



Puerto Rico: Small and Medium-sized Business Sector Initiatives for Job Creation

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Economic Development Bank's mission...

Facilitate financial lending products for small and medium enterprises, acting as the financing source to contribute in the job creation/retention effort



Government role is to act as facilitator

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Discrepancy around different jurisdictions about SMEs definition

- There is not a specific definition of SME
- Variables: Employees, industry, income, gross sales, size of business, among others
- Puerto Rico SME definition: Up to 250 employees / \$5MM in sales
- SME represents **65%** of Puerto Rico Workforce

Definition of Small and Medium Enterprises (SME)

Country	Employees	Sales (US \$ dollars)
Argentina, Brazil, Paraguay and Uruguay	Micro: up to 100 Small: up to 200 Medium: up to 300	Micro: up to \$400M Small: up to \$2MM Medium: up to \$10MM
Japan	Micro: 1 - 10 Small & Medium: 11-500	Retail: up to \$625M Service: up to \$625M Wholesale: up to \$1.2MM Manufacture, Construction, others: up to \$3.7MM
United States	Micro: 1 - 10 Small & Medium: 11- 500	Up to \$7MM
Puerto Rico	Micro: 1 - 10 Small & Medium: 11 - 250	Up to \$5MM

Puerto Rico's small and medium enterprises (SME) profile

Small and Medium-sized main characteristics in PR					
YEAR 2009	Establishments (less than 250 employees)	Annual payroll (\$ thousands)	Number of Employees	Employees per establishment (average)	Salary per employee, average
Total	45,163	\$12,601,392	556,313	15	\$24,885

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EDB loans to specifically help create and retain PR jobs

