



PUERTO RICO
CHAMBER OF COMMERCE
Celebrating Our Centennial

The Puerto Rico Chamber of Commerce
invites you to the...



Economy + Education + Entrepreneurship + Exports =
COMPETITIVENESS



Ranked Top 6
Among 7,000 U.S. Chambers

Realizing Full Potential in Today's Puerto Rico

Eli Sepúlveda
EVP, Head of Commercial Credit
Banco Popular de Puerto Rico

“There is a time in every man's education when he arrives at the conviction that envy is ignorance; that imitation is suicide; that he must take himself for better, for worse, as his portion; that though the wide universe is full of good, no kernel of nourishing corn can come to him but through his toil bestowed on that plot of ground which is given to him to till.”

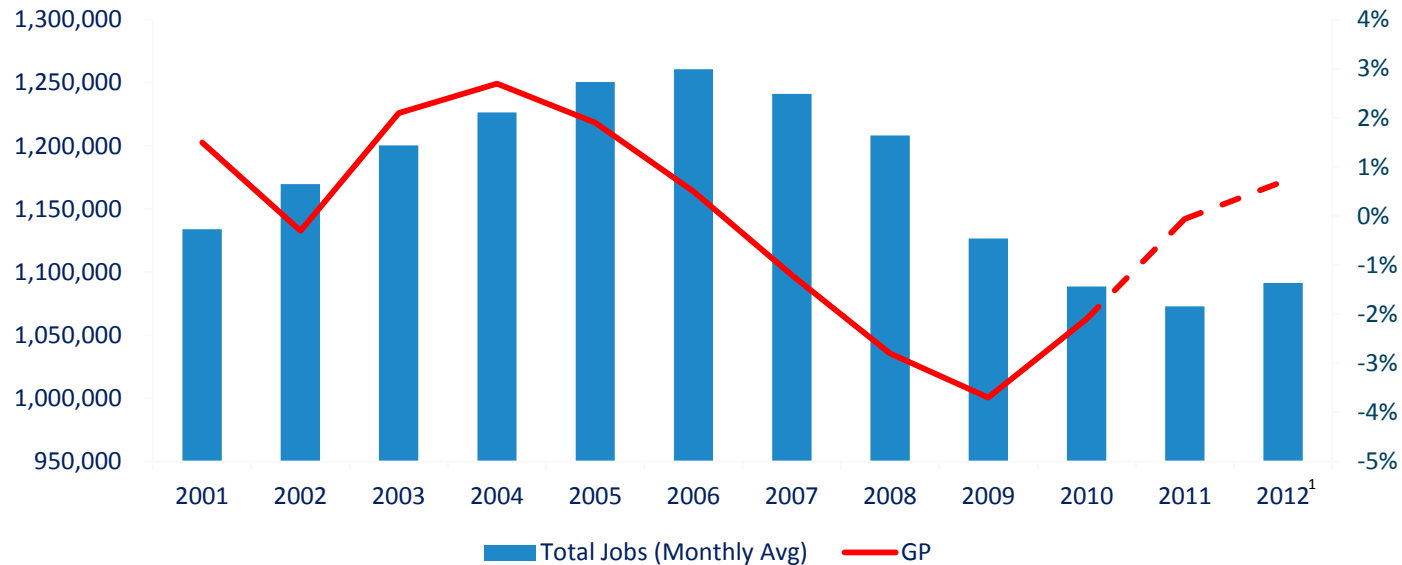
- Ralph Waldo Emerson

Signs of stability increasing



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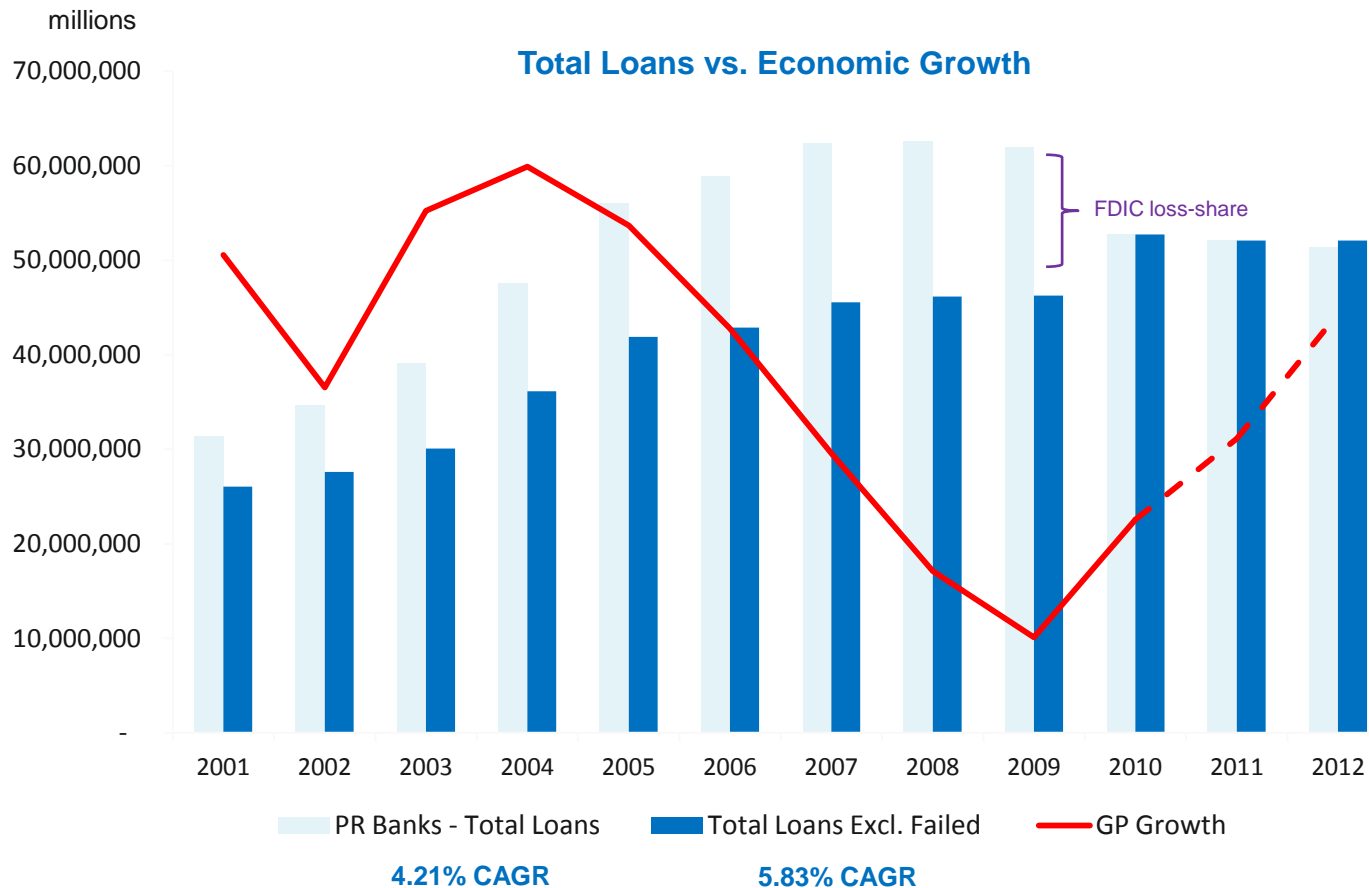
Total Jobs & Puerto Rico's Gross Product Growth



