

Government Progress Index Evaluates the First 10 Months of Governor Jennifer González's

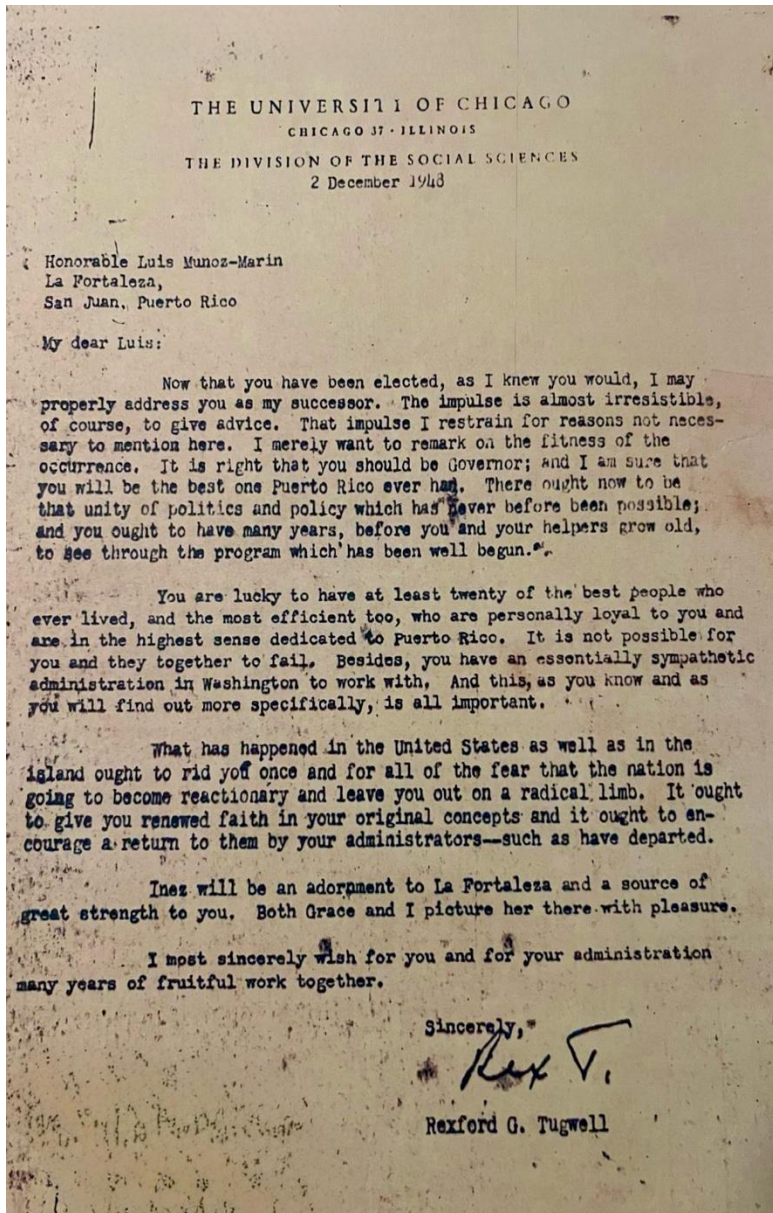
Welcome Message



**“Governments are living conversations, expressed through policy, performance, and data. The Government Progress Index gives them voice — revealing how they think, act, and evolve. From complexity, we distill clarity; from policy, progress.
We speak this language fluently.”**

Francisco Rodríguez-Castro
President & CEO

Historical Message



Rexford Tugwell writes “It is right that you should be governor; and I am sure that you will be the best one Puerto Rico ever had. **There ought now to be that unity of politics and policy which has never before been possible,** and you ought to have many years, before you and your helpers grow old, to see through the program which has been well begun.

You are lucky to have at least twenty of the best people who ever lived, and the most efficient too, who are personally loyal to you and in the highest sense dedicated to Puerto Rico. It is not possible for you and them together to fail. Besides, you have an essentially sympathetic administration in Washington to work with. And this, as you know and as you will find out more specifically, is all important.

Birling Capital Overview

Birling Capital Overview

Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

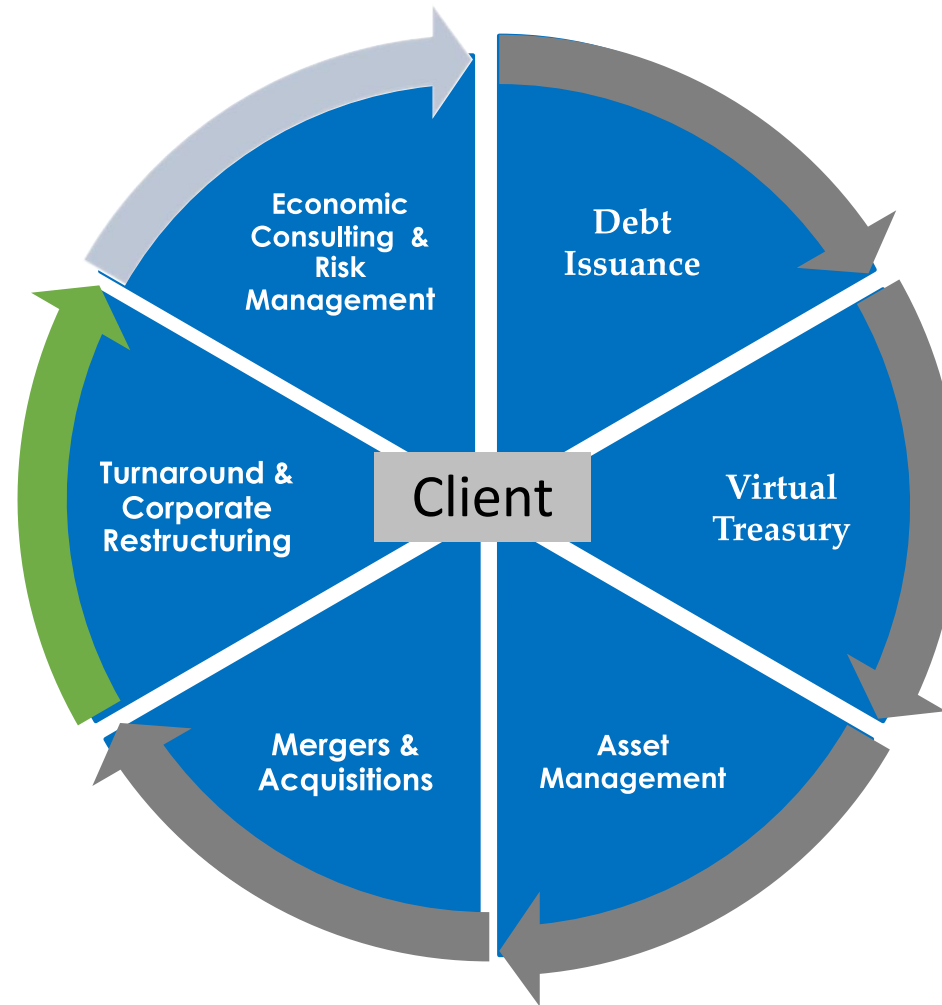
Over the past two decades, our firm's principals have advised on more than \$10 Billion in transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

