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POLITICAL SCIENCE



# PUERTO RICO CONFERENCE

2012 | Revitalizing Innovation

## The New Reality of the Financial Sector in Puerto Rico

Peter Bessey  
President & CEO,  
Scotiabank de Puerto Rico

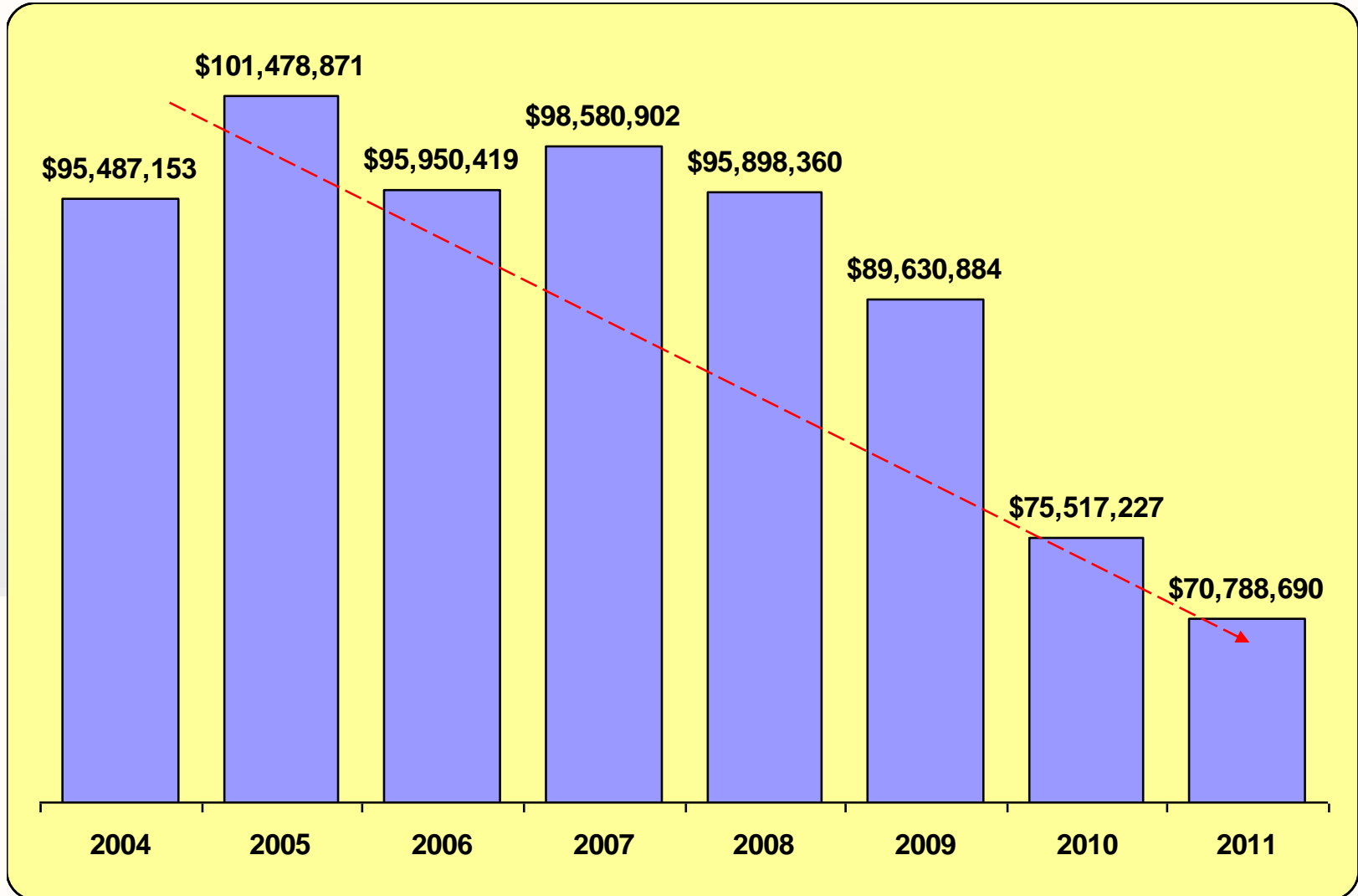
# The New Reality of the Financial Sector in Puerto Rico