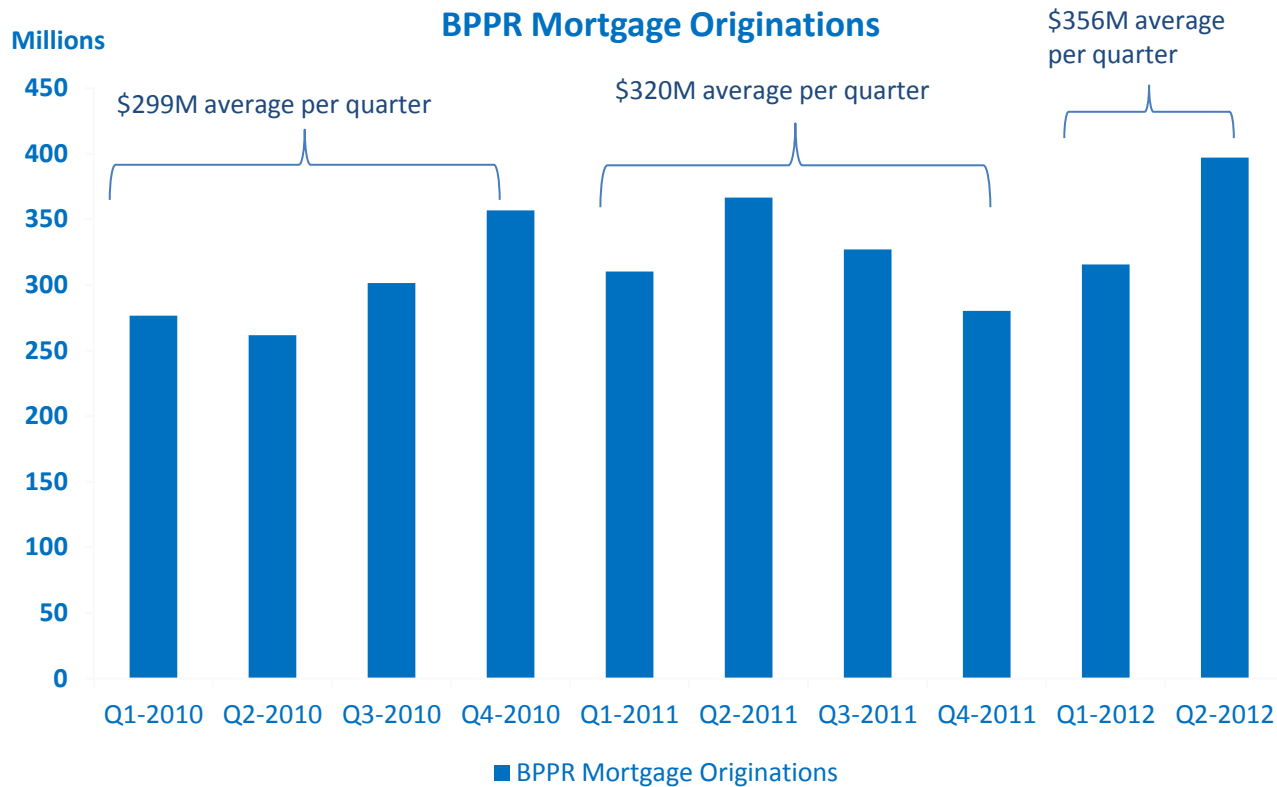
- ✓ Official forecast calls for first positive GNP growth since 2005
 - +0.9% (FY 2012-13) and +1.1% (fiscal 2013-14)
- ✓ 11.5% increase of real gross domestic investment in FY 2010-11 marks largest increase in more than a decade
 - Investment growth driven by purchase of machinery and equipment by private entities, construction of public infrastructure and of industrial and commercial buildings, including renewable energy projects
 - Public/Private Partnerships (PPPs) deals inked in 2011-12: \$2.6 billion for airport, \$1.4B billion for toll roads and \$878 million for schools
- ✓ Housing incentives extended to Dec. 2012
- ✓ Retail sales up 2.24% YTD as of June
- ✓ Hotel registries of non-residents on pace for record year in 2012

Banks in Business to Lend

- In spite of prolonged recession and substantial loan losses, banks have continued lending through the economic cycle
- Loan volumes have recently leveled off amid low demand