Our value proposition has been implemented with three critical ingredients for success:

- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise



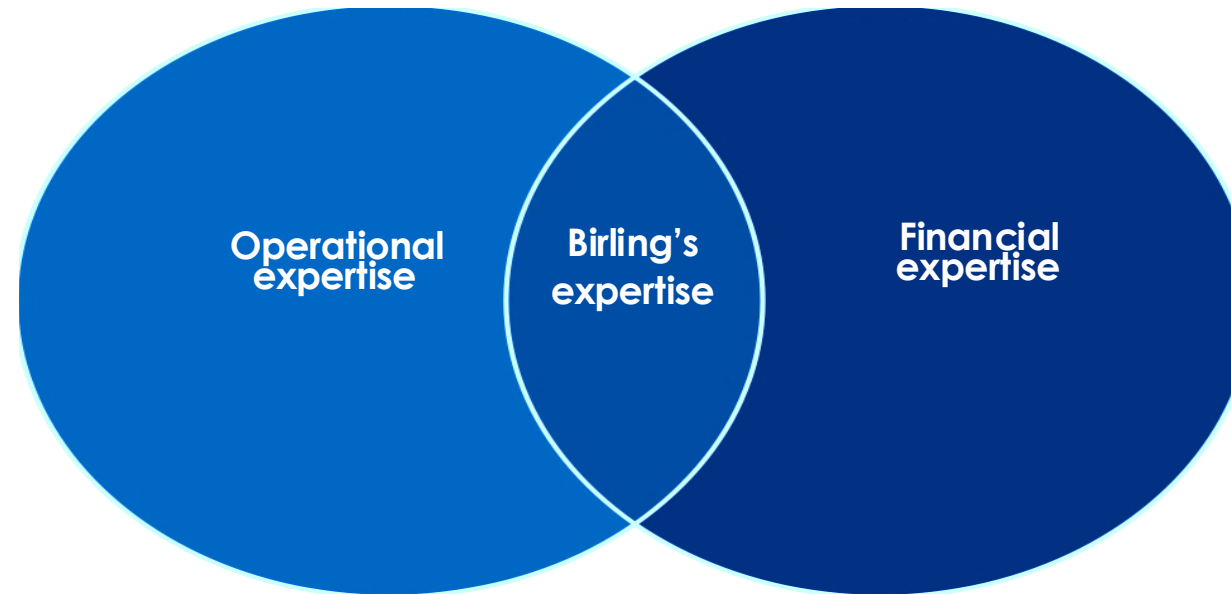
Birling Capital's Corporate Financial Planning (CFP)



Birling Capital's holistic service approach

Birling Capital's Integrated Approach

- Revenue and profit improvement
- SG&A and cost reduction strategies
- Asset base analysis and optimization
- Corporate simplification
- Finance function transformation
- Interim management including CEO, CFO and COO



- Crisis management stabilization
- Working capital improvement
- Chief Restructuring Officer (CRO)
- Project management and delivery
- Lead advisor to creditor groups, management teams and other stakeholders

- Business review and business planning
- Cashflow management, liquidity review, stabilization and optimization
- Stakeholder negotiation involving covenant resets, refinancing and debt restructuring

Birling Capital Overview: Products and Services

Consulting and Advisory Practice Approach

- ☐ Financial institutions and Credit Unions
- ☐ Family Business & Family Offices
- ☐ Healthcare and Pharma
- ☐ Higher education and universities
- ☐ Hotels & Commercial real estate
- ☐ Government
- ☐ Transaction Tax Advisory and Consulting
- ☐ Media and Advertising Companies
- ☐ Insurance companies
- ☐ Manufacturing and industrial operations
- ☐ Retail & Consumer Products
- ☐ Distribution and services
- ☐ Laws 60, 20 and 22
- ☐ Technology & FinTech Practice

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Overview



The **Government Progress Index** allows any citizen to understand what success looks like and learn how to recognize it?

Francisco Rodríguez-Castro
President & CEO

What is the Government Progress Index?

A set of metrics developed by Birling Capital's proprietary algorithm that evaluates the economy's performance, along with other relevant variables, to measure the government's progress.

How does it work?

The Government Progress Index measures:



- Quality of public services
- Progress of economic development
- Citizens' quality of life
- Policy formulation
- Policy implementation
- Government's ability to improve the general welfare of the Island

We use a set of variables from over 20 sources, such as:



- GNP growth
- Unemployment rate
- Crime rate
- Economic activity index
- Labor force participation rate
- Manufacturing PMI

Sources include the Federal Reserve Bank, the Department of Labor, the Bureau of Labor Statistics, the Puerto Rico Planning Board, the Institute of Statistics, the Department of Economic Development, and many other vital sources.

Our proprietary algorithm assigns each variable a score based on progress or contraction, and ***its maximum collective score is 50 points.***

How the Index Works: Score Ranges

- 40–50: Transformational Progress
- 30–39: Strong Momentum
- 20–29: Moderate Progress
- Below 20: Minimal or Regressive Performance

Why is it valuable?

The Government Progress Index...



- Taps into **objective** and **unbiased** data that collectively capture key areas of the country and supplies a concrete picture of progress or deterioration.
- Offers an **in-depth analysis** encompassing the effects of government policy and global, national, and local trends on the economy.
- Provides benchmarks that help improve program oversight and accountability, increase the effectiveness and efficiency of services, and assess what works and what doesn't while providing **information that is critical when making difficult policy decisions.**

For citizens, the Government Progress Index will...



- Provide a vital guide when making **investment and business decisions**.
- Be able to **objectively gauge** how the government is performing and where it is headed.
- Offer an opportunity to **unify and address** clearly defined opportunities and challenges.

First 10 Months Results

First 10 Months Results

From January 2 to November 2, 2025, ***the Governor's performance, as reflected by the Index, showed she achieved a total Government Progress Index Score of 18.5*** out of a possible score of 50, a ***36.20% decrease*** from her highest results in April 11 of 29, ***and a 13.95% decrease*** from the September 2 results of 21.5.

