	723,991	632,103	91,888
Sub-total P.R. government deposits	18,715,872	18,068,116	647,756
Total deposits	\$ 63,668,501	\$ 63,618,243	\$ 50,258

[1] Includes interest and non-interest bearing demand deposits.

Borrowings

The Corporation's borrowings totaled \$1.0 billion at September 30, 2024 compared to \$1.1 billion at December 31, 2023. The decrease was mainly due to lower assets sold under agreements to repurchase and lower advances from the FHLB. Refer to Note 15 to the Consolidated Financial Statements for detailed information on the Corporation's borrowings. Also, refer to the [Liquidity](#) in this MD&A for additional information on the Corporation's funding sources.

Refer to the Liquidity section in this MD&A for additional information on the Corporation's funding sources.

Stockholders' Equity

Stockholders' equity totaled \$5.8 billion at September 30, 2024, an increase of \$643.6 million when compared to December 31, 2023, principally due to net income for the nine months ended September 30, 2024 of \$436.4 million, coupled with the change in the accumulated other comprehensive loss driven by the decrease in net unrealized losses in the portfolio of AFS securities of \$272.0 million and the amortization of unrealized losses from securities previously reclassified to HTM of \$107.0 million, net of taxes, partially offset by common and preferred dividends declared during the nine months ended September 30, 2024 of \$135.4 million and by an increase in Treasury Stock due to the repurchases of 599,096 shares of common stock for \$58.8 million during the third quarter of 2024 as part of the previously announced \$500 million share repurchase authorization. Refer to the Consolidated Statements of Financial Condition, Comprehensive Income and of Changes in Stockholders' Equity for information on the composition of stockholders' equity.

CAPITAL

Regulatory Capital

The Corporation, BPPR and PB are subject to regulatory capital requirements established by the Federal Reserve Board. The risk-based capital standards applicable to the Corporation, BPPR and PB ("Basel III capital rules") are based on the final capital framework for strengthening international capital standards, known as Basel III, of the Basel Committee on Banking Supervision. As of September 30, 2024, the Corporation's, BPPR's and PB's capital ratios continue to exceed the minimum requirements for being "well-capitalized" under the Basel III capital rules.

The risk-based capital ratios presented in Table 9, which include common equity tier 1, Tier 1 capital, total capital and leverage capital as of September 30, 2024 and December 31, 2023.

Table 9 - Capital Adequacy Data

(Dollars in thousands)	September 30, 2024	December 31, 2023
Common equity tier 1 capital:		
Common stockholders equity - GAAP basis	\$ 5,768,371	\$ 5,124,810
CECL transitional amount ^[1]	42,376	84,751
AOCI related adjustments due to opt-out election	1,445,226	1,831,003
Goodwill, net of associated deferred tax liability (DTL)	(661,318)	(666,538)
Intangible assets, net of associated DTLs	(7,531)	(9,764)
Deferred tax assets and other deductions	(291,963)	(310,947)
Common equity tier 1 capital	\$ 6,295,161	\$ 6,053,315
Additional tier 1 capital:		
Preferred stock	22,143	22,143
Additional tier 1 capital	\$ 22,143	\$ 22,143
Tier 1 capital	\$ 6,317,304	\$ 6,075,458
Tier 2 capital:		
Trust preferred securities subject to phase in as tier 2	192,674	192,674
Other inclusions (deductions), net	481,462	465,833
Tier 2 capital	\$ 674,136	\$ 658,507
Total risk-based capital	\$ 6,991,440	\$ 6,733,965
Minimum total capital requirement to be well capitalized	\$ 3,833,094	\$ 3,714,633
Excess total capital over minimum well capitalized	\$ 3,158,346	\$ 3,019,332
Total risk-weighted assets	\$ 38,330,941	\$ 37,146,330
Total assets for leverage ratio	\$ 72,835,384	\$ 71,353,184
Risk-based capital ratios:		
Common equity tier 1 capital	16.42 %	16.30 %
Tier 1 capital	16.48	16.36
Total capital	18.24	18.13
Tier 1 leverage	8.67	8.51

[1] The CECL transitional amount includes the impact of Popular's adoption of the new CECL accounting standard on January 1, 2020.

The Basel III capital rules provide that a depository institution is deemed to be well capitalized if it maintains a leverage ratio of at least 5%, a common equity Tier 1 ratio of at least 6.5%, a Tier 1 capital ratio of at least 8% and a total risk-based ratio of at least 10%. The Corporation, BPPR and PB leverage ratio, common equity Tier 1 ratio and Tier 1 capital ratio, respectively as of September 30, 2024, continue to exceed the minimum requirements for being "well-capitalized" under the Basel III capital rules.

Pursuant to the adoption of the CECL accounting standard on January 1, 2020, the Corporation elected to use the five-year transition period option as provided in the final interim regulatory capital rules effective March 31, 2020. The five-year transition period provision delayed for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period out the aggregate amount of the capital benefit provided during the initial two-year delay. As of September 30, 2024, the Corporation had phased-in 75% of the cumulative CECL deferral with the remaining impact to be recognized over the remainder of the three-year transition period.

The increase in the common equity Tier 1 capital ratio, Tier 1 capital ratio, and total capital ratio as of September 30, 2024 as compared to December 31, 2023 was mainly due to the nine months period earnings, partially offset by higher risk weighted assets driven by the increase in loans held-in-portfolio. The increase in the leverage capital ratio was mainly due to the period earnings, partially offset by higher average assets.

Reconciliation to Tangible Common Equity and Tangible Assets

Table 10 provides a reconciliation of total stockholders' equity to tangible common equity and total assets to tangible assets as of September 30, 2024, and December 31, 2023.

Table 10 - Reconciliation of Tangible Common Equity and Tangible Assets

(In thousands, except share or per share information)	September 30, 2024	December 31, 2023
Total stockholders' equity	\$ 5,790,514	\$ 5,146,953
Less: Preferred stock	(22,143)	(22,143)
Less: Goodwill	(804,428)	(804,428)
Less: Other intangibles	(7,531)	(9,764)
Total tangible common equity	\$ 4,956,412	\$ 4,310,618
Total assets	\$ 71,323,074	\$ 70,758,155
Less: Goodwill	(804,428)	(804,428)
Less: Other intangibles	(7,531)	(9,764)
Total tangible assets	\$ 70,511,115	\$ 69,943,963
Tangible common equity to tangible assets	7.03 %	6.16 %
Common shares outstanding at end of period	71,787,349	72,153,621
Tangible book value per common share	\$ 69.04	\$ 59.74
Quarterly average		
Total stockholders' equity [1]	\$ 6,460,517	\$ 6,072,871
Average unrealized (gains) losses on AFS securities transferred to HTM	550,971	683,077
Adjusted total stockholder's equity	7,011,488	6,755,948
Less: Preferred Stock	(22,143)	(22,143)
Less: Goodwill	(804,427)	(804,427)
Less: Other intangibles	(7,995)	(10,286)
Total tangible common equity	\$ 6,176,923	\$ 5,919,092
Return on average tangible common equity	9.98 %	6.32 %

[1] Average balances exclude unrealized gains or losses on debt securities available-for-sale.

RISK MANAGEMENT

Market / Interest Rate Risk

The financial results and capital levels of the Corporation are constantly exposed to market, interest rate and liquidity risks. Market risk refers to the risk of a reduction in the Corporation's capital due to changes in the market valuation of its assets and/or liabilities.

Most of the assets subject to market valuation risk are debt securities classified as available-for-sale. Refer to Notes 5 and 6 to the Consolidated Financial Statements for further information on the debt securities available-for-sale and held-to-maturity portfolios. Debt securities classified as available-for-sale and held-for-sale amounted to \$17.2 billion and \$7.9 billion, respectively, as of September 30, 2024. Other assets subject to market risk include loans held-for-sale, which amounted to \$6 million, mortgage servicing rights ("MSRs") which amounted to \$109 million, and securities classified as "trading", which amounted to \$31 million, as of September 30, 2024.

Interest Rate Risk ("IRR")

The Corporation's net interest income is subject to various categories of interest rate risk, including repricing, basis, yield curve and option risks. In managing interest rate risk, management may alter the mix of floating and fixed rate assets and liabilities, change pricing schedules, adjust maturities through sales and purchases of investment securities, and enter into derivative contracts, among other alternatives.

Interest rate risk management is an active process that encompasses monitoring loan and deposit flows complemented by investment and funding activities. Effective management of interest rate risk begins with understanding the dynamic characteristics of assets and liabilities and determining the appropriate rate risk position given line of business forecasts, management objectives, market expectations and policy constraints.

Management utilizes various tools to assess IRR, including Net Interest Income ("NII") simulation modeling, static gap analysis, and Economic Value of Equity ("EVE"). The three methodologies complement each other and are used jointly in the evaluation of the Corporation's IRR. NII simulation modeling is prepared for a five-year period, which in conjunction with the EVE analysis, provides management a better view of long-term IRR.

Net interest income simulation analysis performed by legal entity and on a consolidated basis is a tool used by the Corporation for estimating the potential change in net interest income resulting from hypothetical changes in interest rates. Sensitivity analysis is calculated using a simulation model which incorporates actual balance sheet figures detailed by maturity and interest yields or costs.

Management assesses interest rate risk by comparing various NII simulations under different interest rate scenarios that differ in direction of interest rate changes, the degree of change and the projected shape of the yield curve. For example, the types of scenarios processed during the quarter include flat rates, implied forwards, and parallel and non-parallel rate shocks.

Management also performs analyses to isolate and measure basis and prepayment risk exposures.

The asset and liability management group performs validation procedures on various assumptions used as part of the simulation, as well as validations of results on a monthly basis. In addition, the model and processes used to assess IRR are subject to independent validations according to the guidelines established in the Model Governance and Validation policy.

