WELCOME TO THE PUERTO RICO OF NOW

HON. OMAR J. MARRERO DÍAZ • SECRETARY OF STATE • AAFAF’S EXECUTIVE DIRECTOR
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Largest & Most Complex Municipal Bankruptcy in U.S. History

~$74B
PUBLIC DEBT OF PR GOVERNMENT & RELATED ENTITIES

$555M
PRHFA

$4.7B
PRASA

$17B
COFINA

$4.6B
GDB

$13.7B
GO Bonds

$529M
PRCCDA

$5.8B
HTA

$4,671M
PBA

$2.5B
PRIFA

$200M
PRIDCO

$280M
Ports

$3.2B
ERS

$90M
TDF

$1.7B
PFC

$395M
UPR

$9B
PREPA

Completed Debt Restructurings & Performing Credits
Resolved as Part of Commonwealth Plan of Adjustment
Executive Summary – Timeline

**Past**

- **Hurricanes**
  - Hurricanes María and Irma inflicted unprecedented damage on Puerto Rico and its infrastructure.
  - Fall 2017

- **Earthquakes**
  - Puerto Rico suffered the most serious earthquakes in recent memory.
  - January 2020

- **COVID-19**
  - Puerto Rico’s economics situation exacerbated by the COVID-19 pandemic, causing a reevaluation of February 2020 PSA.
  - March 2020

- **Eighth Amended Plan of Adjustment**
  - Confirmation of the Commonwealth Plan of Adjustment to exit Title III.
  - January 18, 2022

**Future**

- **Targeted Date to Restructure HTA**
  - Q3 2022

- **Targeted Date to Restructure PREPA**
  - End 2022

**Timeline**

- Summer 2017
  - Title III – The Oversight Board files for Title III protection for the Commonwealth, COFINA, HTA, ERS, and PREPA.

- Summer 2019
  - Governance Transition

- February 2020
  - Plan of Adjustment
  - The Oversight Board files the first amended plan of adjustment.

- January 2021
  - Governance Transition

- March 15, 2022
  - CWPOA Effective Date – CWPOA targeted effective date.
Commonwealth Plan Of Adjustment ("CWPOA")
On January 18, 2022, Judge Swain confirmed the Commonwealth Modified 8th Amended Joint Plan of Adjustment, which marks a historic step in exiting Title III and concluding the largest restructuring of municipal debt in U.S. history.

### Key Points

- **Reduction of total debt service, including COFINA, from ~$90 billion to ~$34 billion, a 62% decrease**
- **Current Interest Maximum Annual Debt Service of $1.15 billion**
- **Reduction in debt service as a percentage of Own Source Revenues (“OSR”) of ~25 cents pre-restructuring to approximately 6.5 cents in FY2022 after effectiveness of CWPOA**
- **Includes Contingent Value Instruments (“CVI”) based upon sharing of outperformance of 5.5% Sales and Use Tax Collections (“5.5% SUT”) and General Fund Rum Tax Collections, both subject to annual and lifetime caps**
- **Inclusion of CVI allows for a sharing of upside on island between Government and Creditors**

### Reduction in Debt ($ in billions)\(^1, 2\)

- **Pre-POA (a)**: 34
- **Post-POA (b)**: 7.4

\(^1\) Estimated Pre-POA Commonwealth Claims includes original issue discount. Includes GO and GO Guaranteed, Clawback, MBA, ERS, and other estimated general unsecured claims. \(^2\) Post POA includes current interest and capital appreciation bonds. Excludes contingent value instrument and new debt at HTA. \(^3\) Debt service includes $1.15 billion in GO and COFINA debt service and excludes: (i) the 5.375% GO CABs and (ii) the 5.000% GO CABs. \(^4\) Own Source Revenues as projected in January 2022 Certified Fiscal Plan divided by that year’s Maximum Annual Tax-Supported Debt Service.
Debt Service Reduction – Sustainable Debt Service Levels

The financial restructuring of the Commonwealth was a complex process, which was preceded by the successful debt restructurings for Government Development Bank and COFINA. The CWPOA ensures Puerto Rico has an affordable and predictable level of debt service.

Notes: (1) Excludes payments on account of GO Capital Appreciation Bonds. New debt issued as part of the 2021 PSA has a 25-year maximum maturity, after which the only Commonwealth fixed obligation is existing COFINA Senior Lien debt. For the avoidance of doubt, above charts do not include annual CVI payments.