## What happened after 2008?

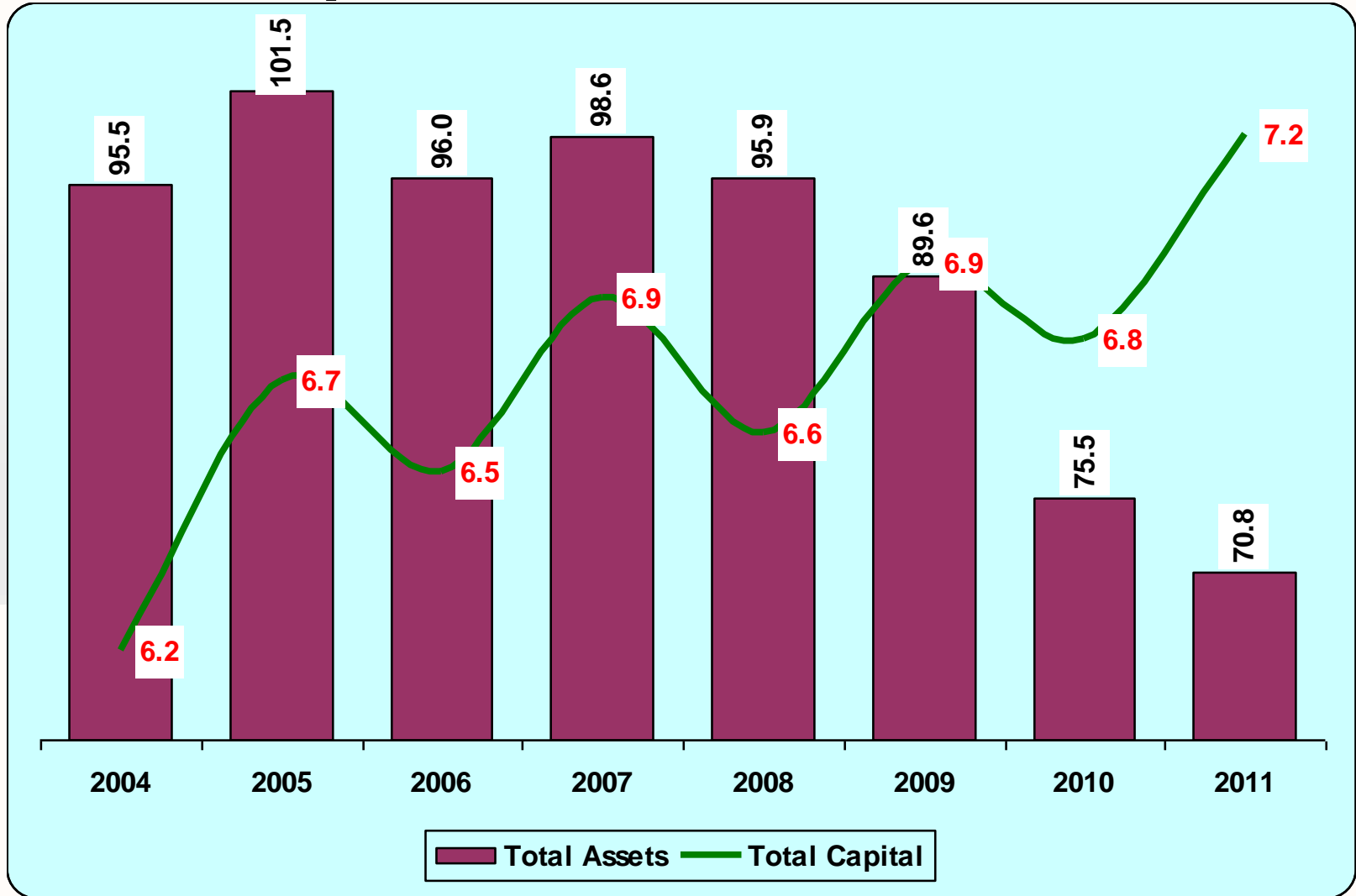
- Financial institutions are now more closely scrutinized and controlled by regulators
- Banks have stricter internal Capital Conditions and therefore are applying increased due diligence in lending practices
- Financial Covenants and Conditions are more rigorous.
- Increased collaboration between financial institutions on larger deals to share the risk

# Commercial Banks

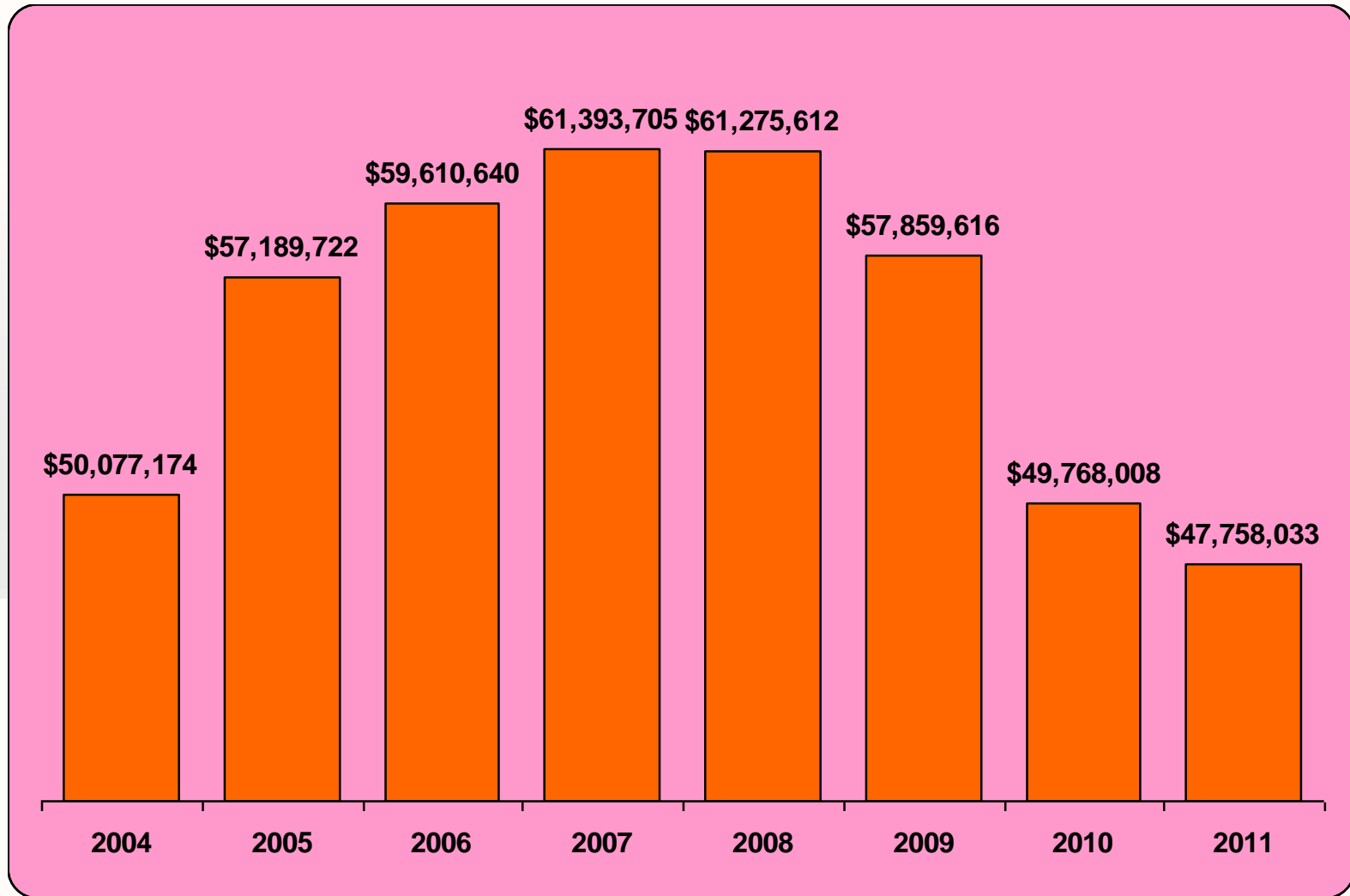
# Commercial Banks – Total Assets (\$,000)