The Corporation processes NII simulations under interest rate scenarios in which the yield curve is assumed to rise and decline by the same magnitude (parallel shifts). The rate scenarios considered in these market risk simulations include instantaneous parallel changes of -100, -200, +100, and +200 basis points during the succeeding twelve-month period. Simulation analyses are based on many assumptions, including that the balance sheet remains flat, the relative levels of market interest rates across all yield curves and indexes, interest rate spreads, loan prepayments and deposit elasticity. Thus, they should not be relied upon as indicative of actual results. Further, the estimates do not contemplate actions that management could take to respond to changes in interest rates. Additionally, the Corporation is also subject to basis risk in the repricing of its assets and liabilities, including the risk related to using different rate indexes for the repricing of assets and liabilities, as well as the effect of pricing lags which may be contractual or due to historical differences in the timing of management responses to changes in the rate environment. By their nature, these forward-looking computations are only estimates and may be different from what may actually occur in the future. The following table presents the results of the simulations at September 30, 2024 and December 31, 2023, assuming a static balance sheet and parallel changes over flat spot rates over a one-year time horizon:

Table 11 - Net Interest Income Sensitivity (One Year Projection)

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Amount Change	Percent Change	Amount Change	Percent Change
Change in interest rate				
+200 basis points	37,814	1.60	20,822	0.92
+100 basis points	20,577	0.87	11,496	0.51
-100 basis points	10,734	0.46	19,589	0.87
-200 basis points	1,617	0.07	16,971	0.75

As of September 30, 2024, NII simulations show the Corporation maintains an asset sensitive position that is slightly more pronounced in the rising rates scenarios and closer to neutral in the declining scenarios as compared to the results as of December 31, 2023. The primary reasons for the variation in sensitivity are changes in balance sheet composition primarily driven by an increase in short-term U.S Treasury Bills ("T- Bills") as well as higher loan balances, partially offset by an increase in market-linked Puerto Rico public sector deposits and a reduction in overnight Fed Funds. These results suggest that fluctuations in the Corporation's net interest income sensitivity are primarily driven by changes in the composition of the investment portfolio as well as the level of loan balances. During the quarter ended on September 30, 2024, the Corporation began to reinvest some of the proceeds of the maturing portfolio into U.S Treasury Notes with average maturities between 2 to 3 years. Additionally, variations in liability cost, primarily driven by Puerto Rico public sector deposits that represented \$18.7 billion or 29% of deposits as of September 30, 2024, as well as changes in the composition and mix of deposits, also impact the sensitivity profile. In the more extreme declining rate scenarios, net interest income would be affected as the repricing of short-term assets and variable rate loans slightly exceeds the benefit in cost reduction of these deposits. In rising rate scenarios, Popular's net interest income is also impacted by its large proportion of Puerto Rico public sector deposit, however the repricing of assets as they either reset or mature to an increase in net interest income.

The Corporation's loan and investment portfolios are subject to prepayment risk, which results from the ability of a third-party to repay debt obligations prior to maturity. Prepayment risk also could have a significant impact on the duration of mortgage-backed securities and collateralized mortgage obligations since prepayments could shorten (or lower prepayments could extend) the weighted average life of these portfolios.

Trading

The Corporation engages in trading activities in the ordinary course of business at its subsidiaries, BPPR and Popular Securities. Popular Securities' trading activities consist primarily of market-making activities to meet expected customers' needs related to its retail brokerage business, and purchases and sales of U.S. Government and government sponsored securities with the objective of realizing gains from expected short-term price movements. BPPR's trading activities consist primarily of holding U.S. Government sponsored mortgage-backed securities classified as "trading" and hedging the related market risk with "TBA" (to-be-announced) market transactions. The objective is to derive spread income from the portfolio and not to benefit from short-term market movements. In addition, BPPR uses forward contracts or TBAs to hedge its securitization pipeline. Risks related to variations in interest rates and market volatility are hedged with TBAs that have characteristics similar to that of the forecasted security and its conversion timeline.

At September 30, 2024, the Corporation held trading securities with a fair value of \$31 million, representing approximately 0.04% of the Corporation's total assets, compared with \$32 million and 0.05%, respectively, at December 31, 2023. As shown in Table 12, the trading portfolio consists principally of mortgage-backed securities and U.S. Treasuries, which at September 30, 2024 were investment grade securities.

Table 12 - Trading Portfolio

	September 30, 2024		December 31, 2023	
(Dollars in thousands)	Amount	Weighted Average Yield ^[1]	Amount	Weighted Average Yield ^[1]
Mortgage-backed securities	\$ 22,807	5.65 %	\$ 14,373	5.69 %
U.S. Treasury securities	7,685	3.94	16,859	4.29
Collateralized mortgage obligations	132	5.13	98	5.21
Puerto Rico government obligations	58	0.58	71	0.91
Interest-only strips	154	12.00	167	12.00
Other (includes related trading derivatives)	7	6.00	-	-
Total	\$ 30,843	5.24 %	\$ 31,568	4.96 %

[1] Not on a taxable equivalent basis.

The Corporation's trading activities are limited by internal policies. For each of the three subsidiaries, the market risk assumed under trading activities is measured by the 5-day net value-at-risk ("VAR"), with a confidence level of 99%. The VAR measures the maximum estimated loss that may occur over a 5-day holding period, given a 99% probability.

The Corporation's trading portfolio had a 5-day VAR of approximately \$0.5 million for the last week in September 2024. VAR models assumptions and estimates thus actual results could differ from the outputs from these models and assumptions. Back-testing is performed on model results to compare actual results against maximum estimated losses, in order to evaluate model and assumptions accuracy.

In the opinion of management, the size and composition of the trading portfolio does not represent a significant source of market risk for the Corporation.

Liquidity Sources and Risk

The objective of effective liquidity management is to ensure that the Corporation has sufficient liquidity to meet all its financial obligations, finance expected future growth, fund planned capital distributions and maintain a reasonable safety margin for cash needs under both normal and stressed market conditions. The Board of Directors is responsible for establishing the Corporation's tolerance for liquidity risk, including approving relevant risk limits and policies. The Board of Directors has delegated the monitoring of these risks to the Board's Risk Management Committee and the Asset/Liability Management Committee.

An institution's liquidity may be pressured if, for example, it experiences a sudden and unexpected substantial cash outflow due to deposit outflows, whether due to a loss of confidence by depositors, or other reasons, including exogenous events such as the COVID-19 pandemic, a downgrading of its credit rating, or some other event that causes counterparties to avoid exposure to the institution. Factors that the Corporation does not control, such as the economic outlook, adverse ratings of its principal markets, perceptions of the financial services industry and regulatory changes, could also affect its ability to obtain funding.

The Corporation has adopted policies and limits to monitor the Corporation's liquidity position and that of its banking subsidiaries. Additionally, contingency funding plans are used to model various stressful events of different magnitudes and affecting different time horizons that assist management in evaluating the size of the liquidity buffers needed if those stress events occur. However, models may not predict accurately how the market and customers might react to every event and are dependent on many assumptions.

Deposits, including customer deposits, brokered deposits and public funds deposits, continue to be the most significant source of funds for the Corporation, funding 89% of the Corporation's total assets at September 30, 2024 and 90% at December 31, 2023. The ratio of total ending loans to deposits was 57% at September 30, 2024 and 55% at December 31, 2023. In addition to traditional deposits, the Corporation maintains borrowing arrangements, which amounted to approximately \$1.0 billion in outstanding balances at September 30, 2024 (December 31, 2023 - \$1.1 billion). A detailed description of the Corporation's borrowings, including their terms, is included in Note 15 to the Consolidated Financial Statements. Also, the Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements provide information on the Corporation's cash inflows and outflows.

The importance of the Puerto Rico market for the Corporation is an additional risk factor that could affect its financing activities. In the case of a deterioration in the outlook and/or credit ratings of its principal markets and/or due to regulatory changes and fiscal conditions in Puerto Rico that are outside the control of the Corporation, the credit quality of the Corporation could be adversely affected and result in higher credit costs. These adverse events could also affect the Corporation's ability to obtain funding.

To plan for the possibility of such a scenario, management adopted contingency plans to address events that could limit or partially limit important sources of funds that are usually fully available for use. These plans call for using alternate funding mechanisms, such as the pledging of certain asset classes and accessing secured credit lines and loan facilities put in place with the FHLB and the FRB. The Corporation is subject to positive tangible capital requirements to utilize secured loan facilities with the FHLB that could result in a limitation of borrowing amounts or maturity terms, even if the Corporation exceeds well-capitalized regulatory capital levels.

The credit ratings of Popular's debt obligations are a relevant factor for liquidity because they impact the Corporation's ability to borrow in the capital markets, its cost and access to funding sources. Credit ratings are based on the financial strength, credit quality and concentrations in the loan portfolio, the level and volatility of earnings, capital adequacy, the quality of management, geographic concentration in Puerto Rico, the liquidity of the balance sheet, the availability of a significant base of core retail commercial deposits, and the Corporation's ability to access a broad array of wholesale funding sources, among other factors.

Furthermore, various statutory provisions limit the amount of dividends an insured depository institution may pay to its holding company without regulatory approval. A member bank must obtain the approval of the Federal Reserve Board for any dividend, if the total of all dividends declared by the member bank during the calendar year would exceed the combined net income for that year and the retained net income for the preceding two years, net of those years' dividend activity, less any required transfers to surplus or to a fund for the retirement of any preferred stock. In addition, a member bank may not declare or pay a dividend in an amount greater than its undivided profits as reported in its Report of Condition and Income, unless the member bank has received the approval of the Federal Reserve Board. A member bank also may not permit any portion of its permanent capital to be withdrawn unless the withdrawal has been approved by the Federal Reserve Board. The ability of a bank subsidiary to up-stream dividends to its BHC could thus be impacted by its financial performance and capital, including tangible and regulatory capital, thus potentially limiting the amount of cash moving up to the BHCs from the banking subsidiaries. This could, in turn, affect the BHCs ability to declare dividends on its outstanding common and preferred stock, repurchase its securities or meet its debt obligations, for example.

The following sections provide further information on the Corporation's major funding activities and needs, as well as the risks involved in these activities.

Banking Subsidiaries

Primary sources of funding for the Corporation's banking subsidiaries (BPPR and PB or, collectively, "the banking subsidiaries") include retail, commercial and public sector deposits, brokered deposits, unpledged investment securities, mortgage loan securitization and, to a lesser extent, loan sales.

Refer to Table 8 in this MD&A section for a breakdown of deposits by major types. Core deposits are generated from a large base of consumer, corporate and public sector customers. Core deposits include certificates of deposit under \$250,000, all interest-bearing transactional deposit accounts, non-interest bearing deposits, and savings deposits. Core deposits exclude brokered deposits and certificates of deposit over \$250,000. Core deposits, excluding P.R. public funds that are fully collateralized, have historically provided the Corporation with a sizable source of low-cost funds. P.R. public funds, while linked to market interest rates, provide a stable source of funding with attractive earnings spread. Core deposits totaled \$60.3 billion, or 95% of total deposits, at September 30, 2024, compared with \$59.0 billion, or 93% of total deposits, at December 31, 2023. Core deposits financed 89% of the Corporation's earning assets at September 30, 2024, compared with 88% at December 31, 2023.

In addition, the Corporation maintains borrowing facilities with the FHLB and at the discount window of the Federal Reserve Bank of New York (the "FRB") and has a considerable amount of collateral pledged that can be used to raise funds under these facilities.

