



Banesco
HERE WITH YOU

Puerto Rico Conference, March 28, 2012

¿Que Pasa Puerto Rico?
(What's up?)



PUERTO RICO
CONFERENCE

2012 | Revitalizing Innovation

Why are we here?



Opened our Puerto Rico
branch at
Hato Rey's Golden Mile
September 29, 2011

Banesco USA is “Here With You”

- A Florida State Chartered domestic bank fully FDIC insured.
- Top rating by banking Regulators and outside analysts alike...
- 5 Stars Bank by Bauer Financial.
- Top performing in the 2007-2011 crisis (HOVDE).
- Top performing bank in Miami-Dade 2011 (KBW).
- Solid Capital Tier I Leverage 8.6% and Total Risk-Based 14.5%.
- 2011 ROE of 9.9% and ROA 0.9%.
- NPL < 1.0%.
- FDIC Texas Ratio 24% (including TDR).
- Part of Banesco Group (Venezuela, Panama, Dominican Republic, Colombia).
- Experts in Trade Finance and ExIm Bank loans (delegated authority).

Why are we here?



Banesco USA is “Here With You”

- Puerto Rico is a sleeping giant in the Caribbean Basin....
- GDP essentially the size of Costa Rica, Panama and Jamaica **together...**
(source: CIA 2011 World Fact Book, at Official Exchange)
- Per Capita highest of Latin America.
- Banking Sector of \$50 Bn+ Loan portfolio.
- A huge installed manufacturing capacity and management know-how that is becoming available for local enterprises...
- Infrastructure similar to US mainland.
- Under the Rule of Law of the U.S. Constitution and the Federal Court System.

We are delighted to be “Here With You”;

But here is what happened when we announced our Puerto Rico landing...



Fla.'s BBU Enters Another Battered Region

BY NACHEL WITKOWSKI

For an institution with plenty of capital, **BBU Bank** in Coral Gables, Fla., has made what some consider an odd move — expanding from the troubled Florida market into the turbulent Puerto Rico market.

For more than a decade, U.S. banks have been departing the island. Yet the \$241 million-asset BBU has eagerly moved in, through the purchase of San Juan-based **Banesco International Bank Corp.** BBU's president and chief executive officer, **Rafael Saldana**, a Puerto Rico native, said he sees only potential for growth and

of FDIC-insured banks in Florida as of June 30 — nothing to brag about. Yet in Puerto Rico, the non-performers' share was 4.67%.

Other U.S. mainland banks are unlikely to follow BBU. In addition to Puerto Rico's economic woes, the market is tough to crack

because it has several dozen highly competitive international banks and it is difficult to secure approval for expansion there.

In 2008, Puerto Rico was home to 14 banks insured by the Federal Deposit Insurance Corp. Today, after consolidation, the loss of sev-

eral U.S. banks and three failures in April, seven insured institutions remain, according to the FDIC. **First National Bank of Boston**,

which left in the mid-1990s, was the last mainland bank to open an outpost.

"The real estate market has taken a huge hit, and it really affected a lot of banks in Puerto Rico, and they did not have enough capital to sustain it," said Frank Gonzalez, a partner specializing in financial institutions at the accounting firm Morrison, Brown, Argie & Fara LLP in Miami.

Shrinking Market

Puerto Rican banks ride out island's struggling economy

	June 30, 2009	June 30, 2010
No. of insured banks	16	7
Total assets	\$21.6B	\$15.3B
Total deposits	\$12.3B	\$10.8B
Total loans	\$11.3B	\$12.6B
Nonperforming to total assets	7.7%	8.9%
Return on assets	1.2%	-0.3%
Return on equity	2.3%	-0.1%

Source: FDIC

TOP STORY

Alfredo Padilla: 'Bank merger demonstrates trust in Puerto Rico market'

Financial Institutions Commissioner touts fusion of local IBE Banesco International Bank with Fla.-based BBU Bank

BY JOSÉ L. CARMONA
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Puerto Rico Financial Institutions Commissioner Alfredo Padilla said the acquisition and merger by South Fla.-based BBU Bank of local international banking entity (IBE) Banesco International Bank Corp. demonstrates "the owner's trust in our market."

"When other banks only see the negative, these people understand that there's still a market here to raise a healthy loan portfolio and that



Alfredo Padilla, Puerto Rico Financial Institutions commissioner

they have faith in Puerto Rico," Padilla told CARIBBEAN BUSINESS during an exclusive interview. "The fact that the Federal Deposit Insurance Corp. (FDIC) authorized the transaction, is very important for us because it means that the IBE's deposit portfolio, essentially owned by Venezuelans, remained covered by the deposit insurance. Now these deposits will begin producing in our economy, and the bank will pay local taxes if successful."

Padilla noted the island has a "window of opportunity" to attract Venezuelan capital to our economy, and that the BBU Bank/Banesco deal was a real example of that. He added that the local International Banking Center had other

¿Qué Pasa Puerto Rico?



Yes, Puerto Rico can “Do it Better”

From Miami (and from Venezuela, Panama, DR and Colombia...) we are rooting for Puerto Rico as a key player in the Caribbean basin trade business...

- \$41 Bn in total world trade in 2011 (source: US Customs District)
- Most Export / Import - 70% - is concentrated in pharmaceuticals / chemicals and 90% is multinational companies...
How about local industry...? ¿Qué Pasa Puerto Rico?
- Small and medium sized locally owned companies have a huge opportunity...but, we need to retrain / re-educate for export; to look South and West (not just North)
- Now Puerto Rico has a spectacular export initiatives law for both Goods and Services...
 - ↳ Export what Puerto Rico has in abundance? **Talent**
 - ↳ Leverage on the Puerto Rico Engineering base....

Puerto Rico does it better!

Role of Banking in Trade Business:

Bankers have been the traditional partners in Trade business. Banesco is ready and able to join forces with Puerto Rico's industry and the local banking sector...

- Banesco has a symbiotic domestic banking presence in Venezuela, Dominican Republic, Panama, Colombia, and South Florida focused on Trade business as a strategic vector...
- Delegated authority from ExIm Bank.
- A Global Trade Finance department ready to assist.

Yes, Puerto Rico can Do It Better in Export / Trade Business

Let's start looking South and West....

**In Trade Finance Business... We are;
Here With You... Thanks!**



Banesco
HERE WITH YOU