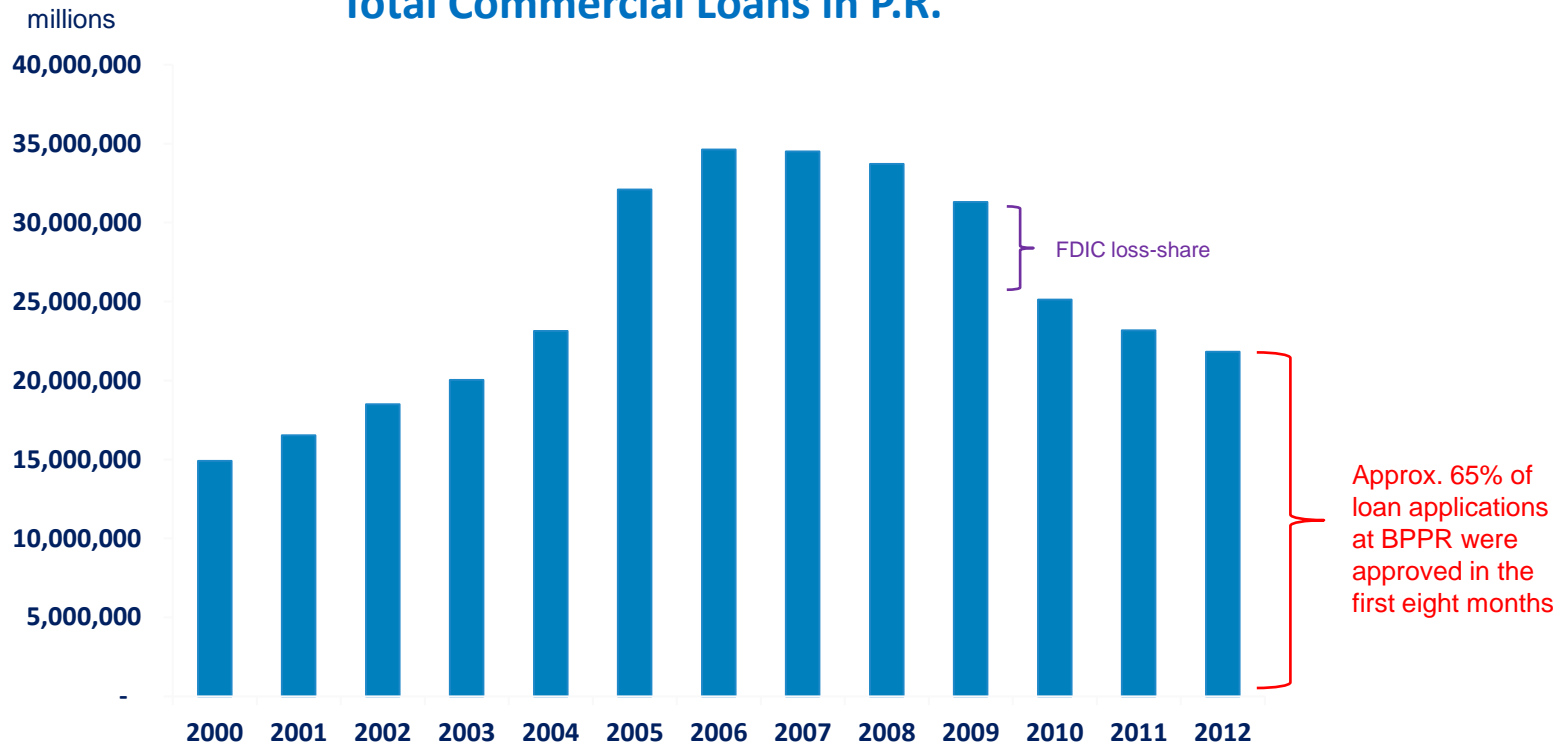
Mortgage Origination Continues Strong



Business sentiment still showing fatigue



Total Commercial Loans in P.R.



- ✓ **BPPR originated \$1.2 billion in commercial loans in 2011 despite weak loan demand**



Lending is banks' most vital business activity

Banks mobilize savings, promote capital formation



\$2,200,000,000

Total of Recent Capital Raises in P.R. Banking Sector

\$7,000,000,000

Additional Capital Injected by FDIC After Auctioning Assets

\$4,199,000,000

Total Capital of Popular



Pause & Recap



- ✓ **Increasing signs of economic stabilization**
- ✓ **Weak loan demand/business sentiment**
- ✓ **Plenty of capital & willingness to lend**
- **So where is growth coming from????**

“There is a time in every man's education when he arrives at the conviction that envy is ignorance; that imitation is suicide; that he must take himself for better, for worse, as his portion; that though the wide universe is full of good, **no kernel of nourishing corn can come to him but through his toil bestowed on that plot of ground which is given to him to till.**”

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nourishing corn = revenues

plot of ground = your business

till = manage



5 Opportunities for Local Businesses

Economic scenario demands greater strategy



Operational Efficiency & Technology

- Fully exploit technology management tools
- Rethink logistics
- Evaluate investment in alternative energy

Customer Loyalty

- Increase knowledge of customers
- Expand loyalty through marketing

Strategic Alliances Sale or Acquisition of Assets

- Explore new partnerships
- Assets sales can increase efficiency
- Asset acquisitions can create economies of scale

Financial & Market Analysis

- Measure different regions (e.g., Caguas' growth)
- Measure different sectors (e.g., tourism, health)

Banking Relationship

- Do not hesitate to visit the bank
- We will support good ideas, strengthen your plans



Concluding Remarks



- ✓ **Have You Maximized Efficiency?**
- ✓ **Is Your Customer Knowledge Greater Than Your Competitor's?**
- ✓ **Have You Separately Analyzed Business Units? Are You Willing To Be The One Who Takes The First Step?**
- ✓ **Do You Know What Your Neighbor Is Consuming?**
- ✓ **Do You Know That Bankers Can Pay For Your Lunch?**

THANK YOU!

your logo