First 10 Months Results

Governor Jennifer González Benchmarks for Puerto Rico	Nov-2-2025	Jan-02-2025	Change
Price Per Liter of Gasoline	\$0.792	\$0.750	5.60%
Puerto Rico Manufacturing-PMI	55.50	46.40	19.61%
Sales of Bags of Cement	1,325,000	1,165,000	13.73%
Auto Sales	8,045	9,549	-15.75%
Crime Stats Type 1 YoY	16,894	17,532	-3.64%
Electric System Average Interruption Index	1,580	1,414	11.74%
Unemployment	5.60%	5.40%	3.70%
Average GNP Growth Rate	1.10%	2.20%	-100.00%
Economic Activity Index	-0.90%	-1.60%	43.75%
Labor-force participation rate	45.10%	44.80%	0.67%
Home ownership rate	64.00%	64.00%	0.00%
Median household income	\$25,096	\$25,096	0.00%
PR Stock Index	3,681.37	3,598.01	2.32%
National debt	\$34,000,000	\$34,000,000	Plan of Adjustement
Credit Ratings	D	D	Default
Access to markets	Limited Access	No Access	In progress
Government Progress Index	18.5	26.5	-30.19%

Government Progress Index Comparing January 2025 to November 2, 2025



- 1. Price per Liter of Gasoline: Jan 2: \$0.750 → Nov 2: \$0.792 (+5.6 %)** Gasoline prices advanced moderately, sustaining inflationary pressure on consumers. This movement is negative for disposable income and retail demand.
- 2. Puerto Rico Manufacturing PMI Index: Jan 2: 46.40 → Nov 2: 55.50 (+19.6 %)** Crossing well above the 50-point expansion threshold, the manufacturing sector demonstrates strong output and industrial confidence. This is one of the administration's most consistent growth engines.
- 3. Sales of bags of cement: Jan 2: 1,165,000 → Nov 2: 1,325,000 (+13.7 %)** Construction demand expanded for a tenth straight month, supported by reconstruction projects and private investment. It earns a score of 31.9 / 50, confirming the sector's positive momentum.

Government Progress Index Comparing January 2025 to November 2, 2025



- 4. Auto Sales Jan 2: 9,549 → Nov 2: 8,045 (–15.8 %)** A sharp contraction points to tighter consumer credit and cautious household spending. This indicator drop, is a reflection of weakened confidence in durable goods consumption.
- 5. Type 1 Crime Statistics Jan 2: 1,786 → Nov 2: 1,634 (–3.64 %).** In the latest year-over-year comparison, total Type 1 crimes decreased from 17,532 to 16,894, a 3.64% decline. This modest but meaningful reduction indicates steady progress in public safety and law enforcement effectiveness. The trend reflects improvements in policing strategies.
- 6. Electric System Average Interruption Index Jan 2: 1,414 → Nov 2: 1,580 (+11.7 %)** An increase in outage frequency represents a setback for operational reliability. Infrastructure strain and generation challenges reduce efficiency. The metric indicates a deterioration in energy performance.

Government Progress Index Comparing January 2025 to November 2, 2025



- 7. Unemployment Rate Jan 2: 5.40 % → Nov 2: 5.60 % (+3.7 %)** Labor conditions softened slightly, reflecting slower hiring and modest job losses in retail and services. It earns a score of 24.8/50, indicating early warning signs of labor-market cooling.
- 8. Average GNP Growth Rate Jan 2: 2.20 % → Nov 2: 1.10 % (–100 % relative decline)** Economic expansion decelerated sharply as global trade frictions and weaker investment tempered growth. This key macro measure scores 22.5/50, the lowest among economic indicators.
- 9. Economic Activity Index Jan 2: –1.60 % → Nov 2: –0.90 % (+43.8 %)** Still in contraction territory but showing improvement, the index suggests mild stabilization of productive output. It holds a score of 26.0/50, indicating incremental progress toward recovery.

Government Progress Index Comparing January 2025 to November 2, 2025



- 10. Labor-Force Participation Rate Jan 2: 44.80 % → Nov 2: 45.10 % (+0.7 %) Marginal gains in workforce engagement are encouraging but remain insufficient to shift structural employment trends.**
- 11. Home Ownership Rate Jan 2 & Nov 2: 64.00 % (0 % change) Stable ownership levels reflect affordability equilibrium, yet minimal progress in new-housing formation.**
- 12. Median Household Income Jan 2 & Nov 2: \$25,096 (0 % change) Income stagnation persists, eroding purchasing power when adjusted for inflation.**

Government Progress Index Comparing January 2025 to November 2, 2025



13. Birling Puerto Rico Stock Index Jan 2: 3,598.01 → Nov 2: 3,681.37 (+2.3 %) Local equities advanced modestly, mirroring cautious optimism amid tariff uncertainty. These results signals tentative investor confidence but subdued capital-market depth.

- **Popular, Inc. (BPOP)** has a return of **21.77%**,
- **Firstbank (FBP)** has a return of **7.69%**,
- **OFG Bancorp (OFG)** has a return of **-4.18%**,
- **(EVTC)** has a return of **-20.94%**.

Government Progress Index Comparing January 2025 to November 2, 2025



14. National Debt Jan 2 & Nov 2: \$34 billion: Debt levels remained unchanged as the Plan of Adjustment process continued. Fiscal restraint is offset by the absence of deleveraging, maintaining a neutral score of 25.0 / 50.15.

- **Credit Ratings and Market Access:** Credit rating = D; Market access improved from “No Access” to “Limited Access”.
- **Progress toward re-entry into capital markets is modest** but notable. This transition merits recognizing incremental institutional credibility gains.