Economic Development Bank Programs

Standard Programs

Direct Loan
Up to \$5,000,000

New Entrepreneurs
Up to \$500,000

Agriculture Credit
Up to \$5,000,000

Women Entrepreneur
Up to \$500,000

New Programs

Line of credit for Federal contractors
Up to \$750,000

PYMEXPORTA
Up to \$750,000

Non Profit Organizations
Up to \$500,000

ProSalud
Up to \$400,000

DesarrollArte
Up to \$50,000

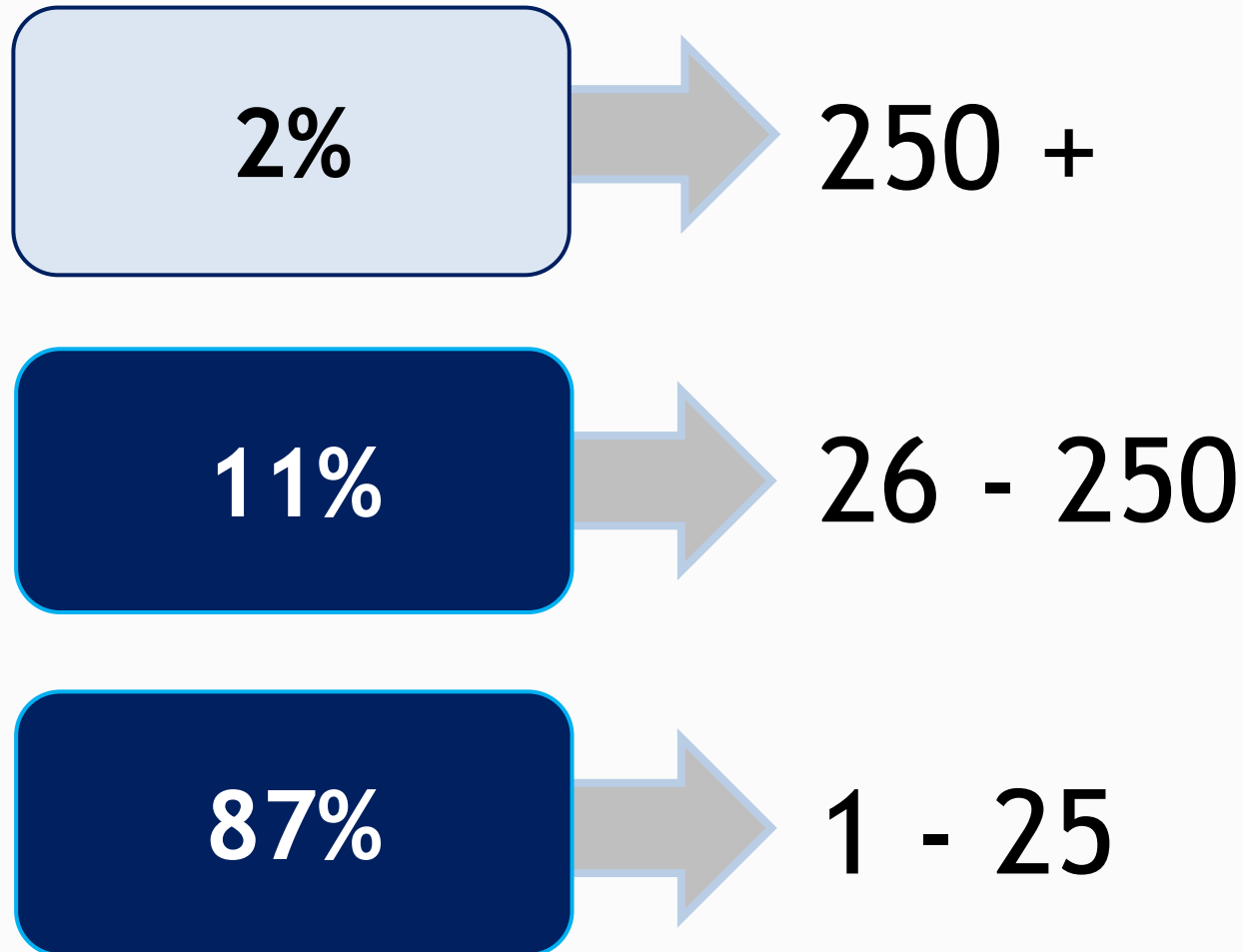
Student loans
Up to \$35,000

Tourism Program for Vieques and Culebra
Up to \$25,000

Desarrollo para el Pueblo
Up to \$20,000

EDB's loan portfolio mainly caters small and medium size businesses...

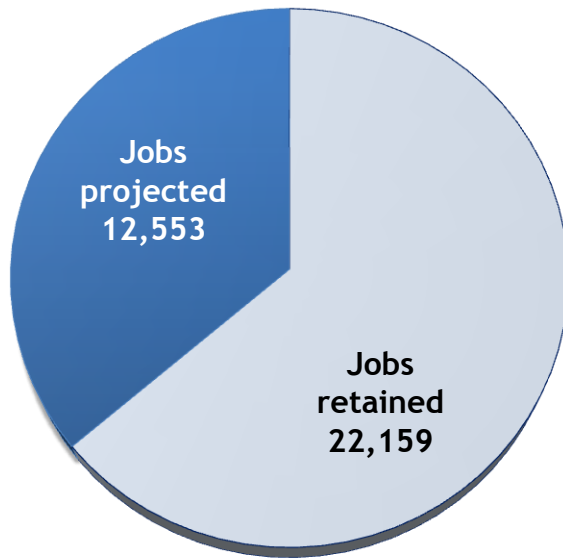
Employees



EDB has contributed job creation and retention within PR's economy with \$546 million in total loan approvals from January 1, 2009 until April 30, 2012

