

# **P** R E S S R E L E A S E

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## **GDB EXCEEDS EXPECTATIONS AS LIQUIDITY IS STRENGTHENED WITH BOND ISSUE THAT REACHES \$1.2 BILLION**

The Government Development Bank for Puerto Rico (GDB) issued today \$1.23 billion in medium-term bonds in the local market, and strengthened its liquidity as it raised a figure that doubled initial expectations in order to be ready to address the demand for credit that the Government might have in 2009, GDB President Jorge Irizarry announced.

“It’s important to stress that during the past 18 months the local market has bought more than \$5 billion in Commonwealth of Puerto Rico bonds, among them COFINA and Retirement System bonds. Issuing this figure today shows the energy and stability of the local market, when compared to the municipal market in the United States, where the situation is precarious and making an issue of this magnitude wouldn’t have been possible,” the GDB head declared. “Through this bond issue, GDB gains better resources to address the situation with public agencies and corporations,” Irizarry said.

“With this transaction our agenda steering the GDB comes to a close, and we leave a solid and well-capitalized bank that compares favorably with other banking institutions,” Irizarry stated.

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“This bond issue in our agenda since June, when we were forced to cancel \$885 million in bonds issued in 2006,” Irizarry explained. “We were able to do it now because we had good conditions for issuing bonds at a reasonable cost, and with a demand that outshined expectations,” he added.

To this effect, Luis Alfaro, Financing Executive Vice-President, said, “subscriptions surpassed initial expectations of \$500 million overselling twice and a half, and confirming the demand for our paper.” Over \$835 million were bought by individual investors and \$395 million by institutional investors.

The issue was assigned a BBB credit rating with stable outlook by Standard & Poor’s. The notes have a 5.5% yield for those reaching maturity in the shortest term in 2012 and 6.5% for those reaching maturity in 2019, at an average cost of 6.29%. UBS managed the transaction, along with Popular Securities and Santander Securities.

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