The CWPOA reduces Maximum Annual Debt Service inclusive of COFINA from $4.2 billion to $1.15 billion, a reduction of ~$3 billion, or 73%.
The Commonwealth exited Title III with a sustainable level of debt and debt service moving forward based on percentage of GDP, state personal income, debt per capita and own source revenues.

Notes: (1) Own revenues includes all Commonwealth-collected revenues and excludes all federal transfers as included in the January 2022 CFP. (2) “Puerto Rico Post-POA” figures are based on assumptions included in the January 2022 Certified Fiscal and net tax-supported debt which includes new General Obligation debt of ~$7.4 billion, excludes COFINA. Debt service based on $1.15 billion MADS Cap, excludes CABS. Sources: January 2022 Certified Fiscal Plan, Exhibit 31, pg. 74.
The Contingent Value Instrument ("CVI") will only pay creditors in the case that actual collections outperform the metrics included in the respective Certified Fiscal Plans used for outperformance measurement. The key terms of the CVI include:

<table>
<thead>
<tr>
<th>Metric to Measure Outperformance</th>
<th>Sales and Use Tax (&quot;SUT&quot;) Portion of the CVI</th>
<th>Rum Tax Portion of the Clawback CVI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outperformance of 5.5% SUT collections above the May 2020 Commonwealth Certified Fiscal Plan Projections</td>
<td>Outperformance of general fund rum tax collections above the April 2021 Commonwealth Certified Fiscal Plan Projections</td>
</tr>
<tr>
<td>Less of:</td>
<td></td>
<td>Less of:</td>
</tr>
<tr>
<td>– 90% of cumulative outperformance</td>
<td></td>
<td>– 40% of cumulative outperformance of general fund rum tax collections above the outperformance metric.</td>
</tr>
<tr>
<td>– Annual cap of $375 million</td>
<td></td>
<td>– 50% of annual outperformance of general fund rum tax collections above the outperformance metric.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Annual cap of $30 million.</td>
</tr>
<tr>
<td>Annual Cap</td>
<td>$375 million</td>
<td>$30 million</td>
</tr>
<tr>
<td>Lifetime Cap</td>
<td>GO CVI: $3.5 billion</td>
<td>~$1.3 billion (together with PRIFA CVI payouts from the SUT Outperformance).</td>
</tr>
<tr>
<td>Cap on Supplemental Cover Over Revenues</td>
<td>Clawback CVI: $5.2 billion</td>
<td>Maximum of Supplemental Cover Over Revenues of $88 million</td>
</tr>
<tr>
<td>Term</td>
<td>GO CVI: 22 years</td>
<td>30 years</td>
</tr>
<tr>
<td></td>
<td>Clawback CVI: 30 years</td>
<td></td>
</tr>
</tbody>
</table>

Notes: [1] "Supplemental cover over" is the $2.75 incremental rum tax cover over (i.e., above the $10.50 base cover over).
CWPOA – Building a Sustainable Economy

The CWPOA enables Puerto Rico to focus on building an economy that delivers prosperity for all its residents.

- **Debt Management**
  - Reduces government’s debt payments to sustainable levels.
  - Establishes a Debt Management Policy that defines rules under which the government can issue debt in the future.

- **Protect Retirees and their Pensions**
  - Protects government retirees from any reduction in their monthly benefits.
  - Restores up to $1.3 billion of government employees’ System 2000 pension accounts.
  - Creates a Pension Reserve Trust.

- **Reduce Claims**
  - Reduces the level of claims against the Government by approximately 78%.

- **Access to Capital Markets**
  - Provides a path for Puerto Rico to regain access to capital markets.

- **Liquidity**
  - Ensures that government maintains sufficient liquidity.
Completed Debt Restructurings
We have shown the political will to reach consensual deals, having restructured over $23 billion of existing indebtedness through the various mechanisms available under PROMESA, resulting in a ~30% reduction in debt across GDB, PRIFA-PORTS, COFINA, and PRASA.

### Completed Debt Restructurings ($ in millions)

<table>
<thead>
<tr>
<th>Debt Restructurings – Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDB</strong></td>
</tr>
<tr>
<td>Pre-Restructuring Claim Amt.</td>
</tr>
<tr>
<td>Post-Restructuring Claim Amt.</td>
</tr>
<tr>
<td><strong>PRIFA-Ports</strong></td>
</tr>
<tr>
<td>Pre-Restructuring Claim Amt.</td>
</tr>
<tr>
<td>Post-Restructuring Claim Amt.</td>
</tr>
<tr>
<td><strong>COFINA</strong></td>
</tr>
<tr>
<td>Pre-Restructuring Claim Amt.</td>
</tr>
<tr>
<td>Post-Restructuring Claim Amt.</td>
</tr>
<tr>
<td><strong>PRASA</strong></td>
</tr>
<tr>
<td>Pre-Restructuring Claim Amt.</td>
</tr>
<tr>
<td>Post-Restructuring Claim Amt.</td>
</tr>
</tbody>
</table>

