



Economic Activity Index

For the month of October 2012

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO

General Commentary - October 2012

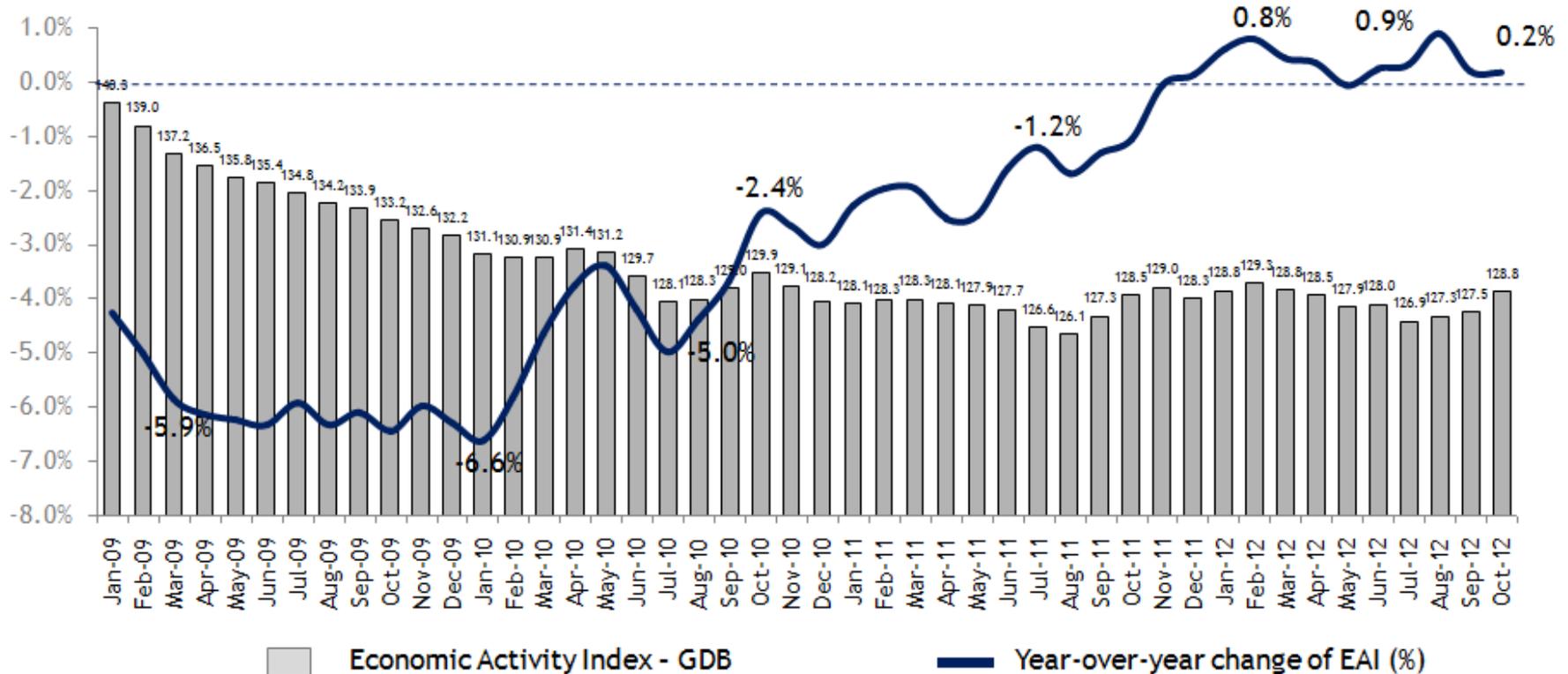
GDB-EAI for the month of October registered a 0.2% year-over-year (“YOY”) increase, maintaining the upward trend started in December 2011.