During the third quarter of 2024 the Corporation had no material incremental use of its available liquidity sources. At September 30, 2024, the Corporation's available liquidity increased to \$ 20.5 billion from \$19.5 billion on December 31, 2023. The liquidity statistics at September 30, 2024 are presented in Table 13 below:

Table 13 - Liquidity Sources

	September 30, 2024			December 31, 2023		
	BPPR	Popular U.S.	Total	BPPR	Popular U.S.	Total
(In thousands)						
Unpledged securities and unused funding sources:						
Money market (excess funds at the Federal Reserve Bank)	\$ 4,731,444	\$ 1,791,310	\$ 6,522,754	\$ 5,516,636	\$ 1,475,143	\$ 6,991,779
Unpledged securities	3,522,169	659,633	4,181,802	4,212,480	347,791	4,560,271
FHLB borrowing capacity	2,648,539	1,322,807	3,971,346	2,157,685	1,341,329	3,499,014
Discount window of the Federal Reserve						
Bank borrowing capacity	3,536,149	2,282,798	5,818,947	2,605,674	1,818,946	4,424,620
Total available liquidity	\$ 14,438,301	\$ 6,056,548	\$ 20,494,849	\$ 14,492,475	\$ 4,983,209	\$ 19,475,684

Refer to Note 15 to the Consolidated Financial Statements for additional information of the Corporation's borrowing facilities available through its banking subsidiaries.

The principal uses of funds for the banking subsidiaries include loan originations, investment portfolio purchases, loan ~~and purchases~~, repayment of outstanding obligations (including deposits), advances on certain serviced portfolios and operational expenses. Also, the banking subsidiaries assume liquidity risk related to collateral posting requirements for certain activities ~~mainly~~ in connection with contractual commitments, recourse provisions, servicing advances, derivatives and credit card licensing agreements.

The banking subsidiaries maintain sufficient funding capacity to address large increases in funding requirements such as ~~deposits~~. The Corporation has established liquidity guidelines that require the banking subsidiaries to have sufficient liquidity to cover all short-term borrowings and a portion of deposits.

The Corporation's ability to compete successfully in the marketplace for deposits, excluding brokered deposits, depends on various factors, including pricing, service, convenience and financial stability as reflected by operating results and financial condition, credit ratings (by nationally recognized credit rating agencies), customer confidence, and importantly, FDIC deposit insurance coverage. Deposits at all of the Corporation's banking subsidiaries are federally insured (subject to FDIC limits) and this is expected to mitigate the potential effect of the aforementioned risks.

The distribution by maturity of certificates of deposit with denominations of \$250,000 and over at September 30, 2024 is ~~presented~~ in the table that follows:

Table 14 - Distribution by Maturity of Certificates of Deposit of \$250,000 and Over

(In thousands)	
3 months or less	\$ 2,175,549
Over 3 to 12 months	908,450
Over 1 year to 3 years	198,615
Over 3 years	178,525
Total	\$ 3,461,139

The Corporation had \$1.7 billion in brokered deposits at September 30, 2024, which financed approximately 2% of its total ~~as of~~ ~~September 31, 2023 -~~ \$1.7 billion and 2%, respectively. In the event that any of the Corporation's banking subsidiaries' ~~capital~~ ratios fall below those required by a well-capitalized institution or are subject to capital restrictions by the regulators, the Corporation would be at risk that such banking subsidiary would not be able to raise or maintain brokered deposits and could ~~also~~ face limitations on the rate paid on deposits, which may hinder the Corporation's ability to effectively compete in its retail markets and could affect its deposit raising efforts.

Deposits from the public sector represent an important source of funds for the Corporation. As of September 30, 2024, total Puerto Rico public sector deposits were \$18.7 billion, compared to \$18.1 billion at December 31, 2023. These deposits require that the

bank pledges high credit quality securities as collateral; therefore, liquidity risks arising from public sector deposit outflows are ~~lower~~ that the bank receives its collateral in return. This, now unpledged, collateral can either be financed via repurchase agreements or sold for cash. However, timing differences between the time the deposit outflow and when the bank receives its collateral may occur. Additionally, the Corporation uses fixed-rate U.S. Treasury debt securities as collateral that have limited credit risk, but are nonetheless subject to market value risk based on changes in the interest rate environment. When interest rates increase, the value of this collateral decreases and could result in the Corporation having to provide additional collateral to cover the same amount of deposit liabilities. This additional collateral could reduce unpledged securities otherwise available as liquidity sources to the Corporation.

As of September 30, 2024, management believes that the banking subsidiaries had sufficient current and projected liquidity ~~to meet~~ their anticipated cash flow obligations, as well as special needs and off-balance sheet commitments, in the ordinary course of business. Management also believes that as of September 30, 2024 its banking subsidiaries have sufficient liquidity current and projected resources to address an event that would stress the Corporation's liquidity position. Although the banking subsidiaries have historically been able to replace maturing deposits and advances, no assurance can be given that they would be able to replace those funds in the future if the Corporation's financial condition or general market conditions were to deteriorate. The Corporation's financial flexibility will be severely constrained if the banking subsidiaries are unable to maintain access to funding or ~~if~~ adequate financing is not available to accommodate future financing needs at acceptable interest rates. The Corporation's ~~subsidiaries~~ have to meet margin requirements on repurchase agreements and other collateralized borrowing facilities that include certain required levels of cash deposits and qualifying securities. To the extent that the value of securities previously pledged ~~is~~ collateral declines below such required amounts because of market changes, the Corporation is required to deposit additional cash or securities to meet its margin requirements, thereby adversely affecting its liquidity. Finally, to the extent the Corporation relies more heavily on more expensive funding sources in order to meet its future growth, revenues may not increase in a manner that ~~is~~ proportionate to cover these costs. In this case, the Corporation's profitability would be adversely effected.

The Corporation monitors uninsured deposits under applicable FDIC regulations. Additionally, the Corporation monitors accounts with balances over \$250,000. While the Corporation has a diverse deposit base from retail, commercial, corporate and government clients, as well as wholesale funding sources such as brokered deposits, it considers balance in excess of \$250,000 to have a higher potential liquidity risk. Table 15 reflects the aggregate balance in deposit accounts in excess of \$250,000, including collateralized public funds and deposits outside of the U.S. and its territories. Collateralized public funds, as presented in Table 15, represent public deposit balances from governmental entities in the U.S. and its territories, including Puerto Rico and the United States Virgin Islands, collateralized based on such jurisdictions' applicable collateral requirements.

On September 30, 2024, deposits with balances in excess of \$250,000, excluding foreign deposits (mainly deposits in the ~~Virgin Islands~~) intercompany deposits and collateralized public funds, were \$9.8 billion or 19% at BPPR and \$2.7 billion or 23% Popular U.S., compared to available liquidity sources of \$ 14.4 billion at BPPR and \$ 6.1 billion at Popular U.S. The aggregate balance in deposit accounts under \$250,000 and in excess of \$250,000, including intercompany deposits, collateralized public funds and deposits outside of the U.S. and its territories as of September 30, 2024 is presented in the table that follows:

Table 15 - Deposits

(Dollars in thousands)	30-Sep-24					
	BPPR	% of Total	Popular U.S.	% of Total	(Consolidated)	Popular, Inc. % of Total
Deposits:						
Deposits balances under \$250,000 [1]	\$ 23,277,654	44 %	\$ 8,154,480	68 %	\$ 31,432,134	49 %
Transactional deposits balances over \$250,000	7,777,195	15 %	2,092,906	18 %	9,870,101	16 %
Time deposits balances over \$250,000	1,976,234	4 %	647,223	5 %	2,623,457	4 %
Uninsured foreign deposits	406,713	1 %	-	-%	406,713	1 %
Collateralized public funds	19,025,936	36 %	310,160	3 %	19,336,096	30 %
Intercompany deposits	237,328	- %	686,292	6 %	-	-%
Total deposits	\$ 52,701,060	100 %	\$ 11,891,061	100 %	\$ 63,668,501	100 %

[1] Includes the first \$250,000 in balances of transactional and time deposit accounts with balances in excess of \$250,000.

(Dollars in thousands)	31-Dec-23					
	BPPR	% of Total	Popular U.S.	% of Total	(Consolidated)	Popular, Inc. % of Total
Deposits:						
Deposits balances under \$250,000 [1]	\$ 23,683,475	45 %	\$ 7,760,363	69 %	\$ 31,443,838	49 %
Transactional deposits balances over \$250,000	8,632,491	16 %	2,230,978	20 %	10,863,469	17 %
Time deposits balances over \$250,000	1,926,005	4 %	361,315	3 %	2,287,320	4 %
Uninsured foreign deposits	418,334	1 %	-	-%	418,334	1 %
Collateralized public funds	18,313,612	34 %	291,670	3 %	18,605,282	29 %
Intercompany deposits	159,163	- %	626,312	6 %	-	-%
Total deposits	\$ 53,133,080	100 %	\$ 11,270,638	100 %	\$ 63,618,243	100 %

[1] Includes the first \$250,000 in balances of transactional and time deposit accounts with balances in excess of \$250,000.

Bank Holding Companies

The principal sources of funding for the BHCs, which are Popular, Inc. (holding company only) and PNA, include cash on hand, investment securities, dividends received from banking and non-banking subsidiaries, asset sales, credit facilities available from affiliate banking subsidiaries and proceeds from potential securities offerings. Dividends from banking and non-banking subsidiaries are subject to various regulatory limits and authorization requirements that are further described below and that may limit the ability of those subsidiaries to act as a source of funding to the BHCs.

The principal uses of these funds include the repayment of debt, and interest payments to holders of senior debt and junior subordinated deferrable interest (related to trust preferred securities), the payment of dividends to common stockholders, repurchases of the Corporation's securities and capitalizing its banking subsidiaries.

On July 24, 2024, the Corporation announced the authorization for a common stock repurchase of up to \$500 million. The Corporation's planned common stock repurchases may be executed in open market transactions, privately negotiated transactions or any other manner determined by the Corporation. The timing, quantity and price of such repurchases will be subject to various factors, including market conditions, the Corporation's capital position and financial performance, the capital impact of strategic initiatives and regulatory and tax considerations. The common stock repurchase program does not require the Corporation to acquire a specific dollar amount or number of shares and may be modified, suspended or terminated at any time without prior notice. During the quarter ended September 30, 2024, the Corporation completed the repurchase of 599,096 shares of \$88.8 million at an average price of \$98.11 per share, under the previously announced \$500 million share repurchase authorization.

The outstanding balance of notes payable at the BHCs amounted to \$593 million at September 30, 2024 and \$592 million at December 31, 2023.

The contractual maturities of the BHCs notes payable at September 30, 2024 are presented in Table 16.

Table 16 - Distribution of BHC's Notes Payable by Contractual Maturity

Year	(In thousands)
2028	\$ 394,915
Later years	198,366
Total	\$ 593,281

As of September 30, 2024, the BHCs had cash and money markets investments totaling \$689 million and borrowing potential of \$165 million from its secured facility with BPPR. The BHCs' liquidity position continues to be adequate with sufficient cash on hand and other sources of liquidity that are expected to be sufficient to meet all interest payments and dividend obligations for the foreseeable future. Additionally, the Corporation's latest quarterly dividend was \$0.62 per share or approximately \$45 million per quarter.