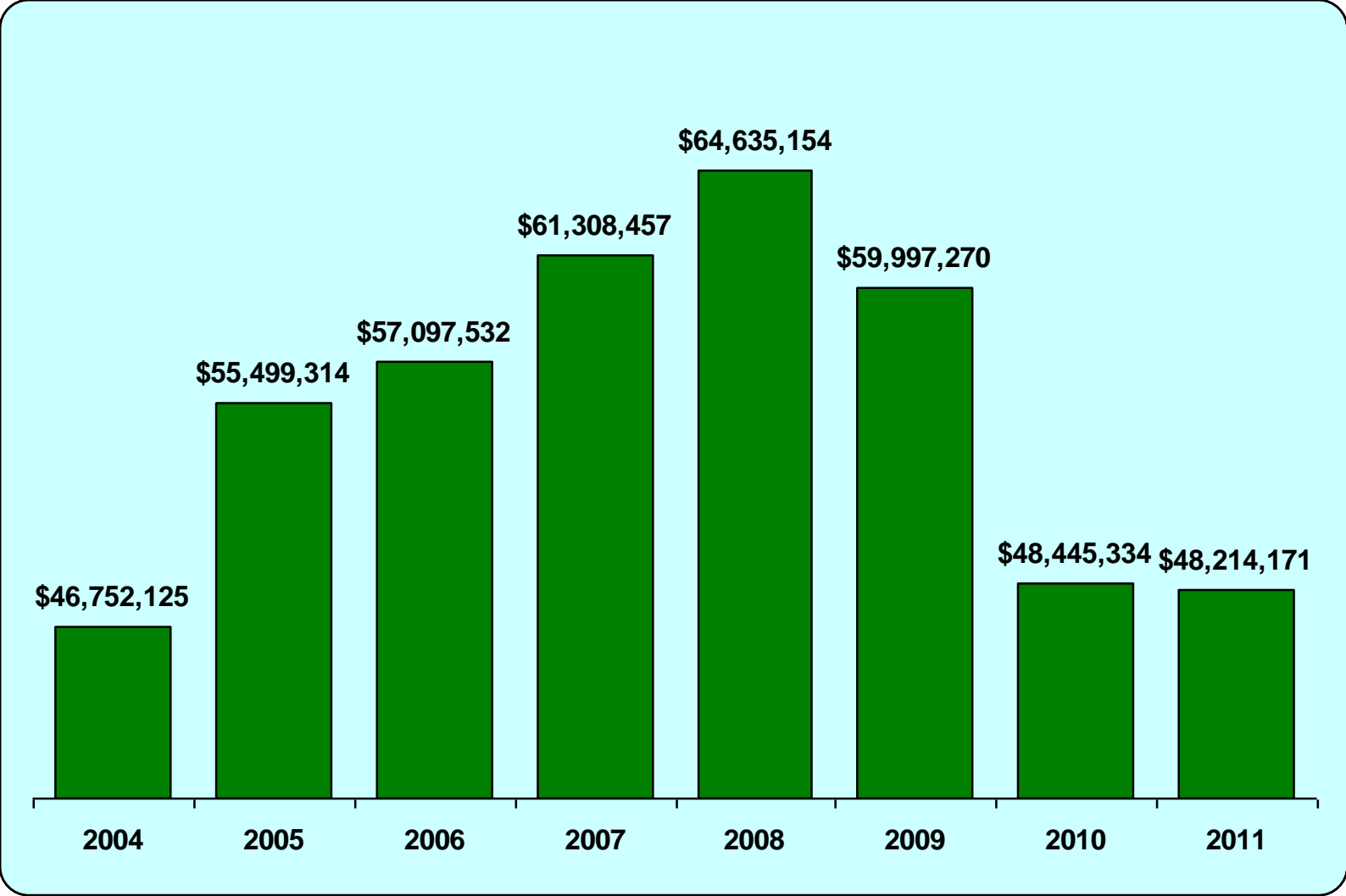
# Commercial Banks – Assets and Capital (\$ Billion)