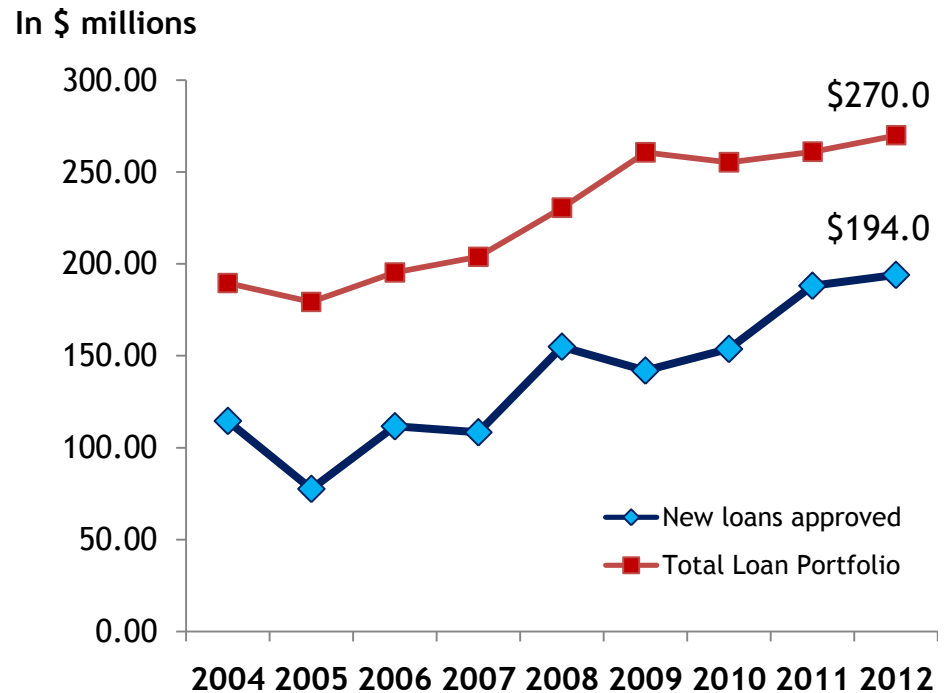
Loan Portfolio Composition

April 30, 2012



Jobs created: 34,712

New Loans Approved and Total Portfolio



* Fiscal Year 2012 closing projections

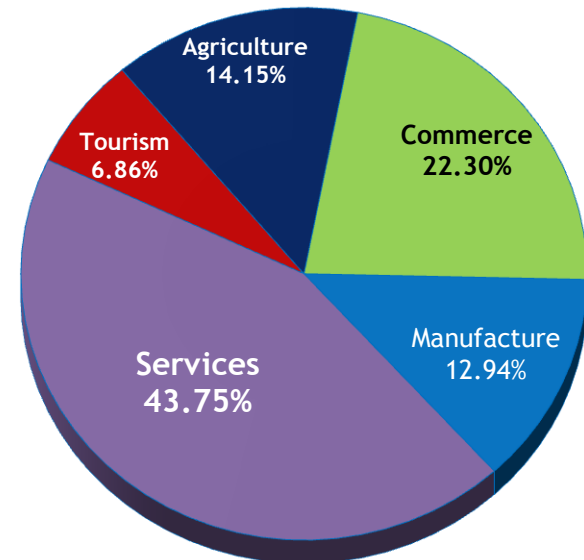
Preliminary and subject to change.