The BHCs have in the past borrowed in the corporate debt market primarily to finance their non-banking subsidiaries and refinance debt obligations. The issuance of corporate debt as a source of funding is likely more costly due to the fact that two out of the three principal credit rating agencies rate the Corporation below "investment grade", which affects the Corporation's cost and ability to raise funds in the capital markets. Factors that the Corporation does not control, such as the economic outlook, interest rate volatility, inflation, disruptions in the debt market, among others, could also affect its ability to obtain funding. The Corporation has an automatic shelf registration statement filed and effective with the Securities and Exchange Commission, which permits the Corporation to issue an unspecified amount of debt or equity securities.

Non-Banking Subsidiaries

The principal sources of funding for the non-banking subsidiaries include internally generated cash flows from operations, loan sales, repurchase agreements, capital injections and borrowed funds from their direct parent companies or the holding companies. The principal uses of funds for the non-banking subsidiaries include repayment of maturing debt, operational expenses and payment of dividends to the BHCs. The liquidity needs of the non-banking subsidiaries are minimal since most of them are funded internally from operating cash flows or from intercompany borrowings or capital contributions from their holding companies. During the nine months ended September 30, 2024, Popular, Inc. made capital contributions of \$1.3 million to Popular Impact Fund, its wholly owned subsidiary.

Dividends

During the nine months ended September 30, 2024, the Corporation declared cash dividends of \$1.86 per common share outstanding (\$134.3 million in the aggregate). The dividends for the Corporation's Series A preferred stock amounted to \$1.1 million. On July 24, 2024, the corporation announced an increase in the Corporation's quarterly common stock dividend from \$0.62 to \$0.79 per share, commencing with the dividend payable in the first quarter of 2025, subject to the approval by the Corporation's Board Directors.

During the nine months ended September 30, 2024, the BHCs received dividends and distributions amounting to \$450 million BPPR, \$50 million from PNA and \$23 million from its other non-banking subsidiaries. Dividends from BPPR constitute Popular, Inc.'s primary source of liquidity. In addition, during the nine months ended September 30, 2024, Popular International Bank Inc., wholly owned subsidiary of Popular, Inc., received \$19.4 million in cash dividends and \$2.9 million in stock dividends from its investment in BHD.

Other Funding Sources and Capital

In addition to cash reserves held at the FRB that totaled \$ 6.5 billion at September 30, 2024, the debt securities portfolio provides additional source of liquidity, which may be realized through either securities sales, collateralized borrowings or repurchase agreements. The Corporation's debt securities portfolio consists primarily of liquid U.S. government debt securities, U.S. government sponsored agency debt securities, U.S. government sponsored agency mortgage-backed securities, and U.S. government sponsored agency collateralized mortgage obligations that can be used to raise funds in the repo markets. The availability of the repurchase agreement would be subject to having sufficient unpledged collateral available at the time the transactions are consummated, in addition to overall liquidity and risk appetite of the various counterparties. The Corporation's unpledged debt securities amounted to \$ 4.2 billion at September 30, 2024 and \$4.6 billion December 31, 2023 as discussed in

Table 13. A substantial portion of these debt securities could be used to raise financing in the U.S. money markets or from secured lending sources, subject to changes in their fair market value and customary adjustments (haircuts).

Additional liquidity may be provided through loan maturities, prepayments and sales. The loan portfolio can also be used to obtain funding in the capital markets. Mortgage loans and some types of consumer loans, have secondary markets which the Corporation could use.

Off-Balance Sheet Arrangements and Other Commitments

In the ordinary course of business, the Corporation engages in financial transactions that are not recorded on the balance sheet. It may be recorded on the balance sheet in amounts that are different than the full contract or notional amount of the transaction. As provider of financial services, the Corporation routinely enters into commitments with off-balance sheet risk to meet the financial needs of its customers. These commitments may include loan commitments and standby letters of credit. These commitments are subject to the same credit policies and approval process used for on-balance sheet instruments. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position. Refer to Note 20 to the Consolidated Financial Statements for information on the Corporation's commitments to extend credit and other non-credit commitments.

Other types of off-balance sheet arrangements that the Corporation enters in the ordinary course of business include derivatives, operating leases and provision of guarantees, indemnifications, and representation and warranties. Refer to Note 27 to the Consolidated Financial Statements for more information on operating leases and to Note 19 to the Consolidated Financial Statements for a detailed discussion related to the Corporation's guarantees, indemnifications, and representation and warranties arrangements.

The Corporation monitors its cash requirements, including its contractual obligations and debt commitments.

FDIC Special Assessments

On November 16, 2023, the Federal Deposit Insurance Corporation ("FDIC") approved a final rule that imposes a special assessment (the "FDIC Special Assessment") to recover the losses to the deposit insurance fund resulting from the FDIC's use, in March 2023, of the systemic risk exception. In connection with this assessment, the Corporation recorded an expense of \$71.4 million, \$45.3 million net of tax, in the fourth quarter of 2023, representing the full amount of the estimated assessment at that time. The special assessment amount and collection period may change as the estimated loss is periodically adjusted or if the total amount collected varies. As a result, the Corporation recorded an additional expense of \$14.3 million, \$9.1 million net of tax, in the first quarter of 2024, based on the updated loss estimates.

Financial Information of Guarantor and Issuers of Registered Guaranteed Securities

The Corporation (not including any of its subsidiaries, "PIHC") is the parent holding company of Popular North America "PNA" and has other subsidiaries through which it conducts its financial services operations. PNA is an operating, 100% subsidiary of Popular Holding Company ("PIHC") and is the holding company of its wholly-owned subsidiaries: Equity One, Inc. and PB, including PB's wholly-owned subsidiaries Popular Equipment Finance, LLC, Popular Insurance Agency, U.S.A., and E-LOAN, Inc.

PNA has issued junior subordinated debentures guaranteed by PIHC (together with PNA, the "obligor group") purchased by statutory trusts established by the Corporation. These debentures were purchased by the statutory trust using the proceeds from trust preferred securities issued to the public (referred to as "capital securities"), together with the proceeds of the related issuances of common securities of the trusts.

PIHC fully and unconditionally guarantees the junior subordinated debentures issued by PNA. PIHC's obligation to make a guaranteed payment may be satisfied by direct payment of the required amounts to the holders of the applicable capital securities by causing the applicable trust to pay such amounts to such holders. Each guarantee does not apply to any payment of distributions by the applicable trust except to the extent such trust has funds available for such payments. If PIHC does not make interest payments on the debentures held by such trust, such trust will not pay distributions on the applicable capital securities and will have funds available for such payments. PIHC's guarantee of PNA's junior subordinated debentures is unsecured and ranks subordinate and junior in right of payment to all the PIHC's other liabilities in the same manner as the applicable debentures as set

forth in the applicable indentures; and equally with all other guarantees that the PIHC issues. The guarantee constitutes a ~~guarantee~~ payment and not of collection, which means that the guaranteed party may sue the guarantor to enforce its rights under the respective guarantee without suing any other person or entity.

The principal sources of funding for PIHC and PNA have included dividends received from their banking and non-banking subsidiaries, asset sales and proceeds from the issuance of debt and equity.

The following summarized financial information presents the financial position of the obligor group, on a combined basis at September 30, 2024 and December 31, 2023, and the results of their operations for the nine-month periods ended September 30, 2024 and September 30, 2023. Investments in and equity in the earnings from the other subsidiaries and affiliates that are not members of the obligor group have been excluded.

The summarized financial information of the obligor group in the following tables is presented on a combined basis with intercompany balances and transactions between entities in the obligor group eliminated. The obligor group's amounts due from, amounts due to and transactions with subsidiaries and affiliates have been presented in separate line items, if they are material. ~~In~~ addition, related parties transactions are presented separately.

Table 17 - Summarized Statement of Condition

(In thousands)	September 30, 2024	December 31, 2023
Assets		
Cash and money market investments	\$ 688,740	\$ 388,025
Investment securities	35,710	29,973
Accounts receivables from non-obligor subsidiaries	14,228	14,469
Other loans (net of allowance for credit losses of \$9 (2023 - \$51))	25,984	26,906
Investment in equity method investees	5,294	5,265
Other assets	63,807	51,315
Total assets	\$ 833,763	\$ 515,953
Liabilities and Stockholders' equity		
Accounts payable to non-obligor subsidiaries	\$ 11,150	\$ 7,023
Notes payable	593,281	592,283
Other liabilities	114,309	114,660
Stockholders' equity (deficit)	115,023	(198,013)
Total liabilities and stockholders' equity	\$ 833,763	\$ 515,953

Table 18 - Summarized Statement of Operations

(In thousands)	For the period ended	
	September 30, 2024	September 30, 2023
Income:		
Dividends from non-obligor subsidiaries	\$ 473,000	\$ 154,000
Interest income from non-obligor subsidiaries and affiliates	8,489	12,280
Earnings (losses) from investments in equity method investees	29	(82)
Other operating income	3,116	2,293
Total income	\$ 484,634	\$ 168,491
Expenses:		
Services provided by non-obligor subsidiaries and affiliates (net of reimbursement by subsidiaries for services provided by parent of \$172,449 (2023 - \$161,333))	\$ 9,654	\$ 16,593
Other expenses	30,000	21,625
Income tax expense (benefit) ^[1]	21,934	(919)
Total expenses	\$ 61,588	\$ 37,299
Net income	\$ 423,046	\$ 131,192

[1] As discussed in Note 2 to the Consolidated Financial Statements, the net income for the nine months ended September 30, 2024, included \$22.9 million of expenses, of which \$16.5 million was reflected in income tax expense and \$6.4 million was reflected in other operating expenses, related to an out-of-period adjustment associated with the Corporation's U.S. subsidiary's non-payment of taxes on certain intercompany distributions to the Bank Holding Company (BHC) in Puerto Rico, a foreign corporation for U.S. tax purposes.

In addition to the dividend income reflected in the Statement of Operations table above, during the nine months ended September 30, 2024, the obligor group recorded a \$67.4 million of capital distributions from non-obligor subsidiaries which in an accumulated loss position and accordingly were recorded as a reduction to the investments.

During the nine months ended September 30, 2024, BPPR declared cash dividends of \$450 million to PIHC. As of September 30, 2024, BPPR can declare a dividend of approximately \$377 million without prior approval of the Federal Reserve Board due to its retained income, declared dividend activity and transfers to statutory reserves over the measurement period. Pursuant to the requirements listed above, PB may not declare or pay a dividend without the prior approval of the Federal Reserve Board and the New York State Department of Financial Services.

The Corporation's banking subsidiaries have historically not used unsecured capital market borrowings to finance its operations, and therefore are less sensitive to the level and changes in the Corporation's overall credit ratings.