# Commercial Banks Net Loans Portfolio (\$,000)

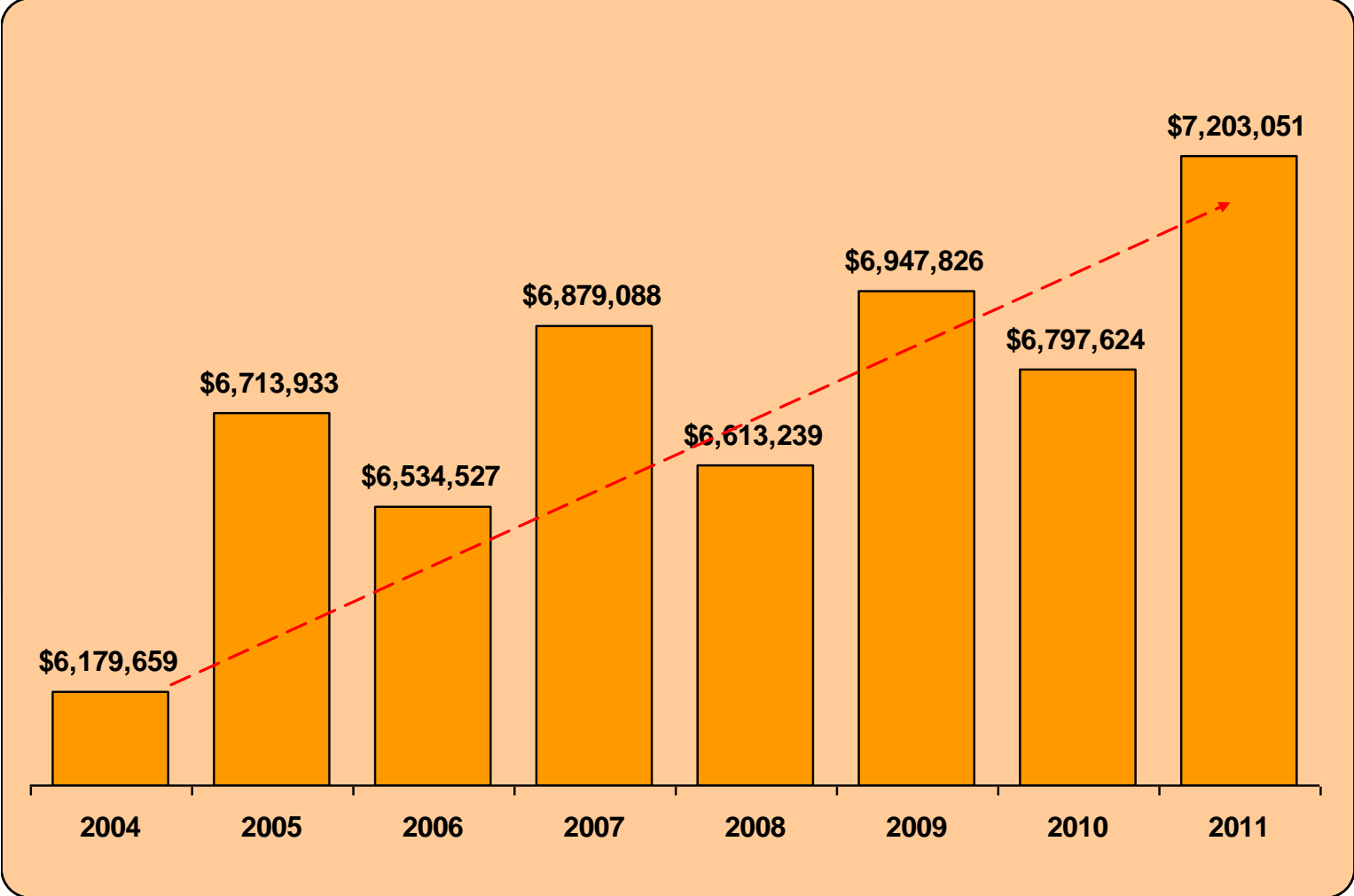


# Commercial Banks Deposits (\$,000)



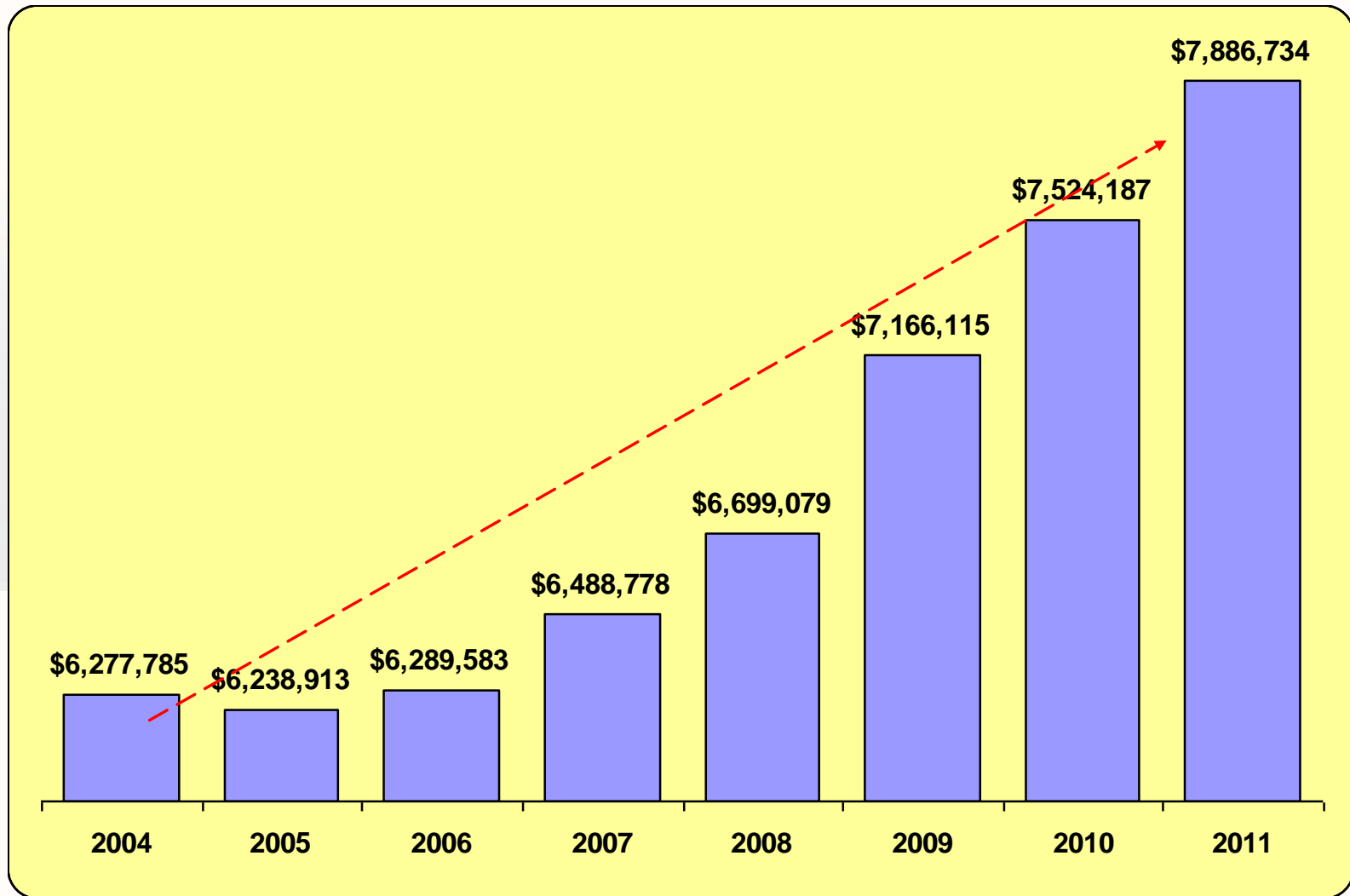
# Commercial Banks Capital

(\$,000)