Government Progress Index Comparing January 2025 to November 2, 2025

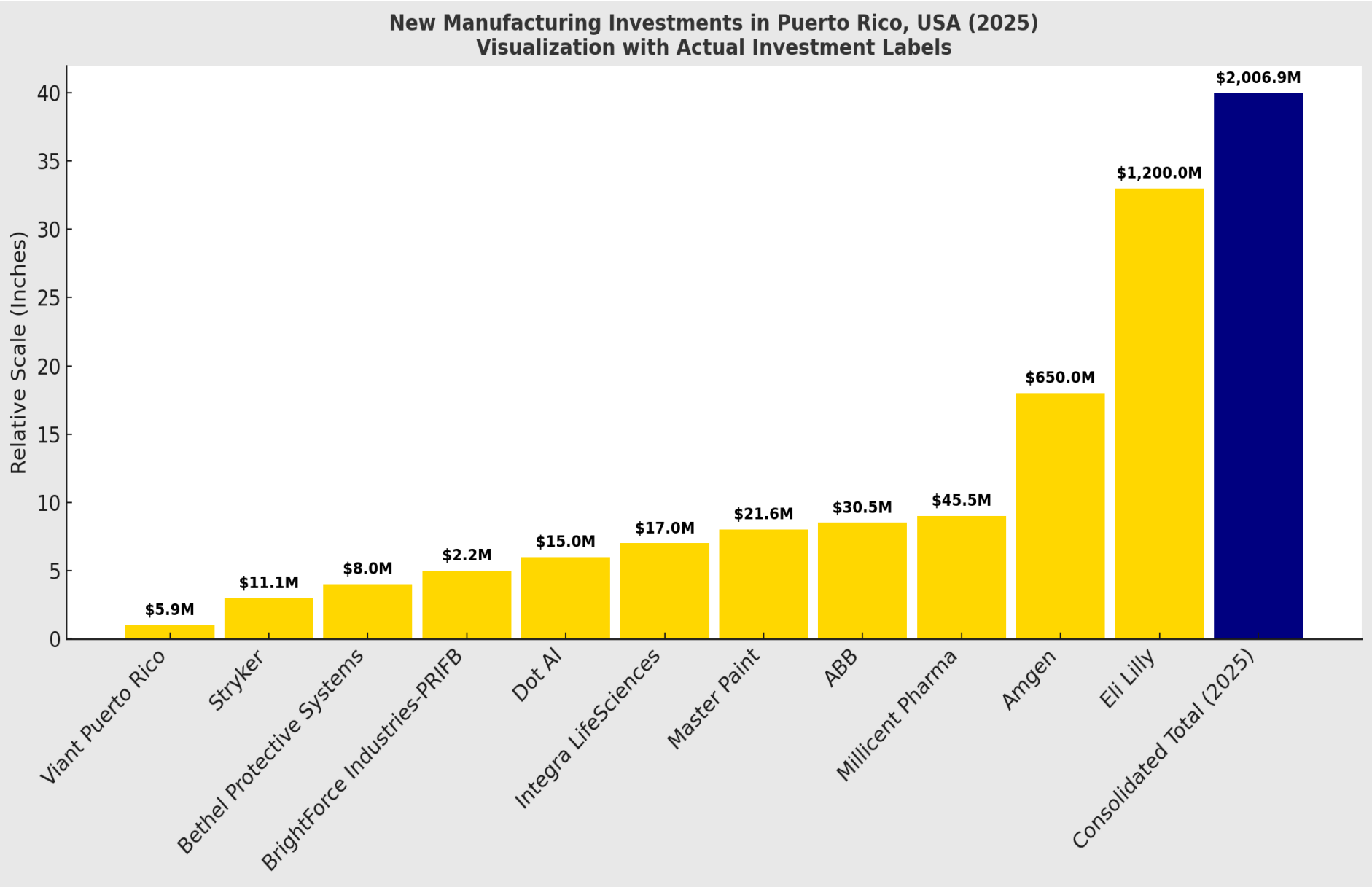


Top Performers:

- Manufacturing PMI (+19.6 %),
- Cement Sales (+13.7 %),
- Crime Reduction (−8.5 %).

Made in Puerto Rico, USA

**Puerto Rico
has attracted
\$2.06 billion in
new and
expanded
investments
YTD 2025.**



Government Progress Index Comparing January 2025 to November 2, 2025



Investment Momentum and the Trump Tariff Advantage

- The imposition of a 10% universal import tariff — and higher rates on Chinese industrial goods — has accelerated the relocation of production to U.S. jurisdictions.
- Puerto Rico, with tariff-free access to the mainland, is perfectly positioned to benefit.
- Maintaining this policy momentum is critical, as Puerto Rico could double industrially output growth by 2030 and add more than \$1.5 billion to annual GDP — a tangible dividend of industrial alignment and economic strategy.

Government Progress Index Comparing January 2025 to November 2, 2025



Areas of Concern:

- **Electric Reliability (+11.7 % interruptions)** Puerto Rico's Electric System Average Interruption Index of 1,580 minutes per customer per year is 1,153.3% higher than the U.S. average of 126 minutes, highlighting the island's severe reliability gap and the urgent need for infrastructure modernization and operational efficiency within the energy sector.
- **GNP Growth (–100 %)**
- **Auto Sales (–15.8 %)**
- **Persistent income and employment stagnation**

Government Progress Index Comparing January 2025 to November 2, 2025



Puerto Rico's Electric Bill: The Hidden Cost of Negligence

- In Puerto Rico, electricity doesn't just power homes—it exposes decades of mismanagement.
- For over 30 years, PREPA had the time, warnings, and resources to reform. It chose not to. **Now, every citizen pays the price of that failure.**
- Under "*Reconciliation Clauses*" you'll see:
"PENSION PAYMENTS – Pension Cost Adjustment" = 7.92%

Government Progress Index Comparing January 2025 to November 2, 2025



This is What Paying for Failure Looks Like

Detalle de los Cargos Corrientes

Distribución de Cargos – Ejemplo con 1,850 kWh

Concepto	Calculo		Monto	% de la Factura
FCA: Ajuste Cargo de Combustible	1,850 kWh × \$0.102718	\$	190.03	42.38%
PPCA: Ajuste por Compra de Energía	1,850 kWh × \$0.0416	\$	77.07	17.18%
CILTA: CELI (Municipios)	1,850 kWh × \$0.004417	\$	8.17	1.82%
SUBA: Subsidios HH	1,850 kWh × \$0.012558	\$	23.23	5.18%
SUBA: Subsidios NHH	1,850 kWh × \$0.001091	\$	2.02	0.45%
EE: Cargo Eficiencia Energética	1,850 kWh × \$0.000853	\$	1.58	0.35%
PAGO PENSIONES: Ajuste costos pensión	1,850 kWh × \$0.019191	\$	35.52	7.92%
<u>PROVISIONAL – Ajuste Provisional</u>	<u>1,850 kWh × \$0.014931</u>	<u>\$</u>	<u>27.62</u>	<u>6.16%</u>
<u>Subtotal de Cargos Especiales</u>		\$	365.24	
Total de la Factura de Luz		\$	448.51	