- October 2012 EAI was 128.8, a +0.2% increase when compared to 128.5 for October 2011.
- Unemployment rate decreased to 13.8% (seasonally adjusted) when compared to October 2011 when the unemployment rate was at 15.4% (seasonally adjusted).
- Gasoline consumption* was 108.1 million gallons while average calendar year consumption through October is 88.7 million gallons.
- Total household employment continued its upward trend totaling 1,090,400 in October 2012, a YOY increase of 0.7%.
- Total non-farm payroll employment for October 2012 totaled 916,200, a YOY reduction of 0.6%.
- Electric power generation totaled 1,990 million kWh, reflecting a YOY increase of 0.6%. Total electric power generation for FY2013 year-to-date (“YTD”) is 1.1% above the same period of FY2012.
- Cement sales totaled 1.648 million bags, registering a year-over-year reduction of 10.7%. Total sales for FY2013 YTD are 4.0% above same period of FY2012.

* Estimated monthly gasoline consumption is derived from the Treasury Department’s monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.

The GDB-EAI for the month of October 2012 reflected the tenth year-over-year positive growth since December 2011

GDB Economic Activity Index

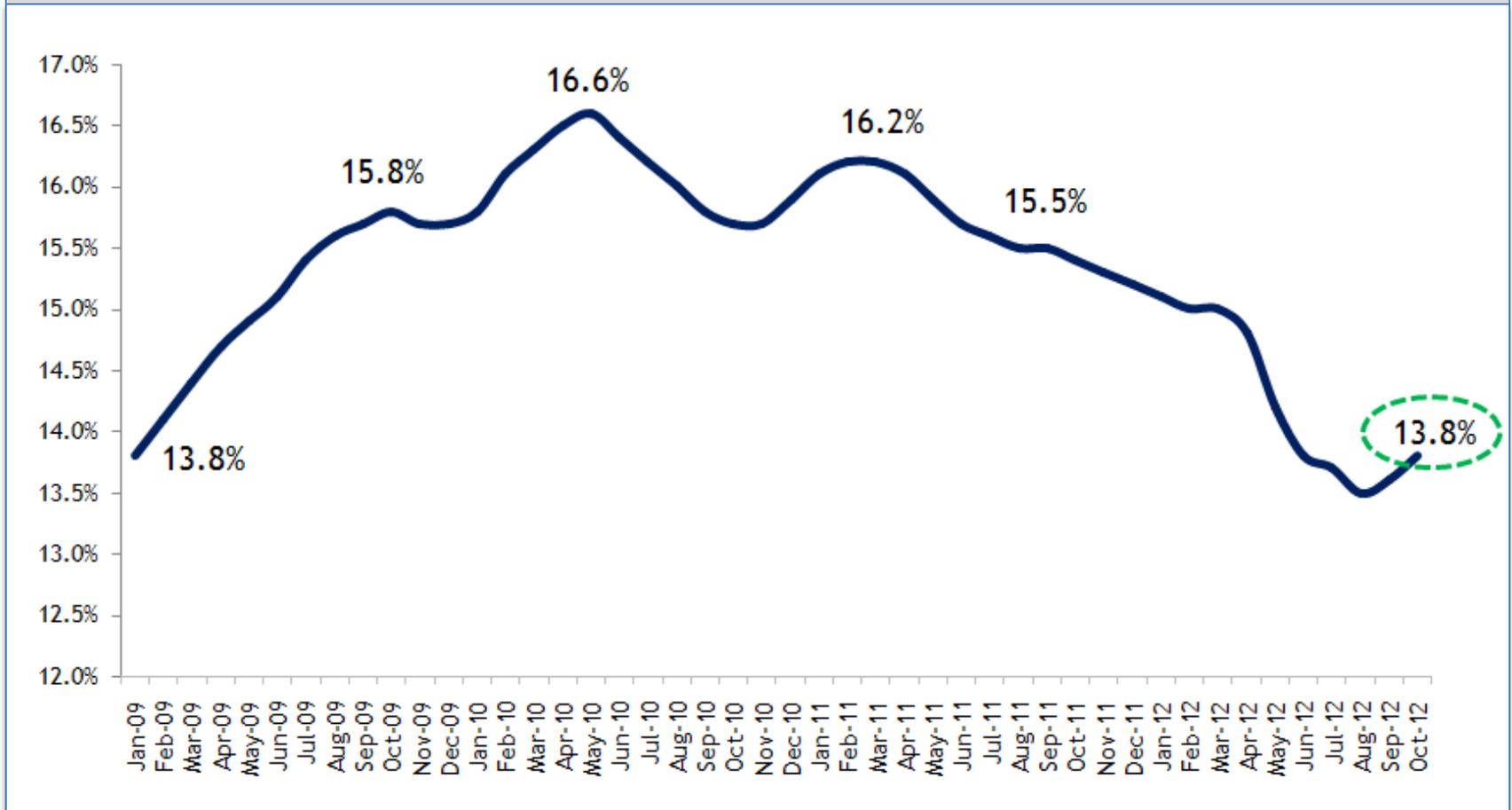


Data used for GDB-EAI is adjusted for seasonality and volatility.

Unemployment rate has been moving in the right direction since mid-2010 and has now reached January 2009 levels

Unemployment Rate

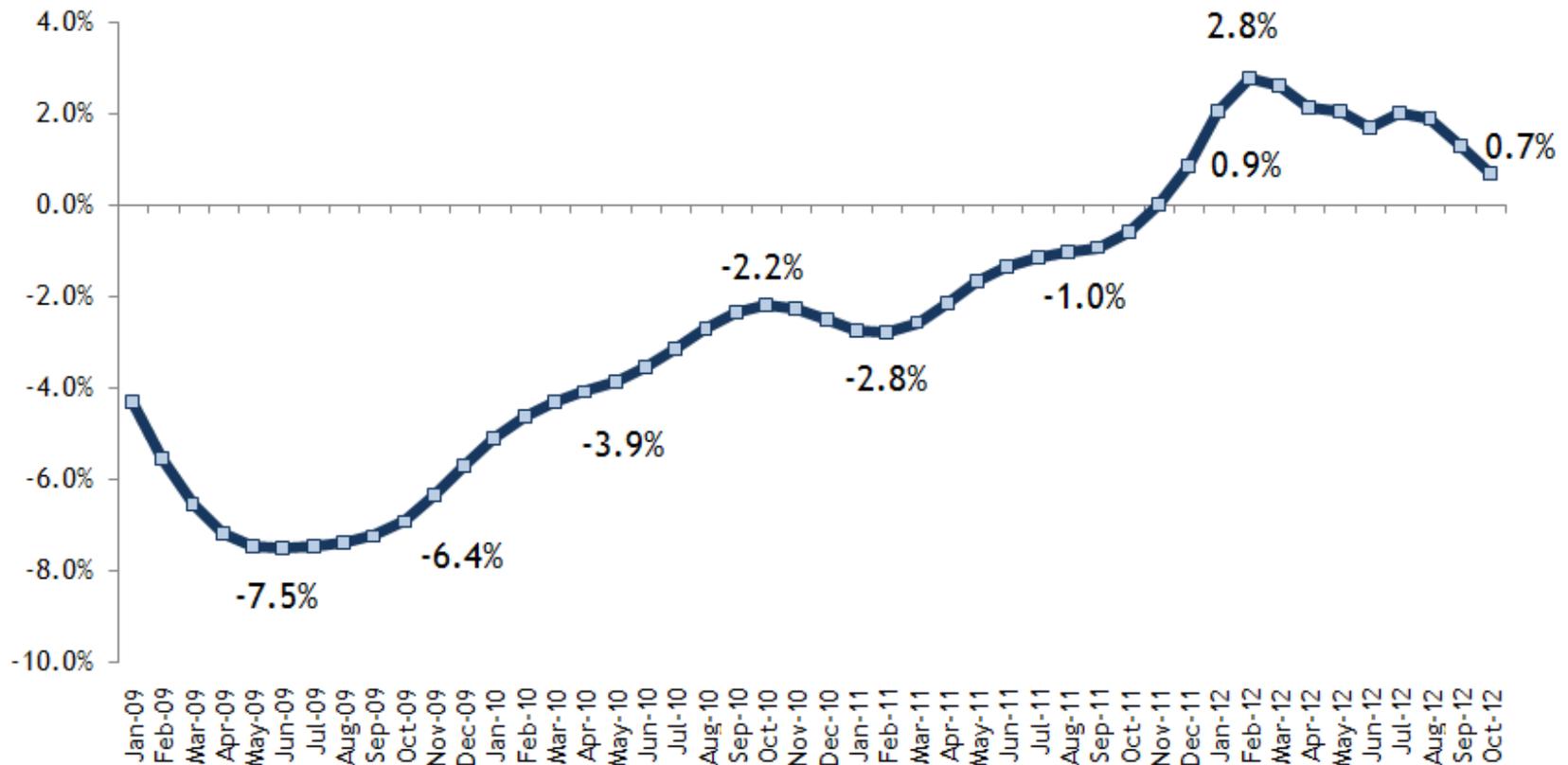
(as of October 2012 - seasonally adjusted)