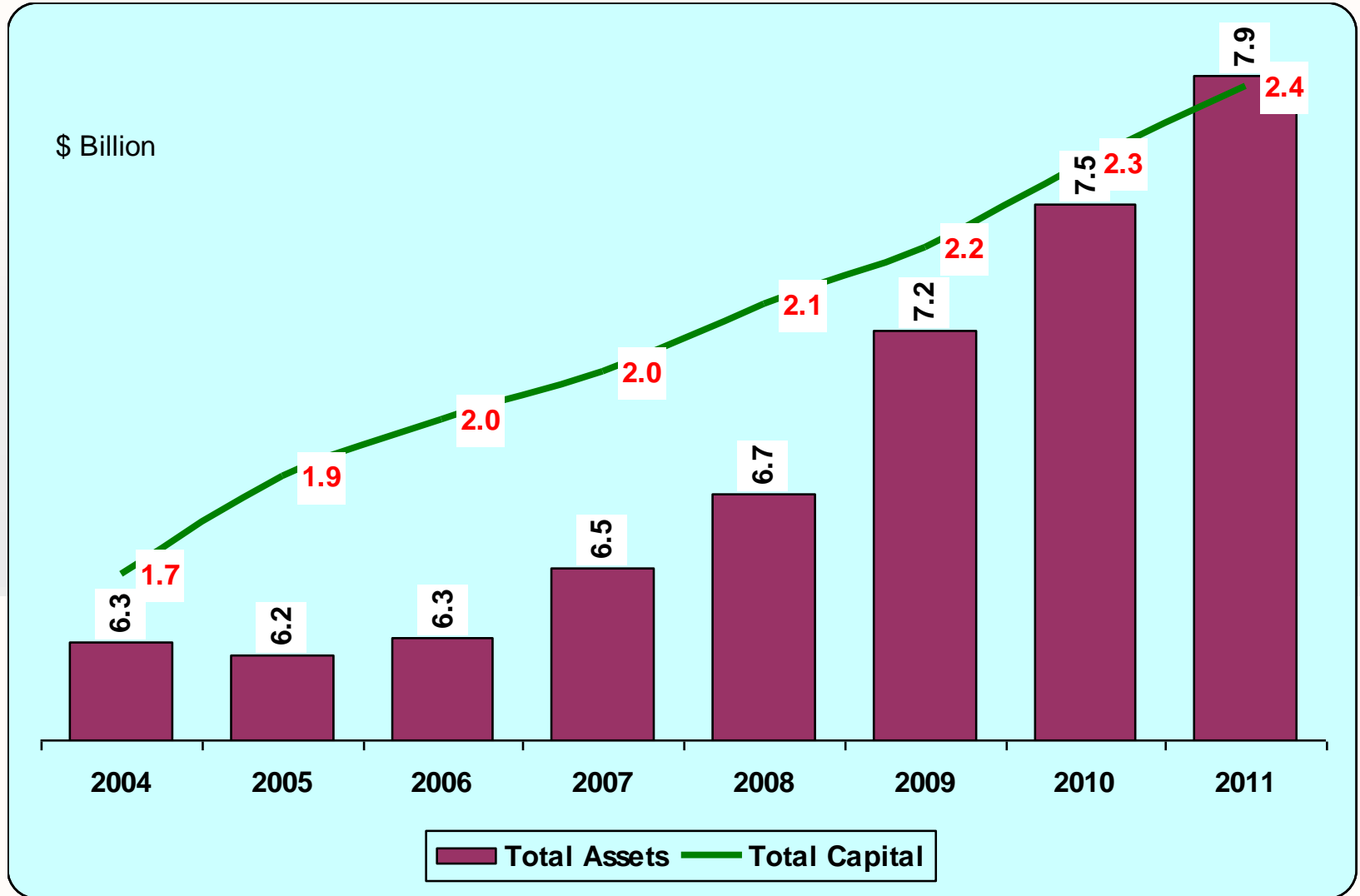


# Credit Unions

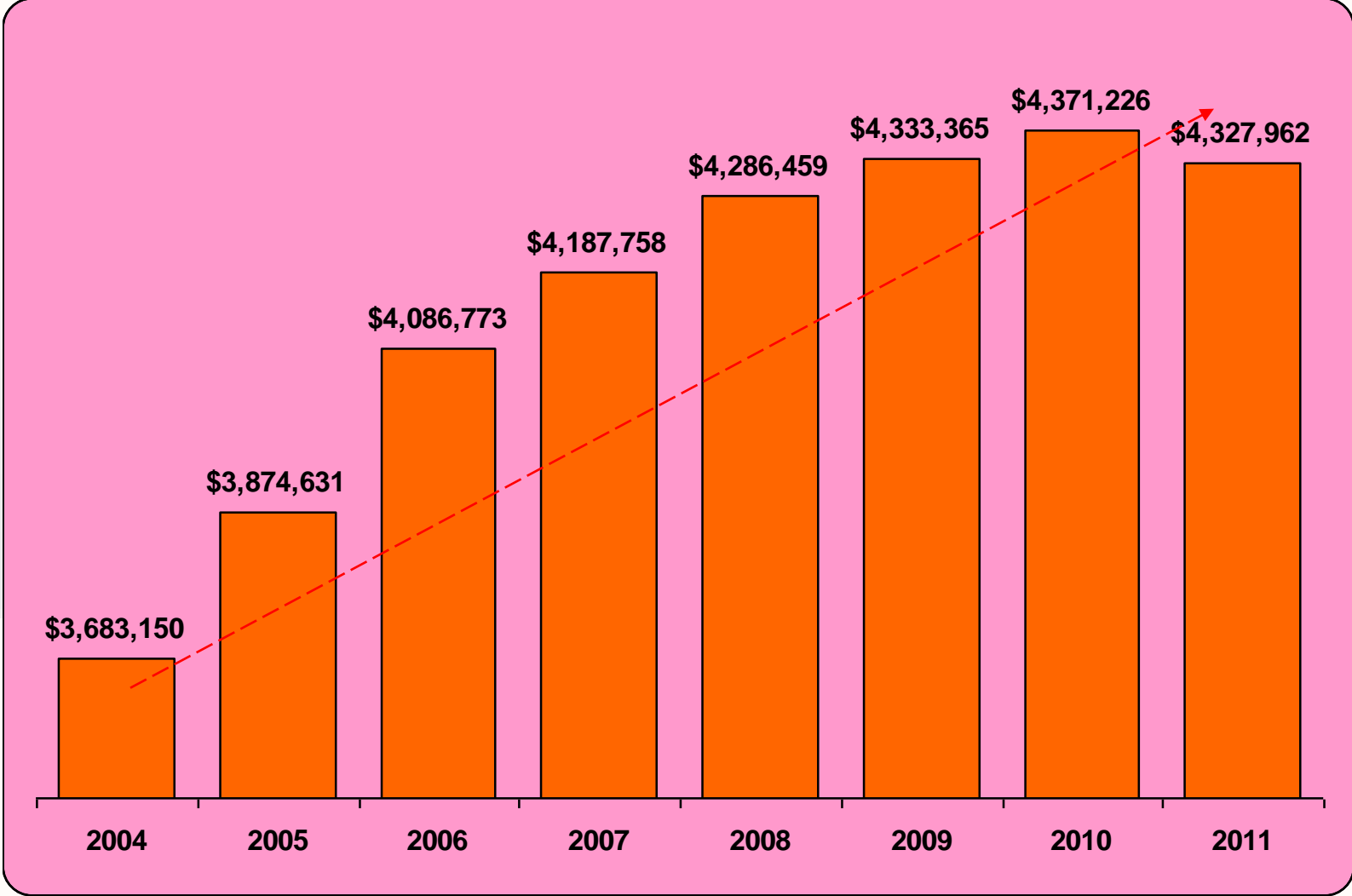
# Credit Unions Total Assets (\$,000)