Government Progress Index Comparing January 2025 to November 2, 2025

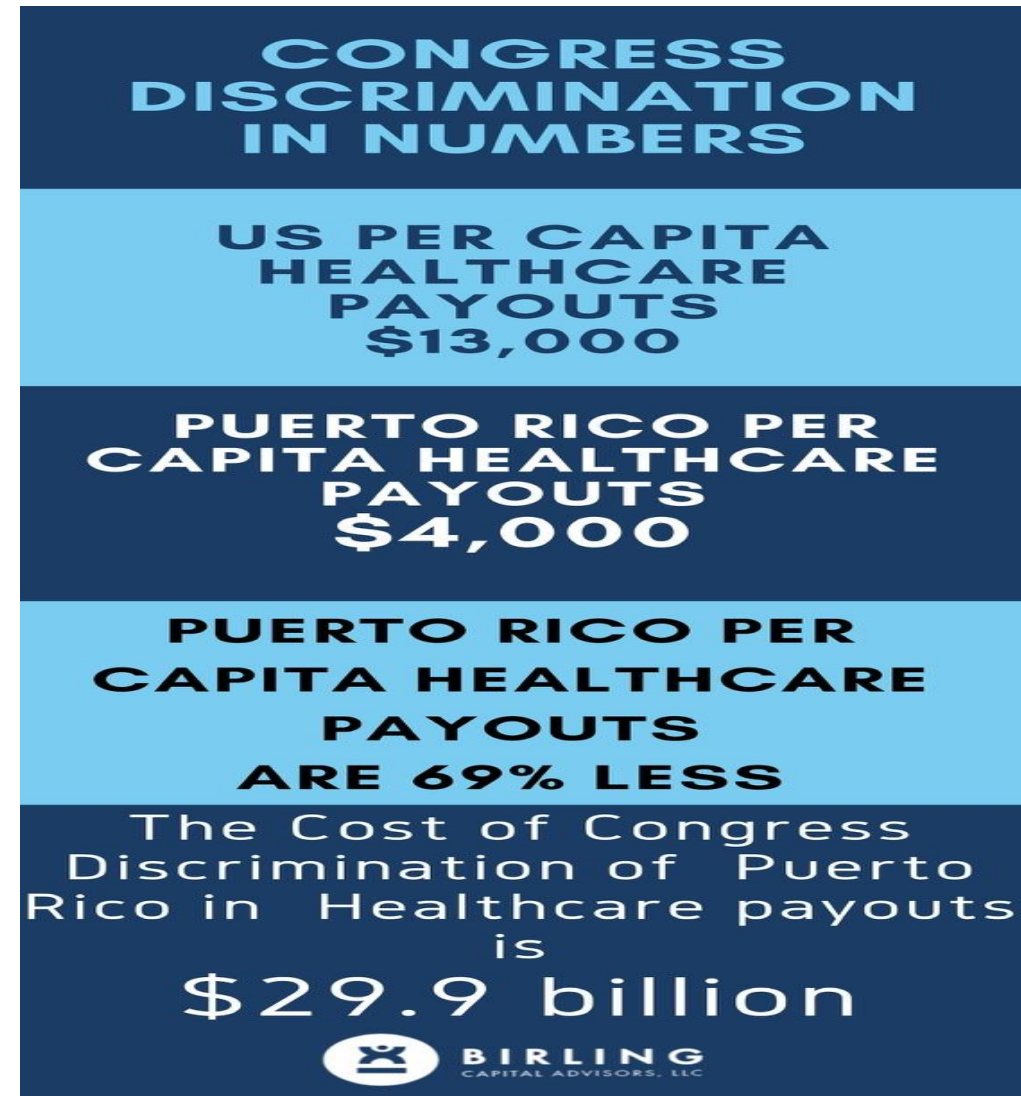


- **Puerto Rico's healthcare ecosystem at risk:** The healthcare ecosystem lost between 2020 and 2021 \$1.1 billion creating an exogenous shock that will cause some 30 hospitals to reduce operations, merge, create alliances, and in some cases, close operations.
- **Systemic Congressional Discrimination:** Congress allocates about \$13,000 per citizen in the United States. In comparison, the U.S. citizens of Puerto Rico are allocated about \$4,000 per citizen, **69% less, which equals \$29.9 billion annually or \$300 billion over ten years.**

Government Progress Index Comparing January 2025 to November 2, 2025



This is What
discrimination looks like



Government Progress Index Comparing January 2025 to November 2, 2025



- Everyone here agrees that the government has to define what it means for them to be prepared for a Category 3 Hurricane
- The energy and water infrastructure continues to be frail and unreliable.
- Corruption continues to be a significant issue in the country.
- Lack of a consensus on tax matters.
- Reductions in revenue due to the termination of pandemic-related aid.
- High inflation is affecting consumers and impacting all micro and small businesses.

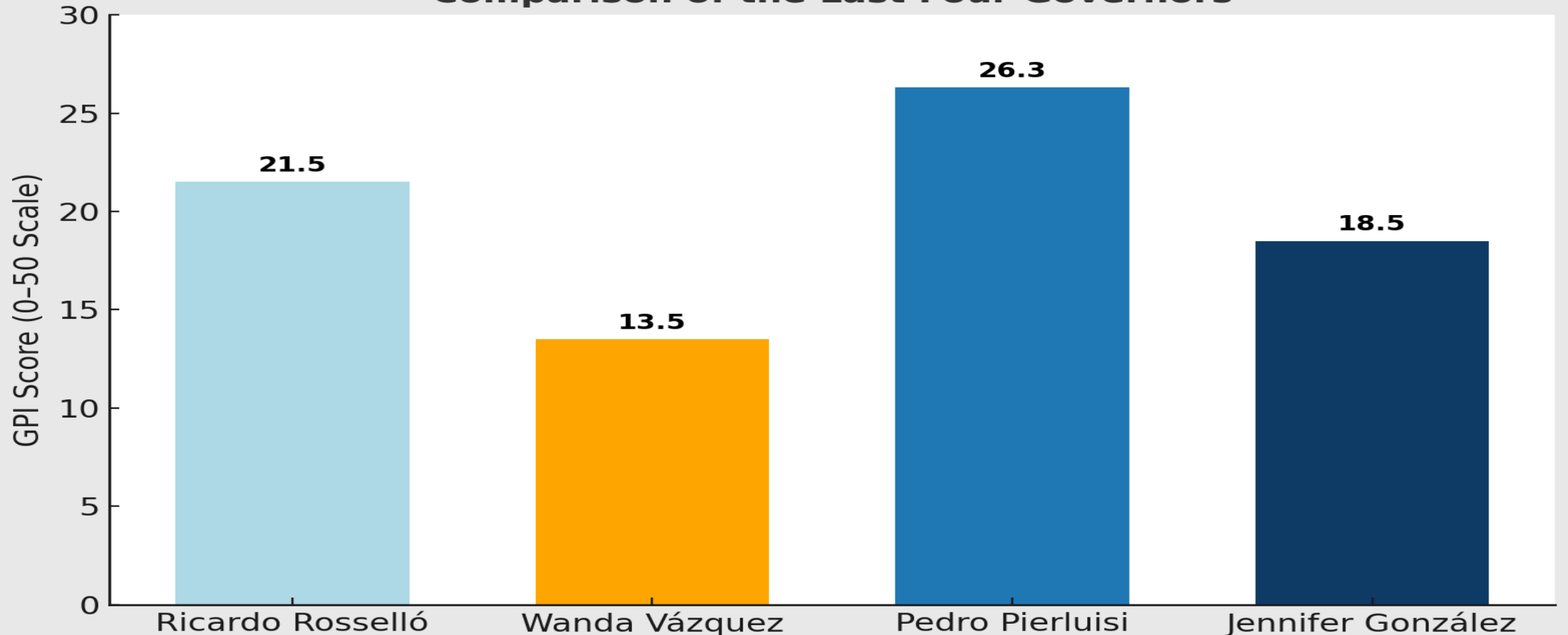
First 10 Months Results

Since the Government Progress Index was introduced in 2017, Puerto Rico has not experienced prolonged minimal growth or contraction, except during the aftermath of Hurricane María and the COVID-19 Pandemic.

To highlight this, we compare the Index rates at the one-year anniversary of the last four Governors.