Restructuring resulted in the termination of 100% of CW Guarantee and amended terms favorable to PRASA.
The restructured GDB and COFINA bonds have traded well with market reception post their respective issuances in December 2018 and February 2019, respectively.
In December 2020 and August 2021, AAFAF and PRASA refinanced $1.4 billion of PRASA’s 2008 Senior and Senior Subordinate Bonds and $1.8 billion in 2012 Senior Bonds, respectively, resulting in a $266 million reduction in total debt outstanding and annual debt service savings of $35 million through final maturity in 2047.

<table>
<thead>
<tr>
<th>Description</th>
<th>Series 2020AB</th>
<th>Series 2021 ABC, 2022A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total D/S Savings</td>
<td>$348MM</td>
<td>$570MM</td>
<td>$918MM</td>
</tr>
<tr>
<td>NPV Savings as % of Refunded Bonds</td>
<td>15%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>All-In Interest Cost</td>
<td>4.36%</td>
<td>3.22%</td>
<td>3.78%</td>
</tr>
<tr>
<td>Ratings</td>
<td>Unrated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of Offering</td>
<td>Limited Public Offering to no more than 35 accredited investors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Buyers of the new refunding bonds consented to a voluntary change from the current gross revenue pledge on PRASA’s senior bonds to a net revenue pledge, pending final approval by PRASA’s Federal lenders (EPA and USDA).
Debt Restructurings in Process
HTA’s legacy obligations will be restructured through its pending Title III case.

The confirmation hearing for the HTA Title III Plan of Adjustment is currently scheduled for August 2022.1

**HTA Debt**: HTA Plan of Adjustment will include $1.245 billion in new HTA debt, plus $362m in subordinated debt issued to the Commonwealth of Puerto Rico.
- Includes net revenue pledge and security interest for the post-reorganization HTA bonds.
- HTA has the option to pay off new bonds at par if HTA completes a P3 process for toll roads.

<table>
<thead>
<tr>
<th>Reduction in Debt ($ in billions)²</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3</td>
</tr>
<tr>
<td>~80% Reduction</td>
</tr>
<tr>
<td>1.2</td>
</tr>
</tbody>
</table>

Notes: (1) Timing is subject to further changes. (2) Pre-Restructuring claim amounts represents Clawback-related claim included as of the Commonwealth Title III petition date.
Along with the HTA and PREPA restructuring, the Government and the Oversight Board are focused on resolving other outstanding credits.

- **Puerto Rico Industrial Development Company (PRIDCO)**
  - A standstill agreement was entered in the fall of 2021 and is scheduled to expire July 30, 2022. The Government will continue to pursue a negotiation in good faith to reach a restructuring of the revenue bonds.

- **Puerto Rico Ports Authority (PORTS)**
  - The Government is working to resolve outstanding obligations at PORTS and concurrently working on a P3 Project for a concession of the Island’s main passenger cruise ship terminals.

- **University of Puerto Rico (UPR)**
  - UPR has been under a forbearance agreement with the UPR Revenue Bondholders, which may be subject to further extensions.

- **Debt Recovery Authority (DRA)**
  - The Government is focused on developing plans for resolution of outstanding obligations currently held by the DRA.
The Government has succeeded in restructuring approximately $70 billion in claims to $34 billion in new debt based on consummated restructurings and those to be finalized in the coming months.

Notes: (1) Clawback claims include ~$2 billion PRIFA and ~$400 million CCDA and MBA. (2) Commonwealth includes GO/PBA claims of ~$19 billion, estimated GUCs of ~$2.75 billion, other miscellaneous claims of ~$1 billion, and ERS claims of ~$3 billion. (3) PREPA is not yet restructured and the Government of PR has recently terminated the 2019 PREPA RSA.
Fiscal Achievements
The Government has continued to focus on balanced budgets and reducing General Fund related spending. Since Fiscal Year 2016, the Government has reduced spending by approximately 25%.