Total employment continues to improve with the eleventh consecutive month reflecting positive year-over-year growth

Household Employment (YOY % change)

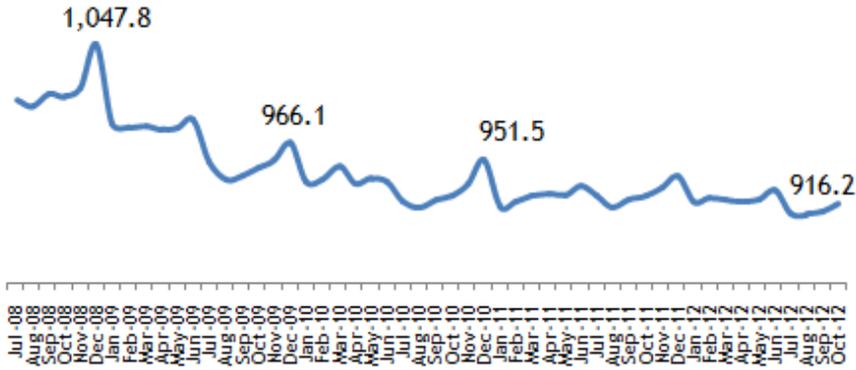
(as of October 2012 - seasonally adjusted)



GDB Economic Activity Index Components

Total Non-Farm Payroll Employment*

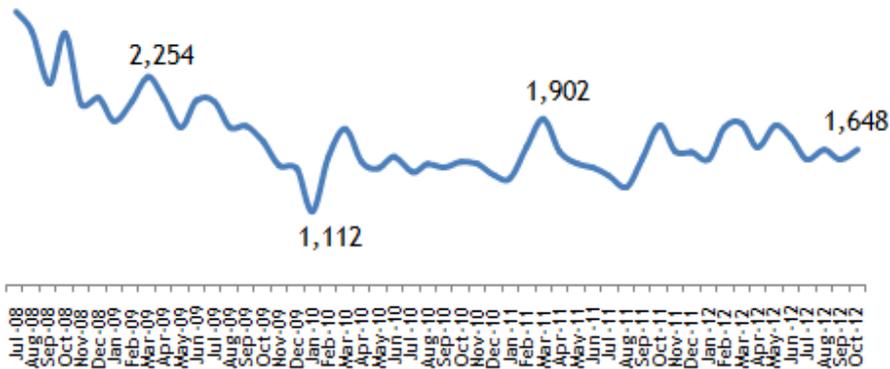
(Thousands of jobs)



- Total non-farm payroll employment for October 2012 totaled 916,200, a YOY reduction of 0.6%.
- Unemployment rate decreased to 13.8% (s.a) when compared to October 2011 when it reflected 15.4% (s.a).
- Household employment data continues to show an improving positive trend, registering a +0.7% YOY growth during the month of October 2012.