Refer to the Geographic and Government Risk section of this MD&A for some highlights on the status of the Puerto Rico economy and ongoing fiscal crisis.

Obligations Subject to Rating Triggers or Collateral Requirements

The Corporation's banking subsidiaries currently do not issue unsecured senior debt, as these banking subsidiaries are funded primarily with deposits and secured borrowings. The banking subsidiaries had \$6.6 million in deposits at September 30, 2024 that are subject to rating triggers.

In addition, certain mortgage servicing and custodial agreements that BPPR has with third parties include rating covenants. In the event of a credit rating downgrade, the third parties have the right to require the institution to engage a substitute cash custodian for escrow deposits and/or increase collateral levels securing the recourse obligations.

As discussed in Note 19 to the Consolidated Financial Statements, the Corporation services residential mortgage loans subject to credit recourse provisions. Certain contractual agreements require the Corporation to post collateral to secure such recourse obligations if the institution's required credit ratings are not maintained. Collateral pledged by the Corporation to secure these obligations amounted to approximately \$25.7 million at September 30, 2024. The Corporation could be required to post additional collateral under the agreements. Management expects that it would be able to meet additional collateral requirements if and when needed. The requirements to post collateral under certain agreements or the loss of escrow deposits could reduce the Corporation's liquidity resources and impact its operating results.

Credit Risk

Geographic and Government Risk

The Corporation is exposed to geographic and government risk. The Corporation's assets and revenue composition by geographical area and by business segment reporting are presented in Note 32 to the Consolidated Financial Statements.

Commonwealth of Puerto Rico

A significant portion of our financial activities and credit exposure is concentrated in the Commonwealth of Puerto Rico ("Puerto Rico"), which has faced severe economic and fiscal challenges in the past and may face additional challenges in the future.

Economic Performance.

Puerto Rico's economy suffered a severe and prolonged recession from 2007 to 2017, with real gross national product (GNP) contracting approximately 15% during this period. In 2017, Hurricane María caused significant damage and destruction across the island, resulting in further economic contraction. Puerto Rico's economy has been gradually recovering since 2018, in part aided by the large amount of federal disaster relief and recovery assistance funds injected into the Puerto Rico economy in connection with Hurricane María and other recent natural disasters. This growth was interrupted by the economic shock caused by the COVID-19 pandemic in 2020, but has since resumed, in part aided by additional federal assistance from pandemic-related stimulus measures.

The latest Puerto Rico Economic Activity Index, published by the Economic Development Bank for Puerto Rico (the "Economic Activity Index"), reflected a 0.8% year-over-year decline and a 0.1% month-over-month decline in August 2024. The Economic Activity Index is a coincident indicator of ongoing economic activity but not a direct measurement of real GNP. The Puerto Rico

Planning Board estimates that Puerto Rico's real GNP grew 2.8% during fiscal year 2024 (July 2023-June 2024) and projects 1.4% real GNP growth for fiscal year 2025 (July 2024-June 2025).

While the Puerto Rico economy has not directly tracked the United States economy in recent years, many of the external factors that impact the Puerto Rico economy are affected by the policies and performance of the United States economy. These external factors include the level of interest rates and the rate of inflation. In 2021 and 2022, inflation rose sharply in both the United States and Puerto Rico as the economy reopened following the COVID-19 pandemic and demand surged beyond what disrupted ~~the~~ could meet. After peaking in mid-2022, inflation rates gradually decreased as the Federal Reserve implemented a series of benchmark interest rate increases. By September 2024, inflation had largely stabilized, prompting the Federal Reserve to reduce interest rates for the first time in four years. As of September 2024, the United States Consumer Price Index (published by the Bureau of Labor Statistics) reflects a year-over-year increase of 2.4%. Meanwhile, inflation in Puerto Rico, as measured by the Puerto Rico Consumer Price Index (published by the Department of Labor and Human Resources of Puerto Rico), increased 1.5% during the 12 months ending in August 2024.

Fiscal Challenges.

As the Puerto Rico economy contracted, the government's public debt rose rapidly, in part from borrowing to cover deficits to pay debt service, pension benefits and other government expenditures. By 2016, the Puerto Rico government had over \$120 billion in combined debt and unfunded pension liabilities, had lost access to the capital markets, and was in the midst of a fiscal crisis.

Puerto Rico's escalating fiscal and economic challenges and imminent widespread defaults in its public debt prompted the Congress to enact the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") in June 2016. PROMESA created the "Oversight Board" with ample powers over Puerto Rico's fiscal and economic affairs and those of its public corporations, instrumentalities and municipalities (collectively, "PR Government Entities"). Pursuant to PROMESA, the Oversight Board will be in place until market access is restored and balanced budgets are produced for at least four consecutive years. PROMESA also established two mechanisms for the restructuring of the obligations of PR Government Entities: (a) Title III, which provides an out-of-court process that incorporates many of the powers and provisions of the U.S. Bankruptcy Code and permits adjustment of a ~~large~~ of obligations, and (b) Title VI, which provides for a largely out-of-court process through which modifications to financial debt can be accepted by a supermajority of creditors and bind holdouts.

Since 2017, Puerto Rico and several of its instrumentalities have availed themselves of the debt restructuring mechanisms of Title VI of PROMESA. The Puerto Rico government emerged from Title III of PROMESA in March 2022. Several instrumentalities, including Government Development Bank for Puerto Rico, the Puerto Rico Sales Tax Financing Corporation, the Puerto Rico Highways and Transportation Authority, and the Puerto Rico Industrial Development Company, have also completed debt restructurings under Titles III or VI of PROMESA. While the majority of the debt has already been restructured, some PR Government Entities still face significant fiscal challenges. For example, the Puerto Rico Electric Power Authority is still in the process of restructuring its debts under Title III of PROMESA.

Municipalities.

Puerto Rico's fiscal and economic challenges have also adversely impacted its municipalities. Historically, the central government provided significant annual subsidies to municipalities based on a statutory formula. However, as part of the fiscal measures required by the Oversight Board, municipal subsidies have decreased significantly over several years and are now approved through specific, non-recurring appropriations. This decrease has been partially offset by substantial non-recurring federal disaster and COVID-relief funding received by municipalities in recent years. The latest Puerto Rico fiscal plan certified by the Oversight Board provides for the implementation of a restructured grant and transfer system through which the Commonwealth would ~~provide~~ specific service grants to municipalities to augment existing municipal service delivery, while also incentivizing performance and enhanced accountability through the monitoring of outcome metrics.

Municipalities are subject to PROMESA, and the Oversight Board has the authority to require them to submit fiscal plans and annual budgets for review and approval. The Oversight Board has imposed this requirement for certain municipalities. Municipalities are also required to seek Oversight Board approval to issue, guarantee or modify their debts and to enter into contracts with an aggregate value of \$10 million or more. With the Oversight Board's approval, municipalities are also eligible to avail themselves of the debt restructuring processes provided by PROMESA. To date, however, no municipality has been subject to any such debt restructuring process.

Exposure of the Corporation

The credit quality of BPPR's loan portfolio reflects, among other things, the general economic conditions in Puerto Rico and other conditions affecting Puerto Rico consumers and businesses. Deterioration in the Puerto Rico economy has resulted in past, and could result in the future, in higher delinquencies, greater charge-offs and increased losses, which could materially affect our financial condition and results of operations.

At September 30, 2024, the Corporation's direct exposure to PR Government Entities totaled \$336 million, of which \$336 million were outstanding, compared to \$362 million at December 31, 2023, of which \$333 million were outstanding. A deterioration in Puerto Rico's fiscal and economic situation could adversely affect the value of our Puerto Rico government obligations, resulting in losses to us. Of the amount outstanding, \$323 million consists of loans and \$13 million are securities (\$314 million and \$19 million, respectively, at December 31, 2023). Substantially all of the Corporation's direct exposure outstanding at September 30, 2024 were obligations from various Puerto Rico municipalities. In most cases, these were "general obligations" of a municipality, to which the applicable municipality has pledged its good faith, credit and unlimited taxing power, or "special obligations" of a municipality, to which the applicable municipality has pledged basic property tax or sales tax revenue. At September 30, 2024, 80% of the Corporation's exposure to municipal loans and securities was concentrated in the municipalities of San Juan, Guaynabo, Carolina and Caguas. In July 2024, the Corporation received scheduled principal payments amounting to \$40 million from various Puerto Rico municipalities. For additional discussion of the Corporation's direct exposure to the Puerto Rico government and instrumentalities and municipalities, refer to Note 20 – Commitments and Contingencies to the Consolidated Financial Statements.

In addition, at September 30, 2024, the Corporation had \$225 million in loans insured or securities issued by Puerto Rico governmental entities, but for which the principal source of repayment is non-governmental (\$238 million at December 31, 2023). These included \$179 million in residential mortgage loans insured by the Puerto Rico Housing Finance Authority ("HFA"), a PR Government Entity (December 31, 2023 - \$191 million). These mortgage loans are secured by first mortgages on Puerto Rico residential properties and the HFA insurance covers losses in the event of a borrower default and upon the satisfaction of certain other conditions. The Corporation also had at September 30, 2024, \$38 million in bonds issued by HFA which are secured by second mortgage loans on Puerto Rico residential properties, and for which HFA also provides insurance to cover losses in the event of a borrower default, and upon the satisfaction of certain other conditions (December 31, 2023 - \$40 million). In the event that mortgage loans insured by HFA and held by the Corporation directly or those serving as collateral for the HFA bonds default and the collateral is insufficient to satisfy the outstanding balance of these loans, HFA's ability to honor its insurance will depend, among other factors, on the financial condition of HFA at the time such obligations become due and payable. The Corporation does not consider the government guarantee when estimating the credit losses associated with this portfolio.

BPPR's commercial loan portfolio also includes loans to private borrowers who are service providers, lessors, suppliers or have other relationships with the government. These borrowers could be negatively affected by a deterioration in the fiscal and economic situation of PR Government Entities. Similarly, BPPR's mortgage and consumer loan portfolios include loans to government employees and retirees, which could also be negatively affected by fiscal measures, such as employee layoffs or furloughs or reductions in pension benefits, if the fiscal and economic situation deteriorates. As of September 30, 2024, BPPR had \$18.7 billion in deposits from the Puerto Rico government, its instrumentalities, and municipalities. The rate at which public deposit balances may decline is uncertain and difficult to predict. The amount and timing of any such reduction is likely to be impacted by, for example, the speed at which federal assistance is distributed and the financial condition, liquidity and cash management practices of such entities, as well as on the ability of BPPR to maintain these customer relationships.

United States Virgin Islands

The Corporation has operations in the United States Virgin Islands (the "USVI") and has credit exposure to USVI government entities.