EDB has a portfolio distribution mainly focused on services

Loan Portfolio distribution by economic sector

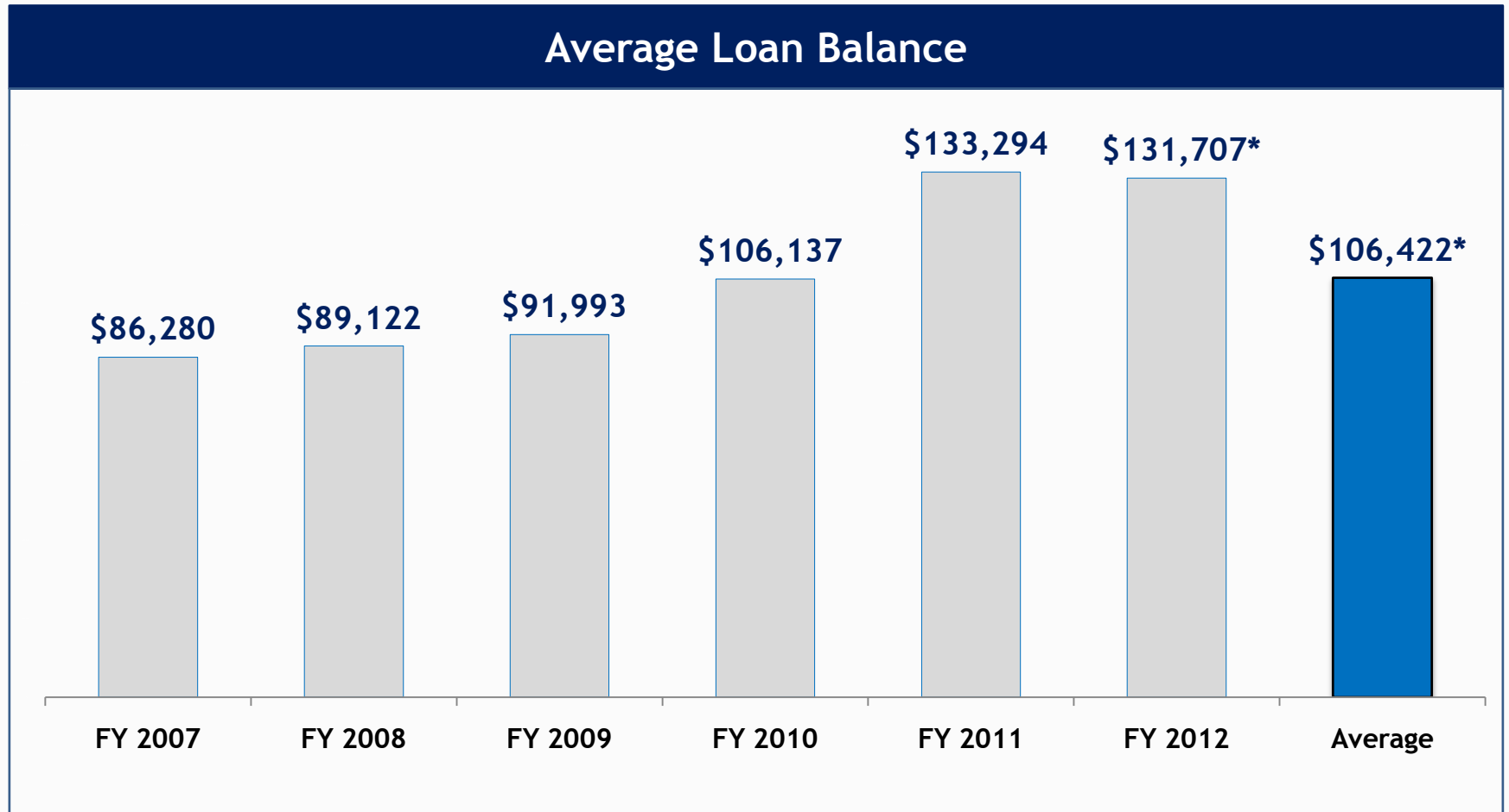
Economic sector	Portfolio balance
Agriculture	\$37,137,558
Commerce	\$58,507,552
Manufacture	\$33,944,959
Services	\$114,812,485
Tourism	\$17,996,283
TOTAL	\$262,398,837