Cement Sales

(Cement Bags sold, in thousands)



- Cement sales totaled 1.648 million bags; a slight YOY reduction of 10.7%.
- Sales for calendar year-to-date (“YTD”) are 7.2% above same period calendar year 2011.
- Sales for FY 2012 ended 7.3% above FY 2011.
- Sales for calendar year (“CY”) 2011 ended 5.2% above year 2010.

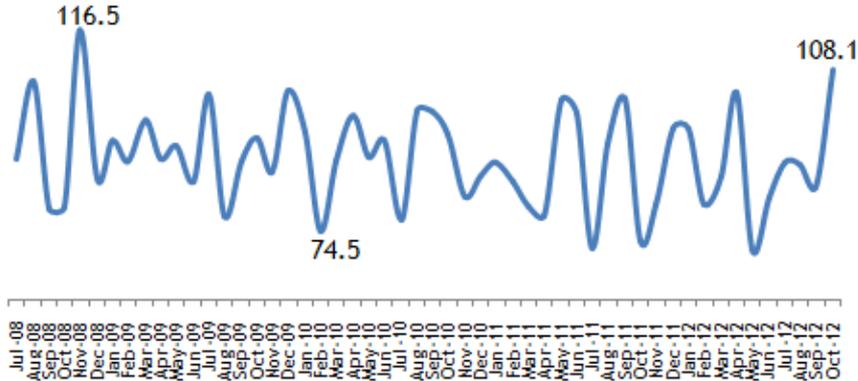
Sources: Dept. of Labor, GDB

* Not seasonally adjusted.

GDB Economic Activity Index Components

Gasoline Consumption

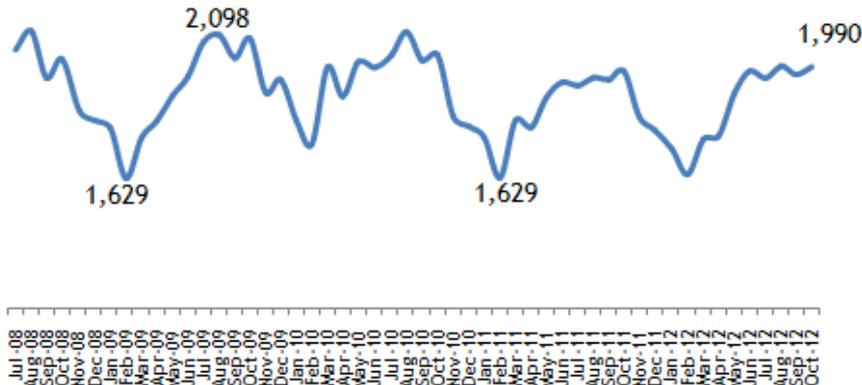
(Millions of gallons)



- Gasoline consumption for October 2012 totaled 108.1 million gallons, a YOY increase of 48.8%.
- Estimated monthly gasoline consumption is derived from the Treasury Department's monthly gasoline excise tax collections. These monthly collections tend to have irregular patterns as major gasoline importers have significant fluctuations in their inventories and purchases. As a result, the estimate used by GDB does not necessarily reflect actual monthly consumption by individuals.

Electric Power Generation

(Millions of kWh)