The USVI has been experiencing a number of fiscal and economic challenges, which could adversely affect the ability of its public corporations and instrumentalities to service their outstanding debt obligations. PROMESA does not apply to the USVI and, as such, there is currently no federal legislation permitting the restructuring of the debts of the USVI and its public corporations and instrumentalities.

To the extent that the fiscal condition of the USVI continues to deteriorate, the U.S. Congress or the Government of the USVI may enact legislation allowing for the restructuring of the financial obligations of USVI government entities or imposing a stay on creditor remedies, including by making PROMESA applicable to the USVI.

At September 30, 2024, the Corporation had approximately \$28 million in direct exposure to USVI government entities (December 31, 2023 - \$28 million).

British Virgin Islands

The Corporation has operations in the British Virgin Islands ("BVI"), which was negatively affected by the COVID-19 pandemic, particularly as a reduction in the tourism activity which accounts for a significant portion of its economy. Although the Corporation has no significant exposure to a single borrower in the BVI, at September 30, 2024, it has a loan portfolio amounting to approximately \$200 million comprised of various retail and commercial clients, compared to a loan portfolio of \$205 million at December 31, 2023.

U.S. Government

As further detailed in Notes 5 and 6 to the Consolidated Financial Statements, a substantial portion of the Corporation's ~~investment~~ represented exposure to the U.S. Government in the form of U.S. Government sponsored entities, as well as agency-backed and U.S. Treasury securities. In addition, \$2.0 billion of residential mortgages and \$88.4 million commercial loans insured or guaranteed by the U.S. Government or its agencies at September 30, 2024 (compared to \$1.9 billion and \$90.2 million, respectively, at December 31, 2023).

Non-Performing Assets

Non-performing assets ("NPAs") include primarily past-due loans that are no longer accruing interest, renegotiated loans, and real estate property acquired through foreclosure. A summary, including certain credit quality metrics, is presented in Table 19.

During the third quarter of 2024, the Corporation continued to reflect stable credit quality metrics in the third quarter of 2024 compared to the previous quarter. While non-performing loans ("NPLs"), net charge offs ("NCOs") and inflows to NPLs remained below historical averages, consumer portfolios reflected increased delinquencies and NCOs for the quarter primarily driven by auto loans. The mortgage and commercial portfolios continue to operate with low levels of delinquencies and NCOs. The Corporation continues to closely monitor changes in the macroeconomic environment and borrower performance given higher interest rates and inflationary pressures. Management believes that the improvements over recent years in risk management practices and the overall risk profile of the Corporation's loan portfolios position Popular to continue to operate successfully under the current environment.

Total NPAs as of September 30, 2024 decreased by \$14 million when compared with December 31, 2023. Total non-performing loans held-in-portfolio ("NPLs") increased by \$4 million from December 31, 2023. BPPR's NPLs decreased by \$40 million, across most loan categories, except consumer NPLs which reflected an increase of \$4 million. The increase in the consumer NPLs was mostly driven by auto loans. Popular U.S. NPLs increased by \$44 million, driven by higher commercial and mortgage NPLs by \$27 million and \$17 million, respectively, each impacted by single loans amounting to \$17 million.

On September 30, 2024, the ratio of NPLs to total loans held-in-portfolio was 1.0%, flat when compared to December 31, 2023. Other real estate owned loans ("OREOs") decreased by \$17 million from December 31, 2023. The decrease in OREO was driven by the sale of a commercial property in BPPR, coupled with the sale of residential properties. On September 30, 2024, NPLs held-in-portfolio amounted to \$202 million in the Puerto Rico operations and \$67 million in Popular U.S., compared with \$231 million and \$24 million, respectively, on December 31, 2023.

The Corporation's commercial loan portfolio secured by real estate ("CRE") amounted to \$10.7 billion on September 30, 2024, of which \$3.1 billion was secured with owner occupied properties, compared with \$10.6 billion and \$3.1 billion, respectively, on December 31, 2023. Office space leasing exposure in our non-owner occupied CRE portfolio is limited, representing only 2.0% or \$708 million of our total loan portfolio. The exposure is mainly comprised of low- to mid- rise properties with an average loan size of \$2.3 million and is well diversified across tenant type.

CRE NPLs amounted to \$67 million on September 30, 2024, compared with \$48 million on December 31, 2023, driven by the \$194 million loan mentioned above. The CRE NPL ratios for the BPPR and Popular U.S. segments were 0.70% and 0.57%, respectively, on September 30, 2024, compared with 0.86% and 0.13%, respectively, on December 31, 2023.

In addition to the NPLs included in Table 19, on September 30, 2024, there were \$587 million of performing loans, mostly commercial loans, which in management's opinion, are currently subject to potential future classification as non-performing (December 31, 2023 - \$510 million).

For the quarter ended September 30, 2024, total inflows of NPLs held-in-portfolio, excluding consumer loans, increased by \$16 million, when compared to the inflows for the same period in 2023. Inflows of NPLs held-in-portfolio at the BPPR segment remained flat compared to the same period in 2023. Inflows of NPLs held-in-portfolio at the Popular U.S. segment increased by \$17 million from the same period in 2023, mainly driven by higher mortgage inflows by \$16 million driven by abovementioned \$17 million loan.

Table 19 - Non-Performing Assets

(Dollars in thousands)	September 30, 2024			December 31, 2023			As a % of loans HIP by category	
	BPPR	Popular U.S.	Popular, Inc.	As a % of loans HIP by category				
				BPPR	Popular U.S.	Popular, Inc.		
Commercial								
Commercial multi-family	\$ 87	\$ 8,700	\$ 8,787	0.4 %	\$ 1,991	\$ -	0.1 %	
Commercial real estate non-owner occupied	7,493	2,282	9,775	0.2	8,745	1,117	9,862	
Commercial real estate owner occupied	26,600	22,248	48,848	1.6	29,430	6,274	35,704	
Commercial and industrial	19,639	5,246	24,885	0.3	32,826	3,772	36,598	
Total Commercial	53,819	38,476	92,295	0.5	72,992	11,163	84,155	
Construction	-	-	-	-	6,378	-	6,378	
Leasing	7,367	-	7,367	0.4	8,632	-	8,632	
Mortgage	157,920	28,434	186,354	2.3	175,106	11,191	186,297	
Consumer								
Home equity lines of credit	-	3,834	3,834	5.5	-	3,733	3,733	
Personal	20,992	1,837	22,829	1.2	19,031	2,805	21,836	
Auto	47,828	-	47,828	1.3	45,615	-	45,615	
Other Consumer	889	2	891	0.5	964	1	965	
Total Consumer	69,709	5,673	75,382	1.1	65,610	6,539	72,149	
Total non-performing loans held-in-portfolio	288,815	72,583	361,398	1.0 %	328,718	28,893	357,611	
Other real estate owned ("OREO")	62,940	88	63,028		80,176	240	80,416	
Total non-performing assets^[1]	\$ 351,755	\$ 72,671	\$ 424,426		\$ 408,894	\$ 29,133	\$ 438,027	
Accruing loans past due 90 days or more^[2]	\$ 233,774	\$ 197	\$ 233,971		\$ 268,362	\$ 109	\$ 268,471	
Ratios:								
Non-performing assets to total assets	0.63%	0.46%	0.60%		0.74%	0.19%	0.62%	
Non-performing loans held-in-portfolio to loans held-in-portfolio	1.12	0.69	1.00		1.34	0.27	1.02	
Allowance for credit losses to loans held-in-portfolio	2.59	0.75	2.06		2.61	0.85	2.08	
Allowance for credit losses to non-performing loans, excluding held-for-sale	230.66	107.66	205.96		194.65	309.70	203.95	

[1] There were no non-performing loans held-for-sale as of September 30, 2024 and December 31, 2023.

[2] It is the Corporation's policy to report delinquent residential mortgage loans insured by FHA or guaranteed by the VA as accruing loans past due 90 days or more as opposed to non-performing since the principal repayment is insured. These balances include \$70 million of residential mortgage loans insured by FHA or guaranteed by the VA that are no longer accruing interest as of September 30, 2024 (December 31, 2023 - \$106 million). Furthermore, the Corporation has approximately \$32 million in reverse mortgage loans which are guaranteed by FHA, but which are currently not accruing interest. Due to the guaranteed nature of the loans, it is the Corporation's policy to exclude these balances from non-performing assets (December 31, 2023 - \$38 million).

Table 20 - Activity in Non -Performing Loans Held-in-Portfolio (Excluding Consumer Loans)

(Dollars in thousands)	For the quarter ended September 30, 2024			For the nine months ended September 30, 2024		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 219,960	\$ 49,317	\$ 269,277	\$ 254,476	\$ 22,354	\$ 276,830
Plus:						
New non-performing loans	36,585	22,968	59,553	111,128	84,248	195,376
Advances on existing non-performing loans	-	32	32	-	352	352
Less:						
Non-performing loans transferred to OREO	(4,016)	-	(4,016)	(12,665)	(24)	(12,689)
Non-performing loans charged-off	(4,031)	(82)	(4,113)	(17,930)	(1,050)	(18,980)
Loans returned to accrual status / loan collections	(36,759)	(5,325)	(42,084)	(123,270)	(38,970)	(162,240)
Ending balance NPLs	\$ 211,739	\$ 66,910	\$ 278,649	\$ 211,739	\$ 66,910	\$ 278,649

Table 21 - Activity in Non -Performing Loans Held-in-Portfolio (Excluding Consumer Loans)

(Dollars in thousands)	For the quarter ended September 30, 2023			For the nine months ended September 30, 2023		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 292,219	\$ 26,187	\$ 318,406	\$ 324,562	\$ 31,356	\$ 355,918
Plus:						
New non-performing loans	37,393	5,827	43,220	128,011	23,446	151,457
Advances on existing non-performing loans	-	12	12	-	155	155
Less:						
Non-performing loans transferred to OREO	(5,657)	-	(5,657)	(25,777)	(58)	(25,835)
Non-performing loans charged-off	(3,354)	(2,446)	(5,800)	(4,854)	(4,837)	(9,691)
Loans returned to accrual status / loan collections	(54,353)	(9,006)	(63,359)	(155,694)	(29,488)	(185,182)
Ending balance NPLs	\$ 266,248	\$ 20,574	\$ 286,822	\$ 266,248	\$ 20,574	\$ 286,822

Table 22 - Activity in Non -Performing Commercial Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2024			For the nine months ended September 30, 2024		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 56,170	\$ 37,763	\$ 93,933	\$ 72,992	\$ 11,163	\$ 84,155
Plus:						
New non-performing loans	4,460	2,582	7,042	12,834	39,561	52,395
Advances on existing non-performing loans	-	3	3	-	305	305
Less:						
Non-performing loans transferred to OREO	-	-	-	(280)	-	(280)
Non-performing loans charged-off	(4,085)	(82)	(4,167)	(17,784)	(1,032)	(18,816)
Loans returned to accrual status / loan collections	(2,726)	(1,790)	(4,516)	(13,943)	(11,521)	(25,464)
Ending balance NPLs	\$ 53,819	\$ 38,476	\$ 92,295	\$ 53,819	\$ 38,476	\$ 92,295

