



GOVERNMENT OF PUERTO RICO

Puerto Rico Fiscal Agency and Financial Advisory Authority

Friday, May 11, 2018

Oversight Board for Puerto Rico Certifies the Government Development Bank Restructuring Support Agreement Amendment

(San Juan, P.R.) — Today, the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”, by its Spanish acronym) and the Government Development Bank for Puerto Rico (“GDB”) announced that the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), created by Congress under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA” or the “Act”) has authorized AAFAF to continue to proceed with a restructuring of GDB under Title VI of PROMESA. The Oversight Board approved and certified the amendment to the GDB Restructuring Support Agreement (the “Amended RSA”) as a Voluntary Agreement and a Qualifying Modification, in each case pursuant to PROMESA. The Oversight Board also approved the appointment of Epiq Bankruptcy Solutions, LLC (“Epiq”) as Calculation Agent and Information Agent and established the Pools of Bond Claims as proposed by AAFAF and GDB, in each case pursuant to PROMESA.

“This agreement represents an important step towards the debt restructuring of Puerto Rico. The transaction simplifies the Government’s financial framework, while creating value for stakeholders, and reaffirms this Administration’s commitment to reach consensus with creditors. Creditors supporting the GDB RSA, which include the Ad Hoc Group, Puerto Rico municipalities, on-island *cooperativas*, and an important representation of local bondholders, were very constructive and effective throughout the process, and demonstrated their enthusiasm in the socio-economic recovery of Puerto Rico. We encourage creditor groups of other Puerto Rico issuers to follow a similar approach, where the Government can sit down with market participants and resolve legacy issues,” said Gerardo José Portela Franco, Executive Director of AAFAF.

“Today’s development represents another significant step in GDB’s debt restructuring and the ultimate resolution of GDB. The terms of the Amended

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RSA are in the best interests of the people of Puerto Rico, GDB's creditors and Puerto Rico's economic recovery, and we are pleased that the Oversight Board has endorsed the amended transaction. GDB would like to thank its stakeholders for their continued good faith negotiations and commitment to a consensual transaction," said Christian Sobrino Vega, President of GDB.

The Amended RSA

As previously announced, AAFAF, GDB and certain of GDB's financial creditors entered into the Amended RSA. The Amended RSA simplifies the GDB restructuring transaction while simultaneously providing additional relief to municipalities as they recover from the severe damage and devastation caused to Puerto Rico and its municipalities in the wake of Hurricanes Irma and María. The Amended RSA provides that, upon consummation of the Qualifying Modification, the full amount of each municipality's deposits held at GDB will be automatically applied against the balance of any loan owed by such municipality to GDB. Additionally, to provide certain municipalities with immediate liquidity, the amendment to the RSA gives each municipality with certified Excess CAE (as defined in the Government Development Bank for Puerto Rico Debt Restructuring Act) the opportunity to receive immediate payment, before consummation of the Qualifying Modification, of 55% of such municipality's undisbursed certified Excess CAE held at GDB in exchange for releases. The Amended RSA also results in a simplified structure whereby GDB's financial creditors will exchange their claims for only one tranche of new bonds at an upfront exchange ratio of 55%. In addition to the relief provided to the municipalities under the deal, the issuer of the new bonds will receive additional assets in the restructuring.

On April 25, 2018, AAFAF and GDB requested that the Oversight Board certify the Amended RSA as a Voluntary Agreement and a Qualifying Modification, approve the appointment of Epiq as Calculation Agent and Information Agent, and establish the proposed Pools of Bond Claims that will vote to approve the Qualifying Modification, in each case pursuant to PROMESA.

On May 8, 2018, the Oversight Board unanimously adopted a resolution that certified the Amended RSA as a Voluntary Agreement and a Qualifying Modification, deemed Epiq as reasonably acceptable to the Oversight Board as



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Calculation Agent and Information Agent, and established the proposed Pools of Bond Claims, in each case pursuant to PROMESA.

Forward-Looking Statements

This press release includes forward-looking statements, which include, but are not limited to, expectations with respect to the transactions described in the Amended RSA. AAFAF and GDB cannot provide assurances that future developments affecting AAFAF, GDB, the Amended RSA or the transactions described therein will be as anticipated. Actual results may differ materially from those expectations due to a variety of factors. Any forward-looking statement made in this release speaks only as of the date hereof and AAFAF and GDB do not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

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