



**BANCO DE DESARROLLO  
ECONÓMICO  
PARA PUERTO RICO**

**GOBIERNO DE PUERTO RICO**

**June 9, 2010  
Mrs. Lizzie Rosso Tridas  
President**

# **Our Mission:**

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**To facilitate financial products for small and medium enterprises that in turn contribute to the creation and retention of jobs, thus supporting the economic development of Puerto Rico.**

**We listen to the financial needs of small and medium entrepreneurs, up to \$5 million**



# We are focused on the entrepreneur...



Mr. José Valentín  
President Sofscape Caribe, Inc.

- The non-traditional entrepreneur
- The rising entrepreneur
- The young entrepreneur
- The female entrepreneur

## We are more flexible...

- In the design of credit programs
- In the handling of difficulties

# We take on more risk. . .

- We look for businesses with a future.
- Especially emphasis on the creation of new businesses, and development and retention of jobs.
- We measure our success on the progress of each business we serve.



# Economic Sectors:



- Tourism
- Manufacturing
- Service
- Commerce
- Agriculture



# Some of our financial products include:

- Female Entrepreneur
- New Entrepreneur
- Agricultural Loans
- Interest Reimbursements Programs
- Direct Loans



# As well as:

- Tax Credits
- Syndicated loans with Commercial Banks and other financial institutions
  - Asset Based Lending
  - Syndication with local commercial banks and Savings and Loans institutions
  - SBA-504 Program
- Mezzanine Financing
- Tourism Projects
- Management Buy-outs



# Loans for New Venture Creation

## • Female Entrepreneur and New Entrepreneur Terms



- Maximum Amount: \$500,000
- Financing up to 90% of the project's cost
- Interest: Variable Preferential Rate plus up to a 1% margin
- Collateral: Required collateral and guarantee, acceptable to EDBPR
- Continuous Education required
- Acceptable accounting reporting





# Agricultural Loans

Financing programs specially directed to small and medium farmer.



Permitted Uses	Terms	Percentage financed
Land Financing	Up to 30 years	Up to 80%
Machinery and Equipment Purchase	Up to 7 years	75% for new equip. 60% for used equip.
Construction or improvement of agricultural structures (e.g. warehouses)	Up to 10 years	80%
Working Capital	Up to 7 years	Up to 100%

# Interest Reimbursement

Agreement between the EDBPR and several municipalities, where the EDBPR reimburses up to 75% of interests paid for 3 years or for 1/3 of the term of the loan, whichever is less, based on the number of jobs created or maintained.

<b>Number of jobs created or maintained</b>	<b>Interest percentage to be reimbursed</b>	<b>Adjusted interest rate with 6% base</b>
1 to 3 jobs	25%	4.50%
4 to 8 jobs	50%	3.00 %
9 jobs or more	75%	1.50%

# Direct Loan

Product created to serve to the financial needs of small and medium enterprises, with the following terms:

- Maximum amount: \$5 million
- Minimum contribution: starting from 10% for established businesses and from 20% for new businesses, or that have been in operation for two years or less.
- Interest: Interest rates will be considered, based on the prime rate plus a margin to be determined by the Bank (fixed or variable interest)
- Collateral: Collaterals / guarantees acceptable by the EDBPR are required



# Tax Credit Financing Loans

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- Film Productions
  - As approved by the Puerto Rico Treasury Department
- Loans for Historical Inner Cities Improvements and Reconstructions (as per Act 212 )
  - Financing of materials and labour used during the reconstruction of a structure to be used for commercial or entrepreneurial purposes.

# Syndication with local banks and other financial institutions

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In order to make viable those transactions that go over EDBPR's lending limits or to include the commercial banks in certain transactions, the following programs can be syndicated:

- Asset Based Lending
- Loans with Commercial Banks and Savings and Loans Institutions
- Loans under the SBA-504 Program.

# Mezzanine Financing

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- Hybrid between regular debt and subordinated debt or even equity investment
- Used to finance the growth of existing companies
- It is basically a loan that allows the lender to convert to an equity position if the debt is not paid within the Loan Agreement terms.

# Tourism Projects



Financing of small inns that have the official endorsement from the Puerto Rico's Tourism Company



# Management Buy-outs

Financing for the acquisition of existing companies





# Lines of Credit

- Financing based on contracts that are conditionally ceded to the EDBPR
- Financing based on ceded Accounts Receivables for Inventory purchases.



# Green Loan

## Description of the Program

**Purpose:** Provide financing to eligible clients for the acquisition and installation of renewable energy technology and for energy modernization (retrofit).

**Eligible Projects:** Purchase and installation of solar and wind energy machinery, energy modernization (retrofit), as approved or certified by the Puerto Rico Energy Affairs Administration (EAA).

- Financing up to 50% of the total cost of the project with a maximum of \$300,000.
- The machinery to be acquired and its installers are subject to approval and certification from the EAA.

# Key Aspects of the Credit Analysis

- *Business Plan*
- *Client Interview*
- *Site Observation*
- *Financial Statements*
- *Credit History*
- *Photos*
- *Projections*
- *Others*



*Credit Memo*

Analysis



*Decision*

*Credit Committee  
Board of Directors*



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