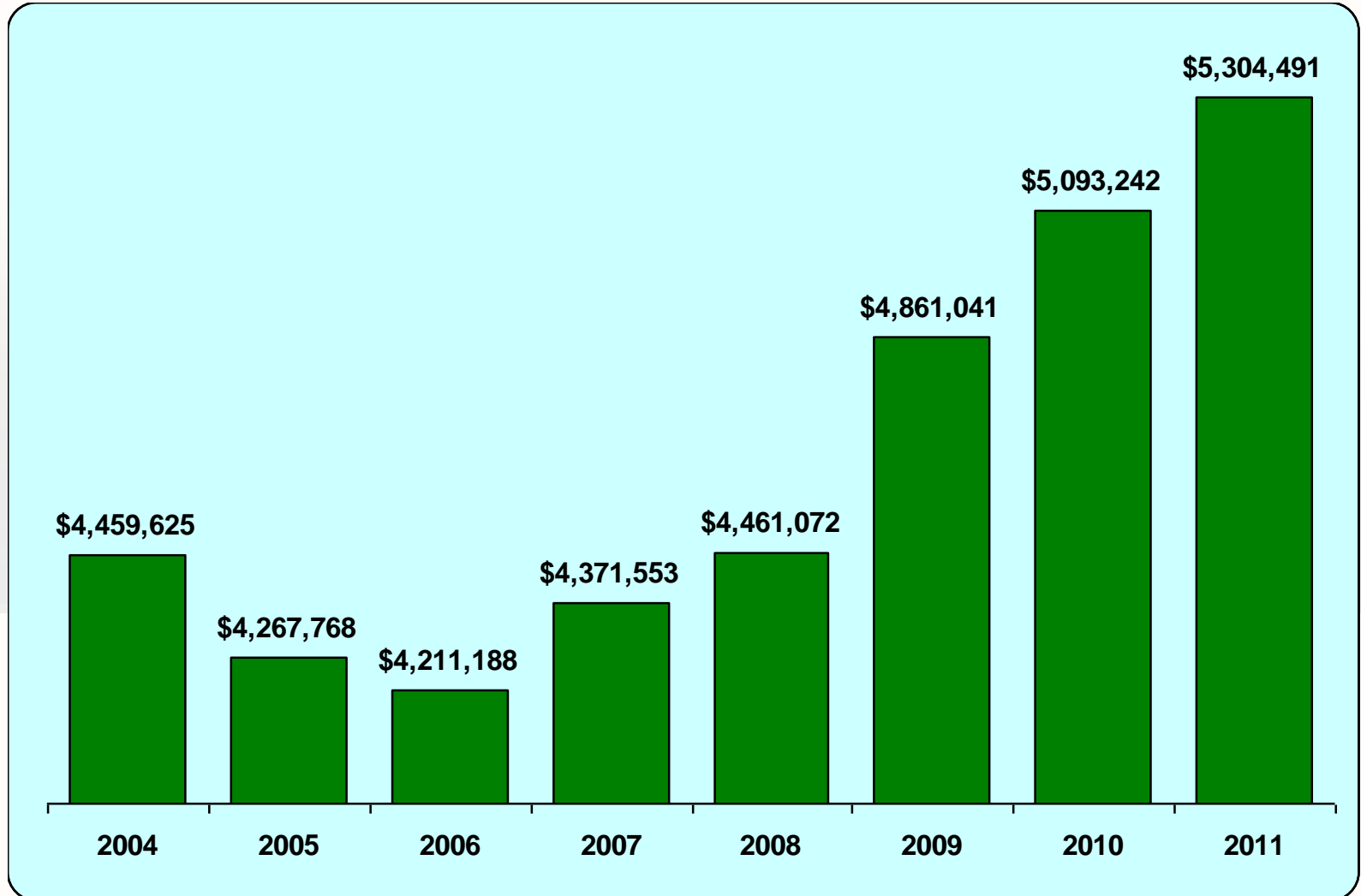
# Credit Unions – Assets and Capital (\$ Billion)



