



December 1, 2015

**STATEMENT FROM
THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
REGARDING DECEMBER 1, 2015 DEBT SERVICE PAYMENT**

Government Development Bank Meets Scheduled Payments of Principal and Interest and Announces Governor's Executive Order to Redirect Available Revenues Pursuant to Constitutional Obligations

San Juan, P.R. – The Government Development Bank for Puerto Rico (“GDB”) today announced that it paid all principal and interest payments due today on certain outstanding GDB Notes. In addition, the Governor of Puerto Rico signed Executive Order No. OE-2015-46 (the “Executive Order”), which provides that the Commonwealth will begin to redirect certain revenues in light of recently revised revenue estimates and its deteriorating liquidity situation. Pursuant to the Executive Order, certain available revenues that have been budgeted to pay debt service on the debt of certain public corporations may be redirected, pursuant to constitutional requirements, to pay “public debt” (debt issued or guaranteed by the Commonwealth).

Pursuant to the Executive Order, the Secretary of the Treasury may retain, for the application to payments due on the Commonwealth’s “public debt,” certain revenues assigned to particular public corporations which, by law, constitute “available resources” subject to the Commonwealth’s priority provisions set forth in the Constitution.

“Today’s debt service payments reflect our commitment to honor our obligations notwithstanding the extreme fiscal challenges we face in an effort to facilitate a voluntary restructuring process with our creditors,” said GDB President Melba Acosta Febo. “However, make no mistake, Puerto Rico’s liquidity position is severely constrained at this time despite the extraordinary measures the Government has taken to improve it.”

“We hope today serves as a clear indication that intend to honor our obligations to the extent possible without interrupting essential public services. However, the Commonwealth’s overall fiscal positions remains tenuous. In the following weeks, we will continue to have discussions with our creditors about supporting the creation of a sustainable path forward for the Commonwealth. To succeed, this course of action entails shared sacrifices from all our stakeholders, including our creditors.”

“We also continue to call upon Congress to act responsively and provide Puerto Rico with the help it needs, in particular, in the form of an orderly bankruptcy regime under which Puerto Rico may seek relief. If Congress fails to provide a legal framework for debt relief, the chances

of reaching a successful outcome will diminish significantly. Failure by the Commonwealth to secure debt relief will harm all stakeholders, including our creditors, and may result in a real humanitarian crisis for more than 3.5 million American citizens.”

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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.