Loan Portfolio EDB by Sector*



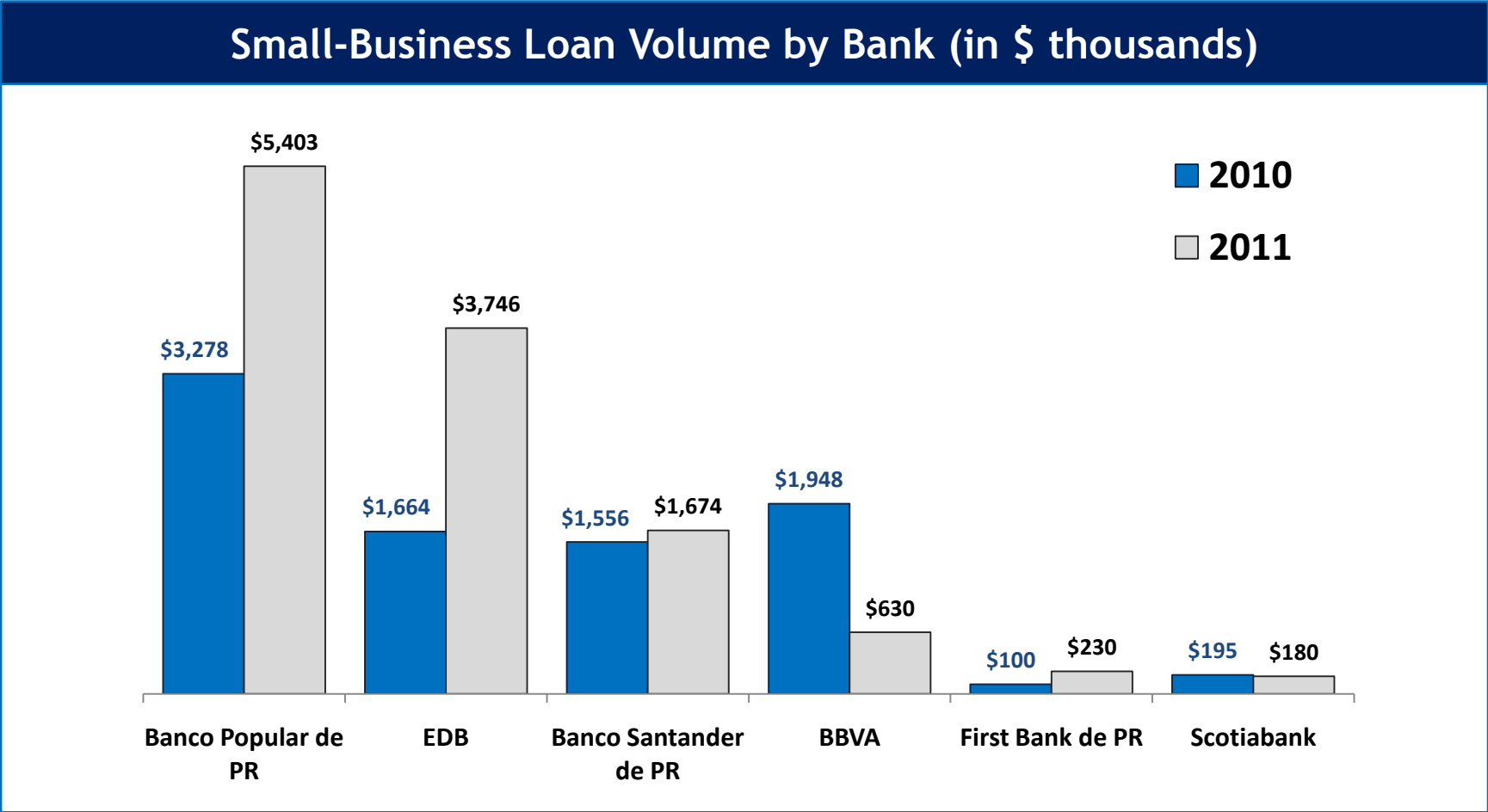
* As of April 30, 2012

Average loan balance from FY 2007 to FY 2012 is \$106,422



* Fiscal Year 2012 closing projections

During 2011 EDB was the second SBA lender within the private banking industry in Puerto Rico



Source: Small Business Administration

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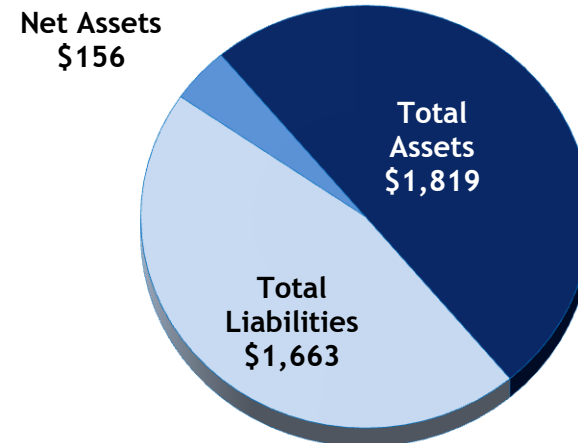
Concluding Remarks

A strong balance sheet has enabled EDB to boost SMEs and promote economic development

Key Financial Highlights

- Solid capital-to-asset ratio of 8.6%
- Stable loan portfolio
- Liquid, high quality investment portfolio
- Increased and consistent profitability
- Experienced and dedicated management team

EDB as of April 30, 2012



Loans, net: **\$230.5M**

Capital Ratio: 8.6%

* As of April 30, 2012

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EDB continues to provide support for small and medium sized businesses to promote economic development initiatives and job creation

EDB Next Initiatives

- 1 Focus on Technology and Innovation businesses in all segments
 - ✓ Renewable Energy Projects
 - ✓ Agricultural Projects - Hydroponics, Organics
 - ✓ Export Services
- 2 Strengthen SME's educational forums
- 3 Expand Commercial Missions collaboration
- 4 Broaden strategic alliances with SME's entities (PRCC, PRIMEX, SBTDC, IEM, among others)



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