



April 1, 2016

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO STATEMENT IN RESPONSE TO RECENT MEDIA REPORTS ON THE FUTURE OF THE GDB

San Juan, P.R. – Today, Melba Acosta Febo, President of the Government Development Bank for Puerto Rico ("GDB" or the "Bank"), issued the following statement in response to several rumors recently reported in the media:

"The Government Development Bank became aware of rumors claiming that a bill will be introduced today to shut down the Bank. This rumor is false – the GDB will neither shut down nor be privatized.

This irresponsible rumor is damaging to the Bank as an institution, as well as needlessly harmful to our employees and their families. Bank management has met with employees and informed them that, due to the fragility of the Bank's liquidity, all available options are currently being reviewed. These options will responsibly address the issues facing the Bank and will not involve the dismissal of public employees. As we have for weeks, GDB representatives continue to engage with a considerable group of our creditors about the restructuring of the GDB's debt. As we have stated publicly, the Government is also considering additional measures to address this situation, such as declaring a temporary moratorium on payments, and amending the GDB charter.

I, and representatives of the Puerto Rico Electric Power Authority ("PREPA"), were recently in London attending meetings regarding the GDB's and PREPA's soon-to-expire insurance policies. This was a long scheduled trip – though these policies are active, we are in the process of negotiating their renewal. During these meetings, I provided an overview on the Commonwealth's finances, covering the Krueger report, the Fiscal Adjustment Plan, the public offer made to bondholders and the status of the Commonwealth's and PREPA's debt-restructuring negotiation processes.

As I have stated publicly on multiple occasions, including this week, it is important that everyone in Puerto Rico understand that the GDB's fiscal standing, as well as the Commonwealth's fiscal standing, is delicate due to the fiscal crisis we are confronting. For this reason, the GDB's Board of Directors and management continue to urgently evaluate all available options to safeguard public finances. We will continue to move forward on several initiatives simultaneously as no final decisions have been made at this time."

Not an Offering of Securities

This statement does not constitute, nor does it form part of, an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or an offer or recommendation to enter into any transaction. This presentation has been prepared for informational purposes only. Any offer or sale of any security may only be made pursuant to the relevant offering documents and binding transaction document and is subject to the detailed provisions therein, including risk considerations. Prospective purchasers should obtain a copy of the relevant offering materials prior to making any investment decisions.

Forward-Looking Statements

The information included in this statement contains certain forward-looking statements. These forward looking statements may relate to the fiscal and economic condition, economic performance, plans and objectives of the Commonwealth of Puerto Rico or its agencies or instrumentalities. All statements contained herein that are not clearly historical in nature are forward looking.

This statement is not a guarantee of future performance and involves certain risks, uncertainties, estimates, and assumptions by the Commonwealth and/or its agencies or instrumentalities that are difficult to predict. The economic and financial condition of the Commonwealth and its agencies or instrumentalities is affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Commonwealth and/or its agencies or instrumentalities, but also by entities such as the government of the United States of America or other nations that are not under the control of the Commonwealth. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the Commonwealth's or its agencies or instrumentalities' projections.