# Credit Union Net Loans Portfolio (\$,000)

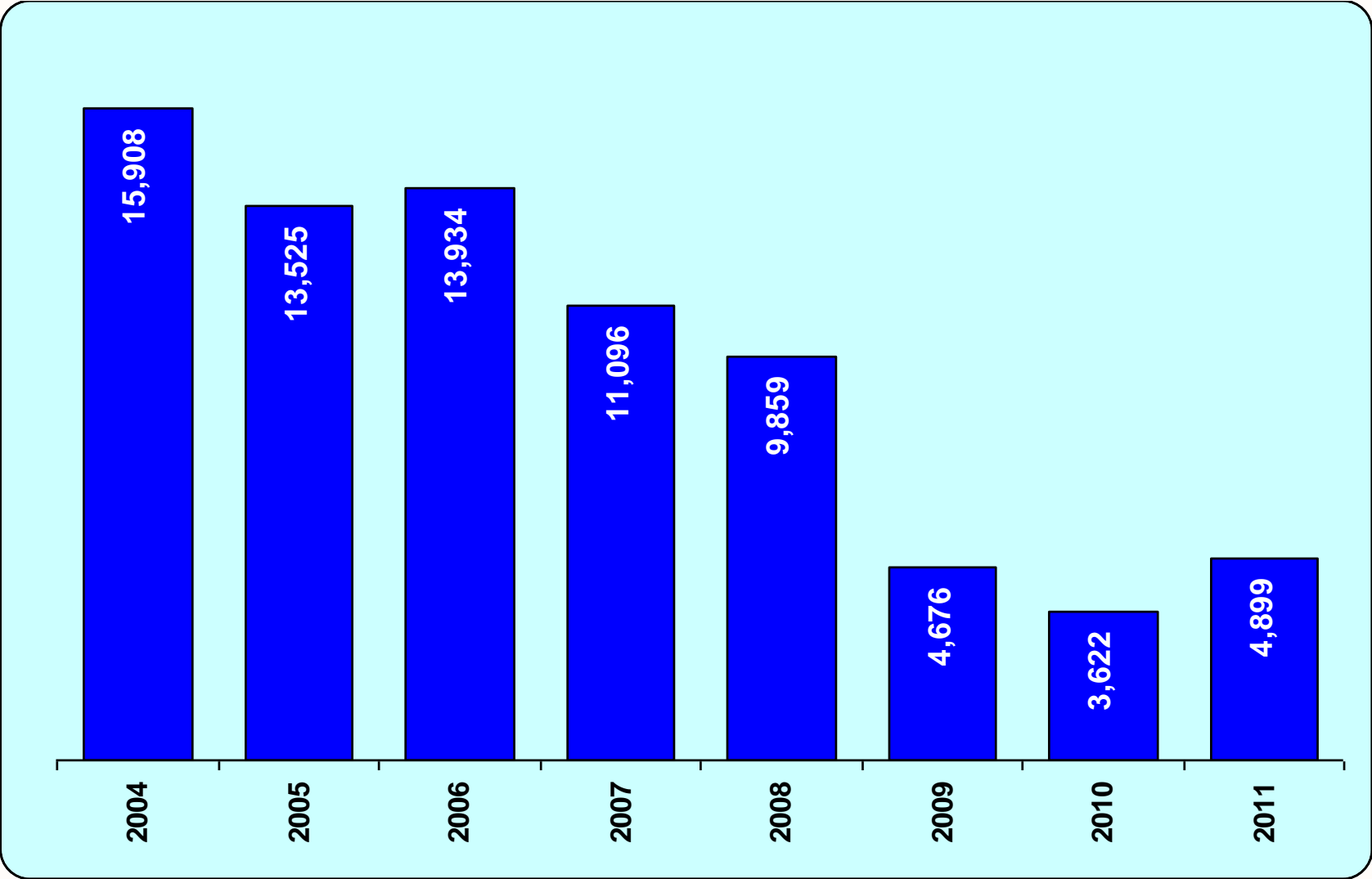


# Credit Unions Deposits (\$,000)



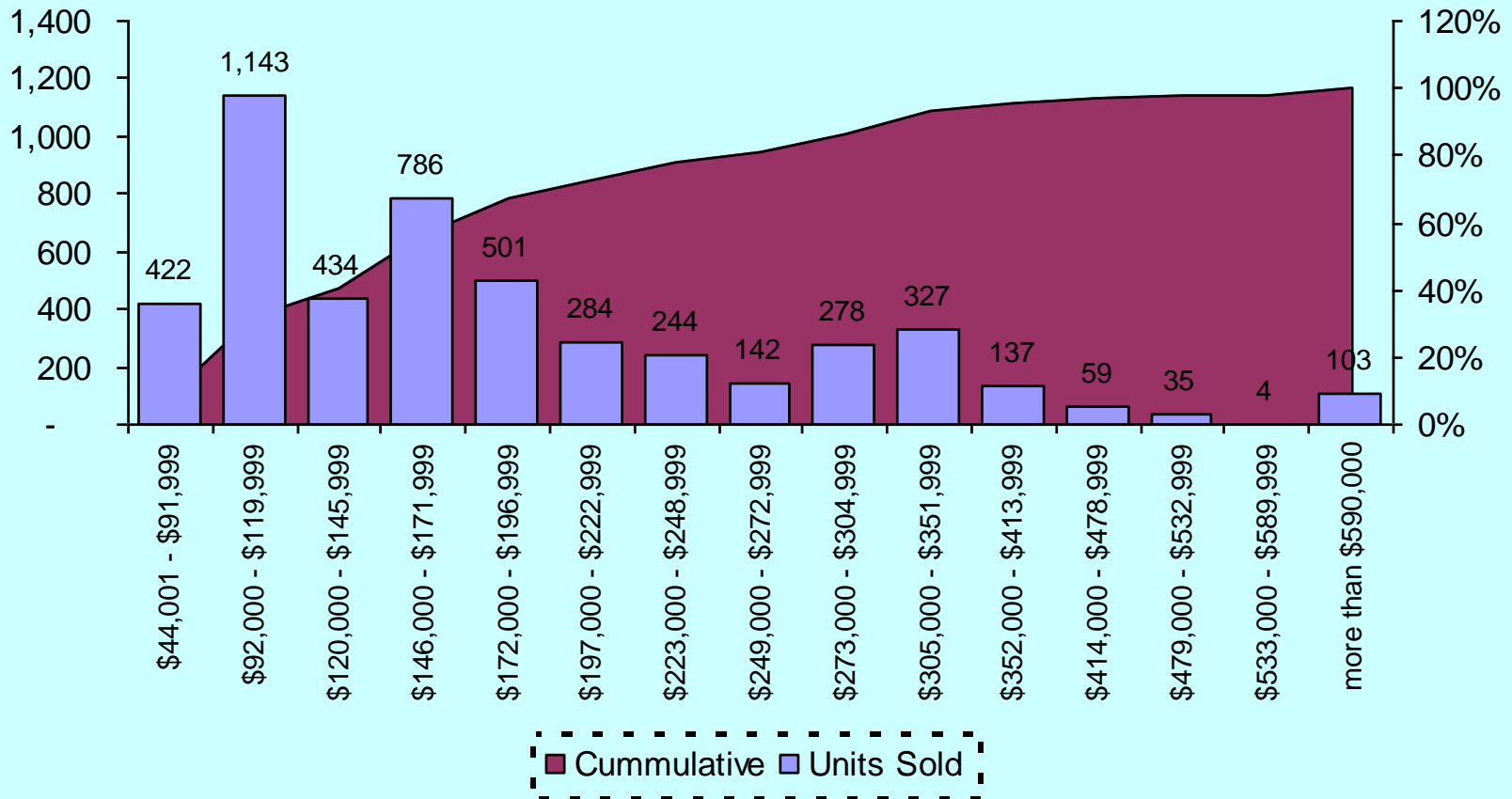
# Housing Sales

# Annual Sales, New Construction Units



# 2011 Annual Sales by Price Bracket

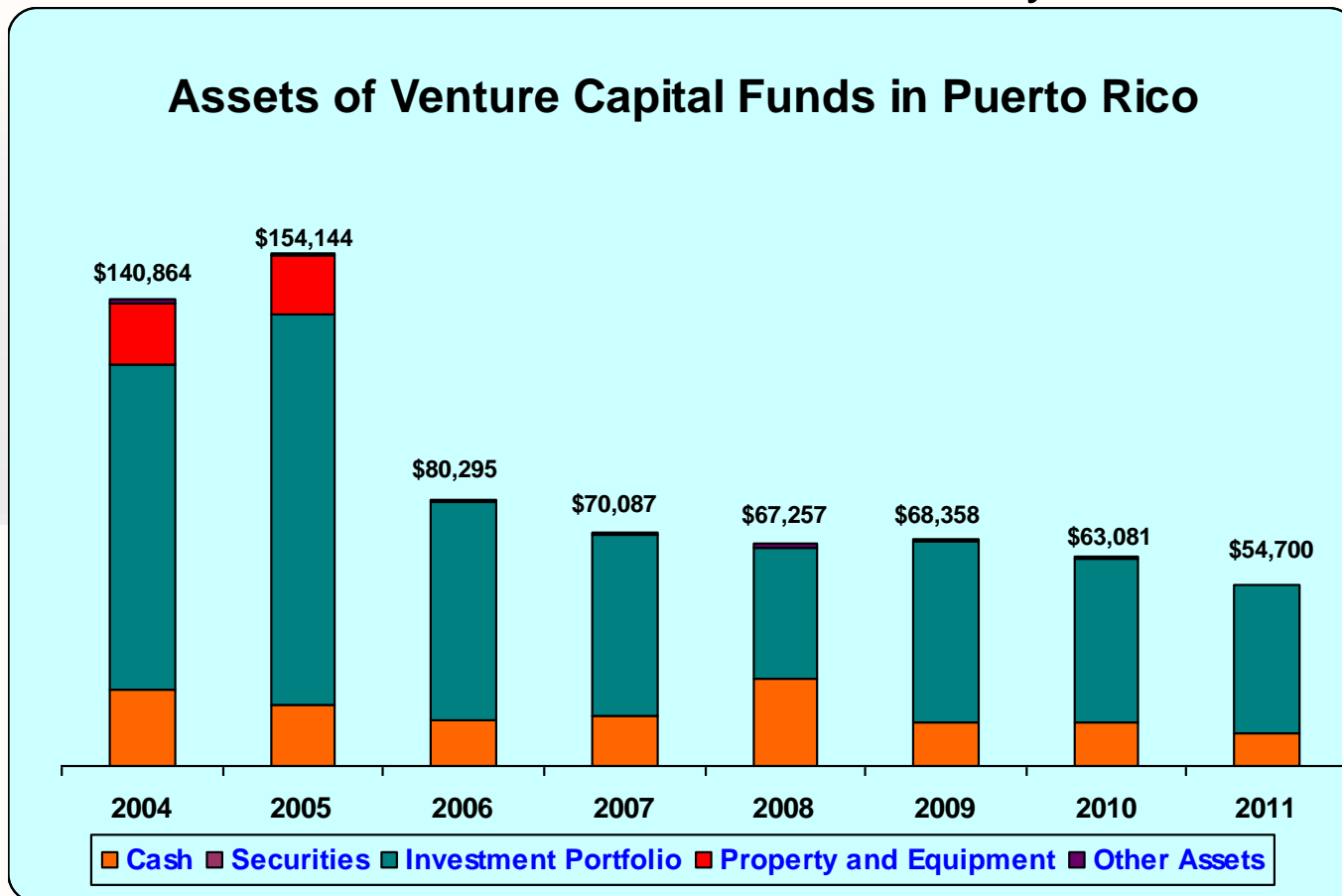
## Annual Sales by Price Bracket (Units)



**Other**

# The New Reality of the Financial Sector in Puerto Rico

- Puerto Rico Venture Capital Funds assets have been declining since 2005.
- Reduction of \$100 million or 65% in the last 6 years.



# The New Reality of the Financial Sector in Puerto Rico

## Programs to bridge Equity gaps in Commercial Loan Applications

- Federal: Small Business Administration programs; mainly used by Small Business owners to cover equity gaps or loan-to-value shortfalls.
- Puerto Rico: Two development funds dedicated to the promotion of new investments in Puerto Rico.
  - The Puerto Rico Development Fund
    - ✓ Newly funded \$200 million program to encourage and support lending by banks in Puerto Rico through the provision of guarantees.
  - The Puerto Rico Tourism Development Fund (TDF)
    - ✓ Created in 1993 to facilitate private-sector financings to the hotel industry. TDF provides guarantees to financings and may provide direct loans.



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**THANK YOU!**