



COMMONWEALTH OF
PUERTO RICO

Government Development Bank
for Puerto Rico

PRESS RELEASE

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GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO STATEMENT IN RESPONSE TO LITIGATION FILED TODAY AGAINST THE BANK

San Juan, P.R. – Today, Melba Acosta Febo, President of the Government Development Bank for Puerto Rico, issued the following statement in response to litigation filed against the Bank today:

“As we have regularly stated, the Commonwealth’s fiscal, economic and humanitarian crisis is causing widespread chaos for the government, our creditors and the Island’s residents on a daily basis. The lawsuit filed today by a number of the Commonwealth’s creditors against the Government Development Bank, which seeks an injunction to bar GDB from fulfilling its official duties as depositor of the central government and other governmental entities, is further evidence of the toll the inaction from Congress continues to take on all involved.

“To be clear, the central claim of GDB’s creditors, that GDB has knowingly withheld financial information in order to prefer certain depositors over its bondholders, is wholly false and without basis in fact. While GDB will respond to the complaint in full through proper legal means, it is important to note that GDB has continued to fulfill its official roles as government depositor, fiscal agent and financial advisor fully within the bounds of its enabling act and applicable law.

“Although the specific allegations set forth in the lawsuit are erroneous, it is clear that our creditors agree with us on one thing: Puerto Rico’s fiscal situation is dismal, the Island’s debt is unpayable, and the need for a federal restructuring regime to help the Commonwealth on the road to recovery is acute. We reiterate our call for Congress to act immediately to grant Puerto Rico the broad restructuring authority needed to address its debt load and to prevent the humanitarian crisis on the island from spinning further out of control. Swift action from our leaders in Washington is necessary and what the 3.5 million American citizens of Puerto Rico deserve.

“In the interim, GDB remains committed to working with its creditors, including the very group of creditors that are now litigants, towards a comprehensive solution to GDB’s precarious fiscal situation while allowing GDB to continue to serve its critical role for the Commonwealth as a whole. In particular, GDB and its advisors intend to continue the negotiations with GDB’s creditors that have been publically announced, and we hope that, despite the lawsuit, our litigating counterparties will be able to play a productive role in that process. As the economic conditions in Puerto Rico continue to deteriorate without any relief in sight, GDB – like all agencies of the Commonwealth – is faced with extremely difficult choices, and it is our responsibility to evaluate all options that may protect creditors’ ability to be repaid while ensuring that GDB keeps its doors open.”

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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.