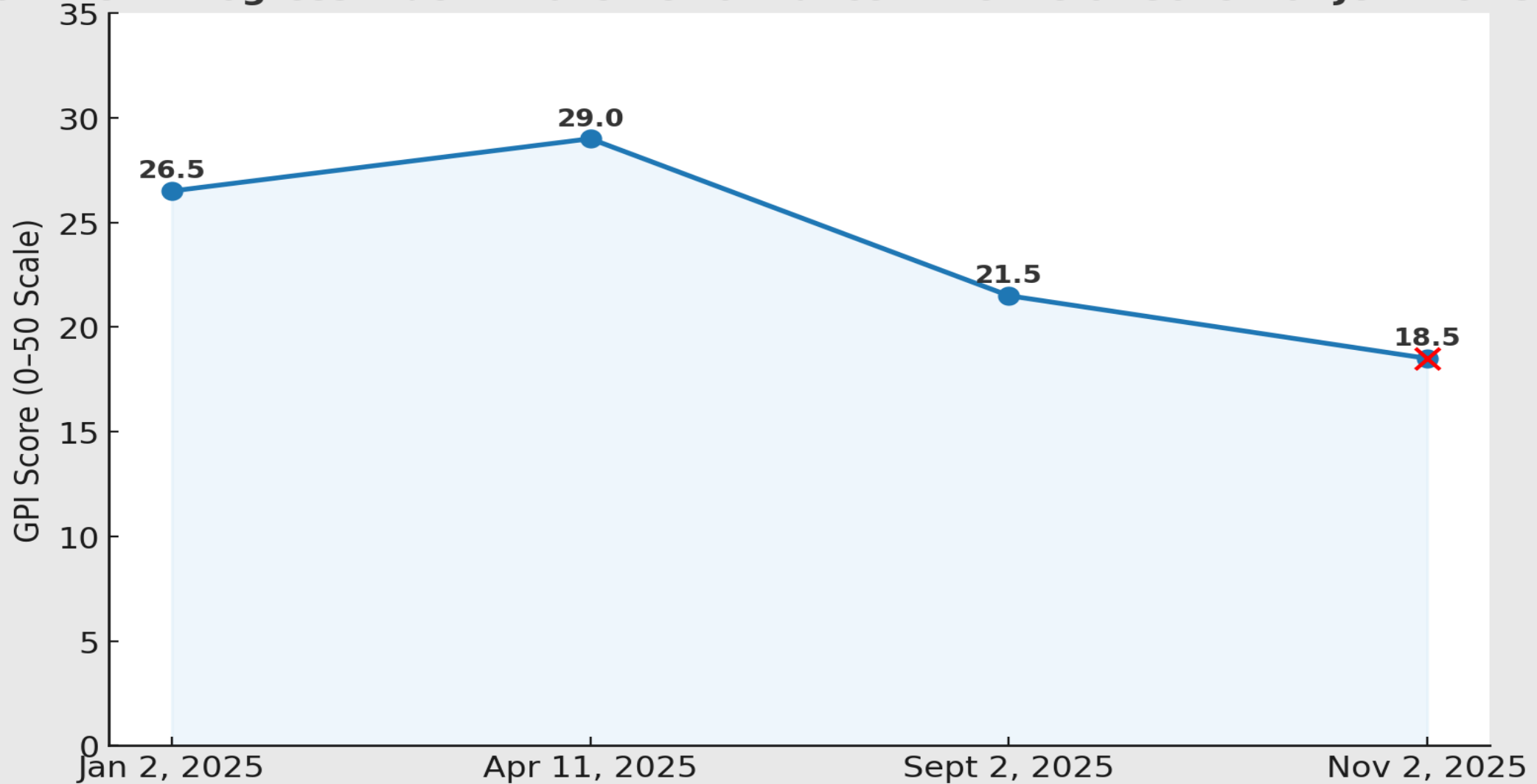
First 10 Months Results

**Government Progress Index at the One-Year Anniversary
Comparison of the Last Four Governors**



First 10 Months Results

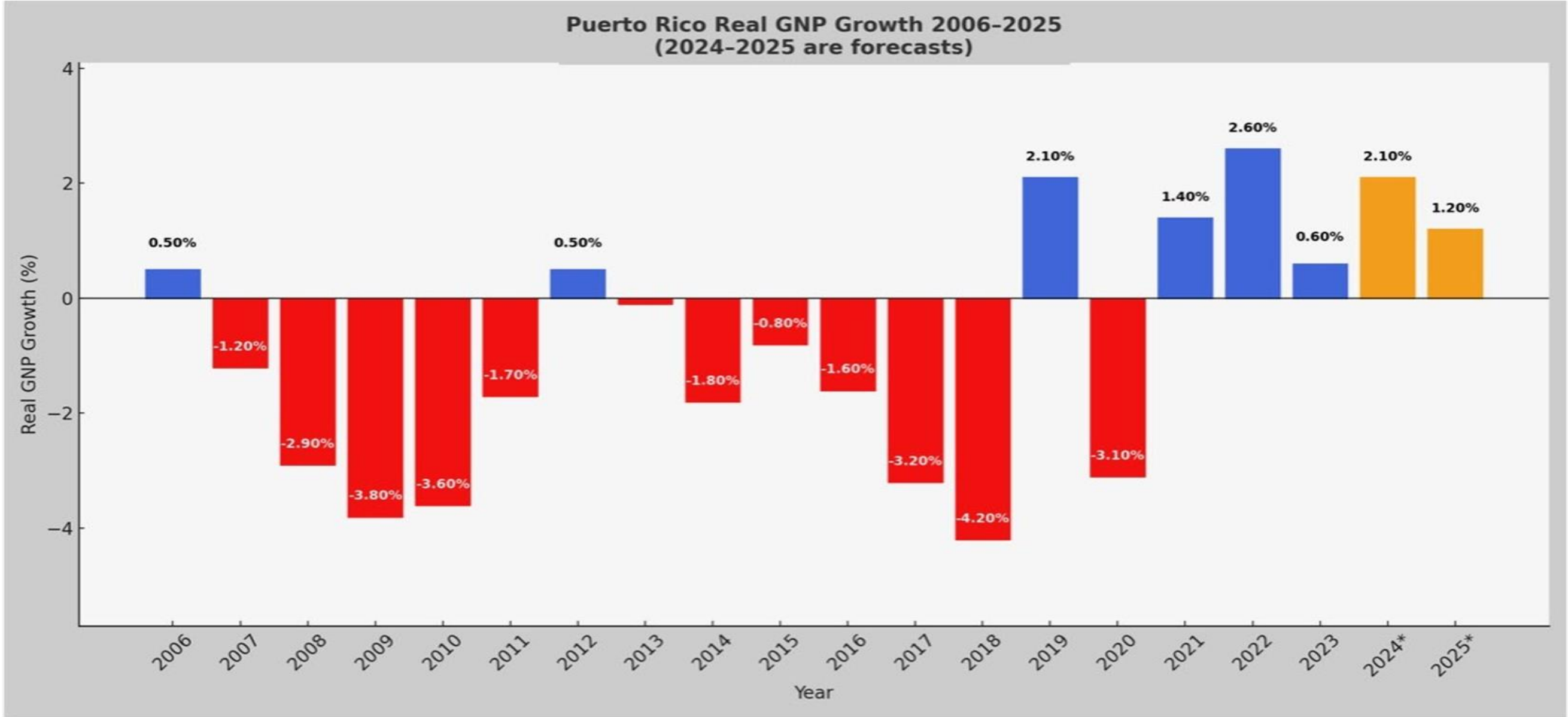
Government Progress Index - 2025 Performance Timeline of Governor Jennifer González