Table 23 - Activity in Non -Performing Commercial Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2023			For the nine months ended September 30, 2023		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 88,716	\$ 11,610	\$ 100,326	\$ 82,171	\$ 10,868	\$ 93,039
Plus:						
New non-performing loans	2,736	1,324	4,060	22,533	11,674	34,207
Advances on existing non-performing loans	-	7	7	-	35	35
Less:						
Non-performing loans transferred to OREO	(138)	-	(138)	(446)	-	(446)
Non-performing loans charged-off	(969)	(2,446)	(3,415)	(2,237)	(4,837)	(7,074)
Loans returned to accrual status / loan collections	(18,118)	(1,901)	(20,019)	(29,794)	(9,146)	(38,940)
Ending balance NPLs	\$ 72,227	\$ 8,594	\$ 80,821	\$ 72,227	\$ 8,594	\$ 80,821

Table 24 - Activity in Non -Performing Construction Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2024			For the nine months ended September 30, 2024		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ -	\$ -	\$ -	\$ 6,378	\$ -	\$ 6,378
Less:						
Loans returned to accrual status / loan collections	-	-	-	(6,378)	-	(6,378)
Ending balance NPLs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Table 25 - Activity in Non -Performing Construction Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2023			For the nine months ended September 30, 2023		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 9,284	\$ -	\$ 9,284	\$ 9,284	\$ -	\$ -
Plus:						
New non-performing loans	-	-	-	9,284	-	9,284
Less:						
Non-performing loans charged-off	(2,537)	-	(2,537)	(2,537)	-	(2,537)
Loans returned to accrual status / loan collections	(169)	-	(169)	(169)	-	(169)
Ending balance NPLs	\$ 6,578	\$ -	\$ 6,578	\$ 6,578	\$ -	\$ 6,578

Table 26 - Activity in Non -Performing Mortgage Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2024			For the nine months ended September 30, 2024		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 163,790	\$ 11,554	\$ 175,344	\$ 175,106	\$ 11,191	\$ 186,297
Plus:						
New non-performing loans	32,125	20,386	52,511	98,294	44,687	142,981
Advances on existing non-performing loans	-	29	29	-	47	47
Less:						
Non-performing loans transferred to OREO	(4,016)	-	(4,016)	(12,385)	(24)	(12,409)
Non-performing loans charged-off	54	-	54	(146)	(18)	(164)
Loans returned to accrual status / loan collections	(34,033)	(3,535)	(37,568)	(102,949)	(27,449)	(130,398)
<u>Ending balance NPLs</u>	<u>\$ 157,920</u>	<u>\$ 28,434</u>	<u>\$ 186,354</u>	<u>\$ 157,920</u>	<u>\$ 28,434</u>	<u>\$ 186,354</u>

Table 27 - Activity in Non -Performing Mortgage Loans Held-in-Portfolio

(Dollars in thousands)	For the quarter ended September 30, 2023			For the nine months ended September 30, 2023		
	BPPR	Popular U.S.	Popular, Inc.	BPPR	Popular U.S.	Popular, Inc.
Beginning balance	\$ 194,219	\$ 14,577	\$ 208,796	\$ 242,391	\$ 20,488	\$ 262,879
Plus:						
New non-performing loans	34,657	4,503	39,160	96,194	11,772	107,966
Advances on existing non-performing loans	-	5	5	-	120	120
Less:						
Non-performing loans transferred to OREO	(5,519)	-	(5,519)	(25,331)	(58)	(25,389)
Non-performing loans charged-off	152	-	152	(80)	-	(80)
Loans returned to accrual status / loan collections	(36,066)	(7,105)	(43,171)	(125,731)	(20,342)	(146,073)
<u>Ending balance NPLs</u>	<u>\$ 187,443</u>	<u>\$ 11,980</u>	<u>\$ 199,423</u>	<u>\$ 187,443</u>	<u>\$ 11,980</u>	<u>\$ 199,423</u>

Loan Delinquencies

Another key measure used to evaluate and monitor the Corporation's asset quality is loan delinquencies. Loans delinquent 30 days or more, as a percentage of their related portfolio category on September 30, 2024 and December 31, 2023, are presented below.

Table 28 - Loan Delinquencies

	September 30, 2024			December 31, 2023		
	Loans delinquent 30 days or more	Total loans	Total delinquencies as a percentage of total loans	Loans delinquent 30 days or more	Total loans	Total delinquencies as a percentage of total loans
Commercial						
Commercial multi-family	\$ 11,713	\$ 2,405,302	0.49 %	\$ 13,657	\$ 2,415,620	0.57 %
Commercial real estate non-owner occupied	23,462	5,185,381	0.45	17,051	5,087,421	0.34
Commercial real estate owner occupied	54,148	3,092,393	1.75	69,239	3,080,635	2.25
Commercial and industrial	68,820	7,400,553	0.93	58,953	7,126,121	0.83
Total Commercial	158,143	18,083,629	0.87	158,900	17,709,797	0.90
Construction	34,349	1,113,307	3.09	6,378	959,280	0.66
Leasing	31,868	1,887,052	1.69	35,491	1,731,809	2.05
Mortgage ^[1]	761,771	7,993,348	9.53	859,537	7,695,917	11.17
Consumer						
Credit cards	54,839	1,186,893	4.62	46,436	1,135,747	4.09
Home equity lines of credit	4,892	69,691	7.02	5,465	65,953	8.29
Personal	61,434	1,873,175	3.28	59,682	1,945,247	3.07
Auto	178,281	3,818,607	4.67	173,119	3,660,780	4.73
Other	2,935	169,265	1.73	3,063	160,441	1.91
Total Consumer	302,381	7,117,631	4.25	287,765	6,968,168	4.13
Loans held-for-sale	-	5,509	-	-	4,301	-
Total	\$ 1,288,512	\$ 36,200,476	3.56 %	\$ 1,348,071	\$ 35,069,272	3.84 %

[1] Loans delinquent 30 days or more includes \$0.4 billion of residential mortgage loans insured by FHA or guaranteed by the VA as of September 30, 2024 (December 31, 2023 - \$0.5 billion). Refer to Note 7 to the Consolidated Financial Statements for additional information of guaranteed loans.

Allowance for Credit Losses Loans Held-in-Portfolio

The ACL, represents management's estimate of expected credit losses through the remaining contractual life of the different loan segments, impacted by expected prepayments. The ACL is maintained at a sufficient level to provide for estimated credit losses on collateral dependent loans as well as loans modified for borrowers with financial difficulties separately from the remainder of the portfolio. The Corporation's management evaluates the adequacy of the ACL on a quarterly basis. In this evaluation, management considers current conditions, macroeconomic economic expectations through a reasonable and supportable period, historical loss experience, portfolio composition by loan type and risk characteristics, results of periodic credit reviews of individual loans, and regulatory requirements, amongst other factors.

The Corporation must rely on estimates and exercise judgment regarding matters where the ultimate outcome is unknown, such as economic developments affecting specific customers, industries, or markets. Other factors that can affect management's estimates are recalibration of statistical models used to calculate lifetime expected losses, changes in underwriting standards, financial accounting standards and loan impairment measurements, among others. Changes in the financial condition of individual borrowers, in economic conditions, and in the condition of the various markets in which collateral may be sold, may also affect the required level of the allowance for credit losses. Consequently, the business financial condition, liquidity, capital, and results of operations could also be affected.

On September 30, 2024, the ACL increased by \$15 million from December 31, 2023 to \$744 million. The ACL for BPPR increased by \$20 million, driven by an increase of \$16 million in reserves for commercial loans and a combined \$12 million increase in reserves for the consumer and lease portfolios. These increases were mainly due to a combination of growth in the commercial portfolio and changes in credit quality trends for the auto and credit cards portfolios. In PB, the ACL decreased by \$11 million, when compared to December 31, 2023, mainly driven by lower reserves for the commercial and construction portfolios due to improvements in credit quality and lower balances. The Corporation's ratio of the allowance for credit losses to loans held-in-portfolio was 2.06% on September 30, 2024, compared to 2.08% on December 31, 2023. The ratio of the allowance for credit losses held-in-portfolio stood at 206.0%, compared to 204.0% on December 31, 2023.

Given that any one economic outlook is inherently uncertain, the Corporation leverages multiple scenarios to estimate its ACL. The baseline scenario continues to be assigned the highest probability, followed by the pessimistic scenario. The weight assigned to the pessimistic scenario decreased during the first quarter of 2024 in response to the positive momentum in the economy as expectations for the Federal Reserve achieving a soft landing have improved. The Corporation evaluates, at least on an annual basis, the assumptions tied to the CECL accounting framework. These include the reasonable and supportable period as well as the reversion window.

The provision for credit losses related to the loans held-in-portfolio for the quarter ended September 30, 2024, was \$72.8 million, compared to \$43.5 million for the quarter ended September 30, 2023, largely driven by higher NCOs due to credit quality changes in commercial loan growth. The provision expense related to the loans held-in-portfolio for the nine months ended September 30, 2024 was \$189.3 million, compared to the provision expense of \$126.3 million for the nine months ended September 30, 2023. Refer to Note 8 to the Consolidated Financial Statements, and to the Provision for Credit Losses section of this MD&A for additional information.

Table 29 - Allowance for Credit Losses - Loan Portfolios

September 30, 2024

(Dollars in thousands)	Total ACL	Total loans held-in-portfolio	ACL to loans held-in-portfolio	Total non-performing loans held-in-portfolio	ACL to non-performing loans held-in-portfolio
Commercial					
Commercial multi-family	\$ 9,642	\$ 2,405,302	0.40 %	\$ 8,787	109.73 %
Commercial real estate non-owner occupied	67,630	5,185,381	1.30 %	9,775	691.87 %
Commercial real estate owner occupied	52,915	3,092,393	1.71 %	48,848	108.33 %
Commercial and industrial	136,361	7,400,553	1.84 %	24,885	547.96 %
Total Commercial	\$ 266,548	\$ 18,083,629	1.47 %	\$ 92,295	288.80 %
Construction	13,214	1,113,307	1.19 %	-	N.M.
Leasing	15,854	1,887,052	0.84 %	7,367	215.20 %
Mortgage	81,650	7,993,348	1.02 %	186,354	43.81 %
Consumer					
Credit cards	92,694	1,186,893	7.81 %	-	N.M.
Home equity lines of credit	1,854	69,691	2.66 %	3,834	48.36 %
Personal	104,542	1,873,175	5.58 %	22,829	457.94 %
Auto	161,313	3,818,607	4.22 %	47,828	337.28 %
Other Consumer	6,651	169,265	3.93 %	891	746.46 %
Total Consumer	\$ 367,054	\$ 7,117,631	5.16 %	\$ 75,382	486.93 %
Total	\$ 744,320	\$ 36,194,967	2.06 %	\$ 361,398	205.96 %
N.M. - Not meaningful.					

