

P R E S S R E L E A S E

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CONTACT: ANA MARÍA GREGORIO

Tel. (787) 728-9200 • (787) 722-2525 exts. 15310 and 15311
Cel. (787) 415-1231 • ana.m.gregorio@bgfpr.com • www.gdbpr.com



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Several Government Bond Ratings Affirmed

Standard & Poor's affirmed the ratings of the Convention Center District, Infrastructure Financing Authority and Municipal Finance Agency

SAN JUAN, P.R – The president of the Government Development Bank for Puerto Rico (GDB) informed today that Standard & Poor's has affirmed the credit ratings of the outstanding bonds on the Convention Center District Authority at BBB+ with a stable outlook, the Puerto Rico Financing Authority (PRIFA) at BBB+ with a positive outlook, and the Municipal Finance Agency (MFA) at BBB-, revising the outlook to negative from stable.

In the case of the MFA bonds, the change in outlook comes as a result of S&P revising a few months ago the outlook on commonwealth bonds to negative from stable, while affirming their BBB rating. At that time, S&P stated that it would maintain the rating on commonwealth bonds, but in light of the critical situation of the Retirement Systems, it would revise the outlook to negative. As a direct result of the change in outlook on commonwealth bonds, S&P had pointed out that it would be evaluating all the bonds that were related, in one way or another, to the central government to make the same revision.

Batlle explained that, "This announcement had been anticipated and is not breaking news or news that should be taken as a new development in this specific agency's credit, because S&P is only adjusting the bonds directly related to the central government to reflect the recent change in outlook on the commonwealth bonds."

"In its report S&P clearly established that the MFA bonds still maintain a strong coverage of the debt service, \$5.63 per dollar—one of the highest of all government credits—whose principal source of repayment, the special additional tax and the property tax levied by the municipalities, is still very strong," the GDB president stated.

The PRIFA bonds rating and stable outlook were affirmed given the annual appropriations made by the Puerto Rico government to cover this debt, and the federal excise taxes Puerto Rico receives on rum sales made in the United States.

The rating and stable outlook on the Convention Center District Authority bonds were also affirmed, and the following are some of the reasons highlighted in S&P's report: (i) the historically high collection rate of hotel occupancy taxes, thanks to the Tourism Company's strong enforcement procedures; (ii) a solid and diverse tourism industry, which has contributed to the development of new hotels, (iii) a high room demand by U.S. travelers, and a (iv) a strong coverage of debt service at \$1.98 per each dollar.

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