Puerto Rico Economic Update

Puerto Rico Economic Growth Perspectives

2006-2025



Financial Oversight & Management Board

Economic Growth Perspectives for Puerto Rico 2024-2028

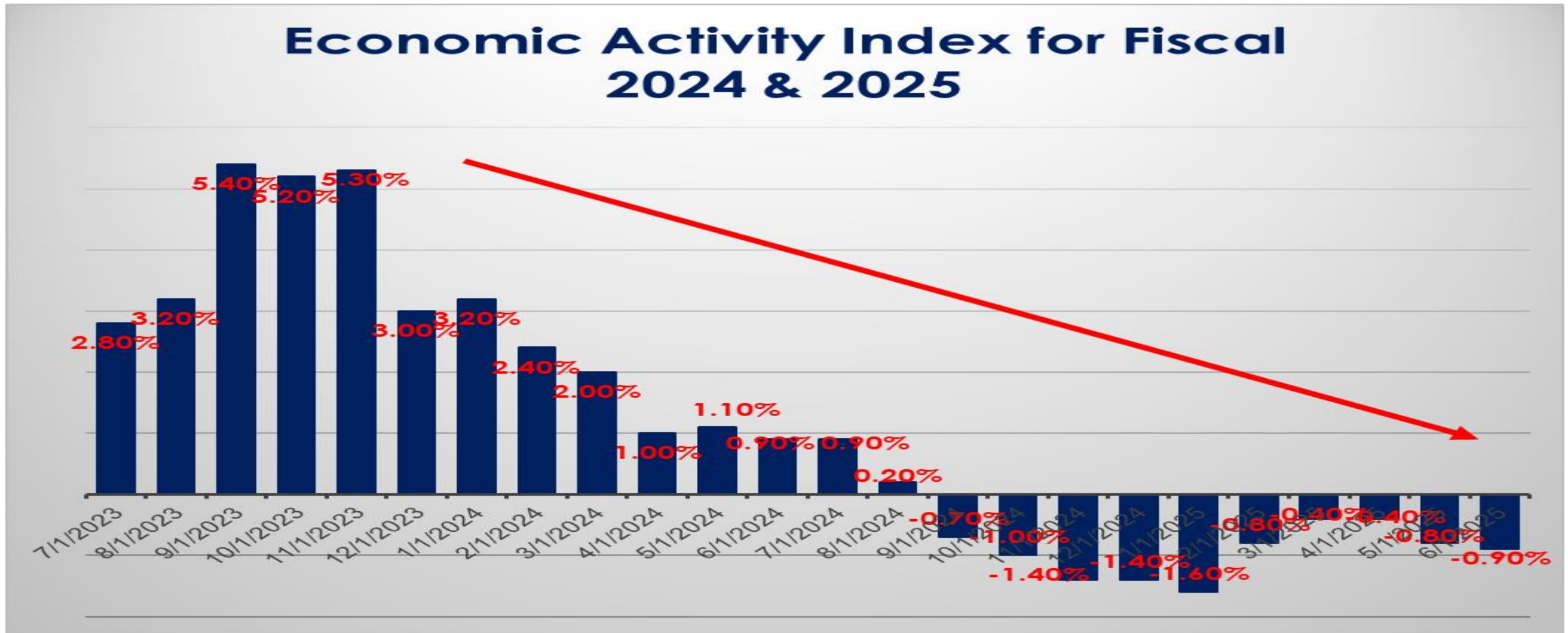


Financial Oversight & Management Board Forecast for the Puerto Rico Economy for 2024-2028



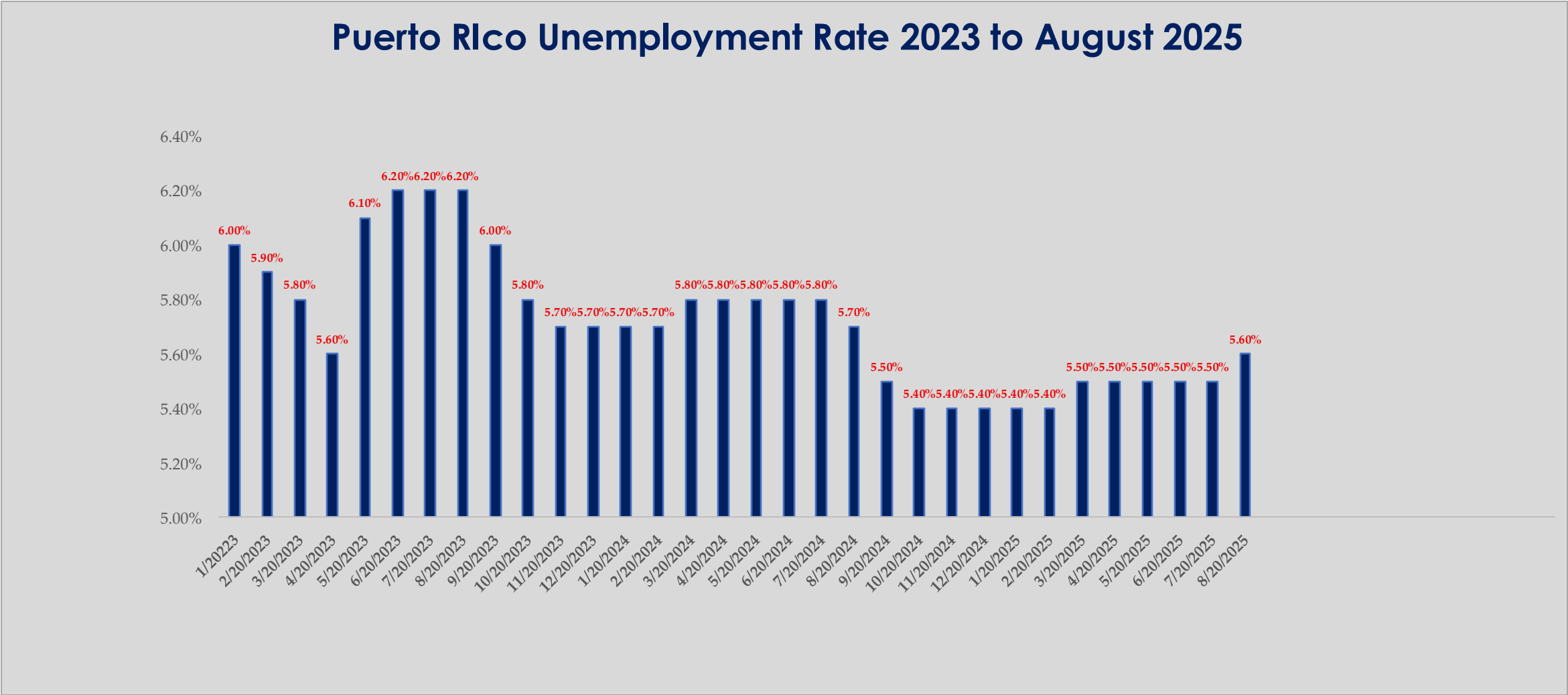
Economic Activity Hitting the Breaks

The June 2025 Economic Activity Index remains in contraction at **-0.90%** for the tenth straight month, a clear sign of an economic slowdown.