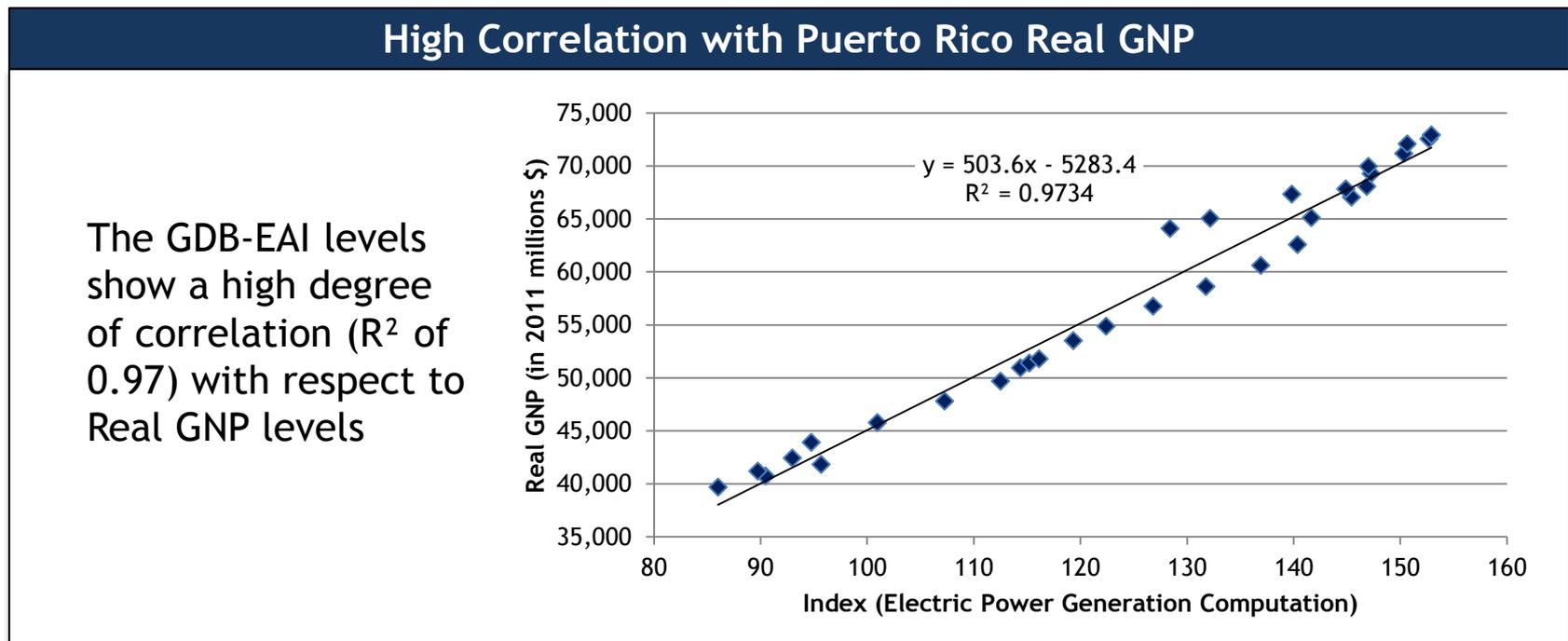


- Electric power generation for October 2012 was 1,990 million kWh, a 0.6% YOY increase.
- Electric power generation for fiscal year 2012 ended 1.9% below FY 2011, mainly as a result of higher oil prices.

Description of the GDB-Economic Activity Index

Description of the GDB-EAI

- The GDB-EAI is a coincident index for the economy of Puerto Rico. It is a valuable tool that summarizes the behavior of four major monthly economic indicators.
- This index was developed following the methodology similar to that used by *The Conference Board* in their coincident index. This methodology follows a standard procedure to adjust the data for seasonality and volatility factors.



Source: GBD

GDB-EAI Highlights and Composition

GDB Economic Activity Index Highlights

Advantages of the GDB-EAI:

- Readily available
- Highly correlated to Puerto Rico's real GNP
- Reliable tool to monitor actual trend of Puerto Rico economy

The GDB-EAI is made up of 4 indicators:

- Total Payroll Employment (Establishment Survey/ Thousand of employees)
- Total Electric Power Generation (Millions of KWH)
- Cement Sales (Millions of bags)
- Gas Consumption (Millions of gallons)

Disclaimer

The GDB-EAI and its indicators are subject to revisions. While the information comprising the GDB EAI has been obtained from sources GDB believes to be reliable, GDB is not responsible for any errors or omissions, or for the results obtained from the use of this information.