

Strengths and Opportunities

Fintech & Insurtech

- A mature industry that inspires fintech and insurtech innovation
- Home to the #1 payment processing platform provider in Latin America

Blockchain

- The preferred destination for a growing global blockchain community
- Banks that accept digital assets
- Sale and use of utility tokens as service exports
- Exempts taxes on capital gains

Talent

 Financial services are bolstered by over 40,000 bilingual experts in local, U.S., and international banking and insurance regulations Puerto Rico's financial services industry is the most sophisticated in the region thanks to decades of expertise and a unique combination of federal regulations and local tax exemptions. The island is unique in offering offshore destination banking and finance freedoms while under the protection of the U.S. government. With a bilingual, educated workforce and distinctive regulations, Puerto Rico is the perfect place to expand financial products to Caribbean and Latin American markets.

The local incentive code reinforces the benefits of operating an international financial entity in Puerto Rico or taking advantage of what island based financial institutions offer. The regulatory landscape allows local International Financial Entities (IFEs) to offer non-local clients banking and financial services while maintaining the trust and confidence of a U.S. jurisdiction. These institutions are regulated by both federal agencies and associations and local authorities, providing ample support to both IFEs and their clients.

Globally Unique Banking

Largest Players



7 Commercial Banks \$64.7B in assets

28 International Banking Entities (IBEs) \$56.7B in assets 854
Licensed financial institutions

Solutions

Licensed financial Entities (IFEs)

Solutions

Solu

IFEs under Act 60

Benefit from Unique Tax Incentives

- 4% fixed income rate
- 50% exemption of municipal license tax
- 75% exemption of real & personal property tax
- Tax exemptions for export services
- Incentives for international insurers & reinsurers, financial entities, and private equity funds

Basic Requirements

License from the Office of the Commissioner of Financial Institutions (OCIF)

Min. \$5 million in capital – of which at least \$250,000 must be paid-in

Min. \$300,000 in free and clear assets, or equivalent financial guarantee

4 full time employees in Puerto Rico

Must comply with the Bank Secrecy Act, the Patriot Act, and the regulations set by the Office of Foreign Asset Control (OFAC)

In Puerto Rico, IFEs can:

- Accept deposits
- Borrow money
- Lend money, including refinancing and underwriting
- Provide letters of credit
- Exchange foreign currency
- Finance trades
- Provide other financial services like:
 - Securities brokerage
 - Clearinghouse services
 - Asset management



Insurance

Puerto Rico's unique regulatory landscape and incentives code makes the island one of the most competitive jurisdictions for international and captive insurers in the world. Local legislation supports domestic and international insurers and reinsurers, making the local insurance industry the largest in Latin America on a per capita basis, representing \$14.3 billion in written premiums. This regulatory terrain supports exceptional industry growth and has inspired a globally unique captive insurance market. According to Captive Review, protected cells, whose premium volume increased 24% last year, contribute 70% of premium growth.

The Island's one-of-a-kind insurance industry is regulated by the Office of the Commissioner of Insurance (OCI) and supported by the International Insurers Association (PRIIA). The Office of the Commissioner of Insurance of PR is an accredited member of the National Association of Insurance Commissioners (NAIC) and is also a member of NAIC's Latin American counterpart, ASSAL. Excellence in insurance is complemented by the over 11,600 intermediaries, including 2,049 authorized provisional representatives. There are 1,162 licensed entities serving local and international clients.

Home to:

International insurers

481

Protected cells

Domestic insurers

Foreign insurers

Why Puerto Rico?



Recognized insurance regulator

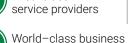


Easy access to mainland U.S. and Latin America



First-class

infrastructure





Attractive tax incentives

177%

Growth in assets under management (AUM) of international insurers between 2015 - 2019

2.7%

Growth in insurance market value from 2018 - 2019.



Jurisdiction

- Federal insurance and banking regulations, U.S. dollar, and stable business environment
- Legal & intellectual property protections of the U.S.



Workforce & Talent Development

- Over 80 universities with 60% of graduates in STEM fields
- Average industry wages are 46% lower than the national average
- Bilingual in English and Spanish



Organizational Support

- Office of the Commissioner of Financial Institutions (OCIF)
- Office of the Commissioner of Insurance (OCI) and the National Association of Insurance Commissioners (NAIC)
- Puerto Rico International Insurers Association (PRIIA)



High Quality of Life

- Diverse outdoors activities from pristine beaches to dense rain forest, mountains, caves, and canyons
- Rich cultural experiences from nighttime dancing to centuries old museums
- Over 50 certified historic landmarks



Estate

- Island-wide ICT infrastructure, including multiple 5G providers
- Lowest cost of Class A office space relative to comparable cities in the U.S.