Puerto Rico Labor Markets is robust

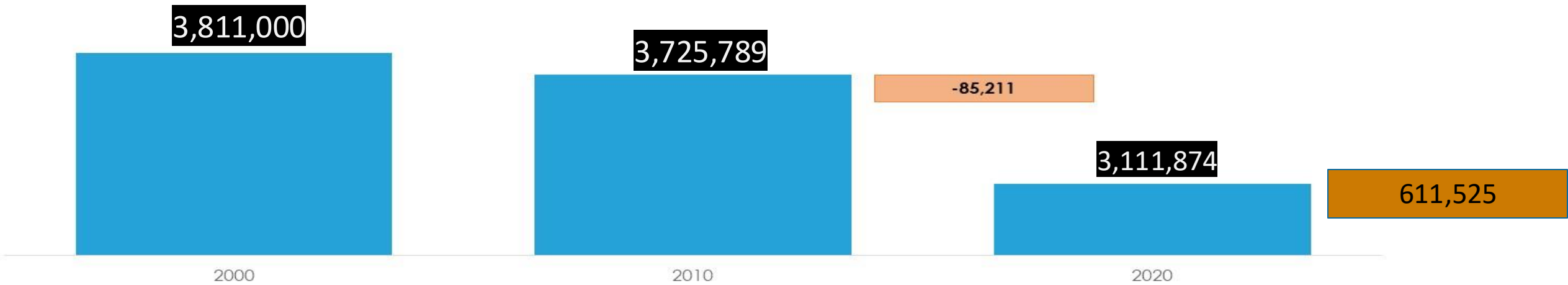
The Unemployment rate is at **5.60%** in August 2025, with an average **during 2025 of 5.48%**.



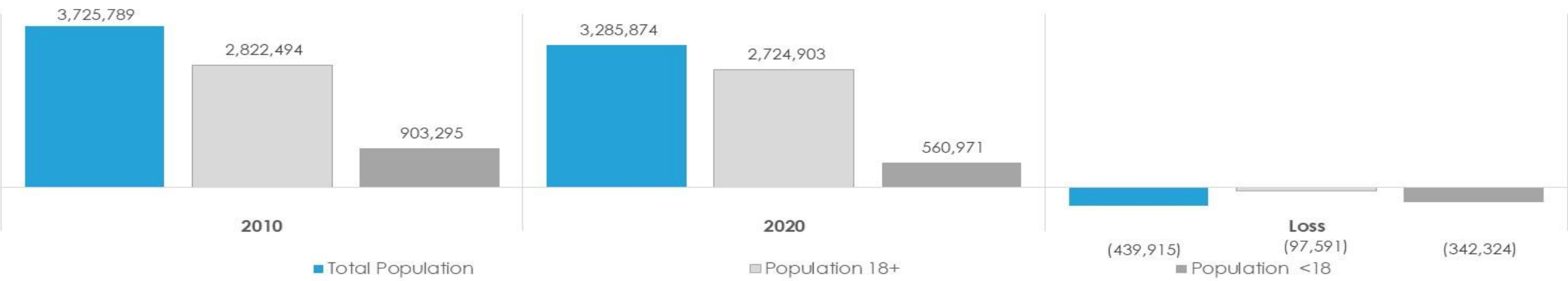
Demographic Transformation

Census Annual Population, 2000-2020

Total Population loss
of **696,736** or **18.29%**



Total Population and by Age Group, 2020



Source: U.S. Decennial Census 2010 & 2020. U.S. Census Bureau.

Puerto Rico Key Challenges

Puerto Rico Challenges



- 1. Regaining Growth:** Puerto Rico needs to restore its economic growth potential, which has been lost over recent decades.
- 2. Employment Growth:** While employment has grown robustly, the economy shows signs of weakening, with economic activity contracting in 2024.
- 3. Energy Infrastructure:** Puerto Rico faces high energy costs and challenges in transitioning to cleaner energy sources due to the U.S. government's preference for fossil fuels.
- 4. Energy Debt:** A legal decision could allow creditors of Puerto Rico's electricity authority to claim up to \$8.5 billion, deepening its financial crisis.
- 5. Construction Costs:** Rising raw material costs, particularly for construction, will burden the housing market and infrastructure projects.

- 6. Population Decline:** The population decline and aging demographics will slow economic growth and complicate the provision of social services.
- 7. Human Capital Challenges:** The shortage of skilled workers due to emigration, an inadequate education system, and a lack of policy focus on human capital are significant issues.
- 8. Interest Rates:** High interest rates will increase the cost of capital and reduce the number of new projects.
- 9. SME Financing:** Limited financing for small and medium enterprises (SMEs) hampers their growth and Puerto Rico's economic ecosystem.
- 10. Poverty Rates:** Poverty remains a critical issue, especially among children and the elderly.

Puerto Rico Challenges

- 11. Infrastructure Deficiencies:** Poor social infrastructure, such as education and healthcare, perpetuates inequality and hinders social progress.
- 12. Medicaid Funding:** A potential fiscal cliff after 2027, with cuts to Medicaid, could affect vulnerable populations.
- 13. Healthcare Workforce:** The aging healthcare workforce and emigration issues present serious challenges to the sector.
- 14. Regional Income Inequality:** There are significant disparities in income across Puerto Rico, with some regions experiencing much higher poverty rates.
- 15. Aging Population:** By 2030, nearly 30% of the population will be over 65, requiring significant adjustments to healthcare, housing, and employment.

Final Message



Puerto Rico has a unique opportunity to unlock over \$35 billion in additional GDP by eliminating barriers to economic freedom and with the Made In Puerto Rico, USA Efforts, with bold reforms that foster transparency, investment, and competitiveness, Puerto Rico can shift from stagnation to transformation—building a resilient, prosperous future for all its citizens.

Francisco Rodríguez-Castro
President & CEO



BIRLING

CAPITAL ADVISORS, LLC



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