Table 30 - Allowance for Credit Losses - Loan Portfolios

December 31, 2023

(Dollars in thousands)	Total ACL	Total loans held-in-portfolio	ACL to loans held-in-portfolio	Total non-performing loans held-in-portfolio	ACL to non-performing loans held-in-portfolio
Commercial					
Commercial multi-family	\$ 13,740	\$ 2,415,620	0.57 %	\$ 1,991	690.11 %
Commercial real estate non-owner occupied	65,453	5,087,421	1.29 %	9,862	663.69 %
Commercial real estate owner occupied	56,864	3,080,635	1.85 %	35,704	159.27 %
Commercial and industrial	122,356	7,126,121	1.72 %	36,598	334.32 %
Total Commercial	\$ 258,413	\$ 17,709,797	1.46 %	\$ 84,155	307.07 %
Construction	12,686	959,280	1.32 %	6,378	198.90 %
Leasing	9,708	1,731,809	0.56 %	8,632	112.47 %
Mortgage	83,214	7,695,917	1.08 %	186,297	44.67 %
Consumer					
Credit cards	80,487	1,135,747	7.09 %	-	N.M.
Home equity lines of credit	1,978	65,953	3.00 %	3,733	52.99 %
Personal	117,790	1,945,247	6.06 %	21,836	539.43 %
Auto	157,931	3,660,780	4.31 %	45,615	346.23 %
Other Consumer	7,134	160,441	4.45 %	965	739.27 %
Total Consumer	\$ 365,320	\$ 6,968,168	5.24 %	\$ 72,149	506.34 %
Total	\$ 729,341	\$ 35,064,971	2.08 %	\$ 357,611	203.95 %
N.M. - Not meaningful.					

**Annualized net charge-offs
(recoveries)**

The following tables present annualized net charge-offs (recoveries) to average loans held-in-portfolio ("HIP") by loan category for the quarters and nine months ended September 30, 2024 and 2023.

Table 31 - Annualized Net Charge-offs (Recoveries) to Average Loans Held-in-Portfolio

	Quarters ended					
	September 30, 2024			September 30, 2023		
	BPPR	Popular U.S.	Popular Inc.	BPPR	Popular U.S.	Popular Inc.
Commercial	0.13 %	0.02 %	0.08 %	(0.48)%	0.10 %	(0.21)%
Construction	(2.33)	—	(0.37)	6.11	—	1.21
Mortgage	(0.24)	(0.01)	(0.20)	(0.25)	(0.02)	(0.21)
Leasing	0.49	—	0.49	0.35	—	0.35
Consumer	3.14	7.17	3.26	2.20	7.42	2.41
Total annualized net charge-offs (recoveries) to average loans held-in-portfolio	0.86 %	0.15 %	0.65 %	0.44 %	0.28 %	0.39 %

	Nine months ended					
	September 30, 2024			September 30, 2023		
	BPPR	Popular U.S.	Popular Inc.	BPPR	Popular U.S.	Popular Inc.
Commercial	0.21 %	0.03 %	0.13 %	(0.20)%	0.03 %	(0.10)%
Construction	(0.82)	(0.01)	(0.14)	2.14	—	0.45
Mortgage	(0.25)	(0.01)	(0.21)	(0.24)	(0.02)	(0.20)
Leasing	0.64	—	0.64	0.28	—	0.28
Consumer	2.93	7.43	3.07	1.96	5.65	2.12
Total annualized net charge-offs (recoveries) to average loans held-in-portfolio	0.86 %	0.18 %	0.66 %	0.44 %	0.19 %	0.36 %

NCOs for the quarter ended September 30, 2024, amounted to \$58.5 million, increasing by \$25.9 million when compared to the same period in 2023. The BPPR segment increased by \$29.0 million mainly driven by higher consumer and commercial NCOs by \$8.2 million and \$13.7 million, respectively. The consumer NCOs continue to gradually increase mainly due to credit quality changes. The PB segment NCOs decreased by \$3.1 million, mainly driven by lower commercial and consumer NCOs.

NCOs for the nine months ended September 30, 2024, amounted to \$174.4 million, increasing by \$84.9 million when compared to the same period in 2023. The BPPR segment increased by \$84.7 million mainly driven by higher consumer and commercial NCOs by \$55.9 million and \$28.1 million, respectively. The consumer NCOs increase was mainly due to credit quality changes, as mentioned above. The PB segment NCOs remained flat.

Loan Modifications

For the quarter ended September 30, 2024, modified loans to borrowers with financial difficulty amounted to \$146 million, of which \$138 million were in accruing status. The BPPR segment's modifications to borrowers with financial difficulty amounted to \$135 million, mainly comprised of commercial and mortgage loans of \$113 million and \$17 million, respectively. A total of \$11 million of the mortgage modifications were related to government guaranteed loans. The Popular U.S. segment's modifications to borrowers with financial difficulty amounted to \$11 million, mostly comprised of commercial loans.

Refer to Note 8 to the Consolidated Financial Statements for additional information on modifications made to borrowers experiencing financial difficulties.

ADOPTION OF NEW ACCOUNTING STANDARDS AND ISSUED BUT NOT YET EFFECTIVE ACCOUNTING STANDARDS

Refer to Note 3, "New Accounting Pronouncements" to the Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in the 2023 Form 10-K.

Item 4. Controls and Procedures

The Corporation's management, with the participation of the Corporation's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this report. Based on such evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Corporation's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Corporation in the reports that it files or submits under the Exchange Act and such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures.

Internal Control Over Financial Reporting

There have been no changes in the Corporation's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

For a discussion of Legal Proceedings, see Note 20 to the Consolidated Financial Statements.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed under "Part I - Item 1A - Risk Factors" in our 2023 Form 10-K. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. Also refer to the discussion in "Part I - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report for additional information that may supplement or update the discussion of risk factors below and in our 2023 Form 10-K.

There have been no material changes to the risk factors previously disclosed under Item 1A of the Corporation's 2023 Form 10-K.

The risks described in our 2023 Form 10-K and in this report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, liquidity, results of operations and capital position.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Corporation did not have any unregistered sales of equity securities during the quarter ended September 30, 2024.

Issuer Purchases of Equity Securities

The following table sets forth the details of purchases of common stock by the Corporation and its affiliated purchasers during the quarter ended September 30, 2024:

Period	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs [2]
July 1 - July 31	2,668	\$ 87.72	-	\$500,000,000
August 1 - August 31	303,638	97.14	303,202	470,550,231
September 1 - September 30	296,145	99.11	295,894	441,224,007
Total	602,451	\$ 98.06	599,096	\$441,224,007

[1] Includes 2,668, 436 and 251 shares of the Corporation's common stock acquired by the Corporation during July, August and September 2024, respectively, in connection with the satisfaction of tax withholding obligations on vested awards of restricted stock or restricted stock units granted to directors and certain employees under the Corporation's Omnibus Incentive Plan. The acquired shares of common stock were added back to treasury stock.

[2] As part of its capital plan, in July 2024, the Corporation announced plans to repurchase up to \$500 million in common stock and repurchases began in August 2024. As of September 30, 2024, the Corporation completed the repurchase of 599,096 shares of common stock for \$58.8 million at an average price of \$98.11 per share, under the previously announced share repurchase authorization.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans or Other Preplanned Trading Arrangements

Certain of our officers or directors have made, and may from time to time make, elections to participate in, and participating in, our dividend reinvestment and purchase plan, the Company stock fund associated with our 401(k) plans and/or the Company stock fund associated with our non-qualified deferred compensation plans and have shares withheld to cover withholding taxes upon the vesting of equity awards, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange. These may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

Exhibit Index

Exhibit No	Exhibit Description
22.1	Issuers of Guaranteed Securities (Incorporated by reference to Exhibit 22.1 of Popular, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002⁽¹⁾
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002⁽¹⁾
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002⁽¹⁾
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002⁽¹⁾
101. INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline Document.
101.SCH	Inline Taxonomy Extension Schema Document ⁽¹⁾
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾
101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document ⁽¹⁾
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document ⁽¹⁾
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾
104	The cover page of Popular, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachment(s))

(1) Included herewith

Popular, Inc. has not filed as exhibits certain instruments defining the rights of holders of debt of Popular, Inc. exceeding 10% of the total assets of Popular, Inc. and its consolidated subsidiaries. Popular, Inc. hereby agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and/or subordinated debt of Popular, Inc., or of any of its consolidated subsidiaries.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned thereunto duly authorized.

POPULAR, INC.

(Registrant)

Date: November 12, 2024

By: /s/ Jorge J. García
Jorge J. García

Executive Vice President &
Chief Financial Officer

Date: November 12, 2024

By: /s/ Denissa M. Rodríguez

Denissa M. Rodríguez
Senior Vice President & Corporate Comptroller



CERTIFICATION**EXHIBIT 31.1**

I, Ignacio Alvarez, certify that:

1. I have reviewed this report on Form 10-Q of Popular, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit a material fact necessary to make the statements made, in light of the circumstances under which such were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report present in all material respects the financial condition, results of operations and cash flows of the registrant and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant and its consolidated subsidiaries, is made known to us by others ~~within those~~ entities, particularly the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the preparation of financial statements in accordance with generally accepted accounting principles;

Chief Executive
Officer

¹



CERTIFICATION**EXHIBIT 31.2**

I, Jorge J. Garcia, certify that:

1. I have reviewed this report on Form 10-Q of Popular, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit material fact necessary to make the statements made, in light of the circumstances under which such statement was made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report present in all material respects the financial condition, results of operations and cash flows of the registrant and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant and its consolidated subsidiaries, is made known to us by others within ¹
Chief Financial Officer those entities, particularly during which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision.



EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. Section 1350

— Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Popular, Inc. (the "Concerties that the Company's Report on Form 10-Q for the quarter ended September 30, 2024 fully

complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange and

that the information contained in the Report fairly presents, in all material respects, the financial and

results of operations of the Company.

Dated: November 12,

2024

By: /s/ Ignacio Alvarez

Name: Ignacio Alvarez

Title: Chief Executive Officer

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. Section 1350

____ Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Popular, Inc. (the "Con
certifies that the Company's Report on Form 10-Q for the quarter ended September 30, 2024
fully

complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange
and

that the information contained in the Report fairly presents, in all material respects, the financial
and

results of operations of the Company.

Dated: November 12,

2024

By: /s/ Jorge J. García

Name: Jorge J. García

Title: Chief Financial Officer

A signed original of this written statement has been provided to the Company and will be retained
Company and furnished to the Securities and Exchange Commission or its staff upon request.