Operational Restructuring – Expense Reduction

<table>
<thead>
<tr>
<th>Year</th>
<th>Payroll &amp; Related</th>
<th>Other Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>3,392</td>
<td>4,598</td>
</tr>
<tr>
<td>FY2017</td>
<td>4,176</td>
<td>4,010</td>
</tr>
<tr>
<td>FY2018</td>
<td>3,118</td>
<td>7,074</td>
</tr>
<tr>
<td>FY2019</td>
<td>2,809</td>
<td>6,349</td>
</tr>
<tr>
<td>FY2020</td>
<td>2,702</td>
<td>6,029</td>
</tr>
</tbody>
</table>

Notes: (1) Excludes PayGo pension expenses and debt service in FY2016 and FY2017.
The January 2022 Certified Fiscal Plan ("2022 CFP") prioritizes new investments to improve operational capacity of the government.

Operational Restructuring – Civil Service Reform

Notes: The Uniform Classification and Remuneration Plan (URP) investment includes acceleration of URP, salary increase for existing URP positions, and additional positions for URP. Includes investments for medical residents, the Judicial Branch (except Judges), ~$40M of the Christmas Bonuses covered by in the 2022 Fiscal Plan, and salary increase and new positions for oversight entities.
The Plan of Adjustment establishes the Pension Reserve Trust Fund which ensures that the Commonwealth will protect future pension benefit payments to current and future Government retirees.

Fiscal Plan – Protecting Retirees

Notes: (1) Pension Reserve Trust funding percentages are as of the end of the fiscal year and reflect interest earned on balance of Pension Reserve Trust account and in-year contributions.
The January 2022 Certified Fiscal Plan includes Financial Management Agenda to urgently institutionalize financial management best practices.

Fiscal Plan – Financial Management Agenda

**DESCRIPTION**
Lay the foundations for improving financial management
- Clear leadership structure
- Capable workforce
- Modern technology

**EXAMPLE INITIATIVES**
- Timely Audited Financial Statements
- Debt Management Policy Implementation
- Budget Best Practices
- Federal Funds Management

**Central Initiatives**
Ensure Government comply with conditions of PROMESA for Termination of the Board
- Prevent waste, fraud and abuse
- Make more effective use of the Island’s assets
- Professionalize management of government’s resources

**Supporting Initiatives**
- Foundational Initiatives

**Supporting Initiatives**
- Foundational Initiatives
Puerto Rico has made significant progress when it comes to improving fiscal and financial transparency through the publication of fiscal and financial reports, including fiscal plans, budgets, TSA liquidity plans, financial statements, bank account balances and budget to actual reports, among others.

<table>
<thead>
<tr>
<th>Financial and Fiscal Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Plans</td>
</tr>
<tr>
<td>Treasury Single Account (TSA) Liquidity Plan</td>
</tr>
<tr>
<td>Bank Account Balances</td>
</tr>
<tr>
<td>Invoice Processing KPIs</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Financial and Fiscal Reports are Available on AAFAF’s Website: https://aafaf.pr.gov/financial-documents/
Federal Funds
Puerto Rico received substantial federal COVID-19 relief funding, estimated at more than $43.2 billion, to address the broad range of social, economic, and health impacts of COVID-19.

Federal Funds – COVID-19 Related Funds to Puerto Rico

- **Coronavirus Aid, Relief, and Economic Security Act**
  - $18.1 BILLION

- **Coronavirus Response and Relief Supplemental Appropriations Act**
  - $7.4 BILLION

- **American Rescue Plan Act**
  - $17.7 BILLION

Programs with allocation over $1 Billion:

- $6.6B: Unemployment Insurance
- $3.2B: Economic Business Support
- $2.7B: Economic Impact Payments
- $2.2B: State and Local Governments

- $1.9B: Education Funds
- $1.5B: Economic Impact Payments
- $1.2B: Unemployment Insurance
- $1.1B: Economic Business Support
- $1.0B: Nutrition & Housing Support

- $4.2B: State and Local Governments
- $3.7B: Education Funds
- $3.6B: Economic Impact Payments
- $2.8B: Unemployment Insurance
- $1.4B: Hospitals & Healthcare Funds
- $1.3B: Nutrition & Housing Support
Puerto Rico’s strategic approach to evaluation and execution of its pandemic response ensured the effective and expedient deployment of COVID-19 Relief Funds.

**Effective Deployment of Pandemic Relief Funds**

**KEY PROGRAM ACCOMPLISHMENTS**

1. Successfully implemented CRF programs, ranking 18th (top 3%) out of 760 entities in total dollars spent.

2. Launched 26 relief programs to distribute CRF funds to impacted populations.

3. Announced 36 initial CSFRF programs, across the 4 strategic priorities worth $2.3B.

4. Launched a repeatable accountability framework to ensure transparency.

**REPRESENTATIVE OUTCOMES**

**Public Health Response**

- Puerto Rico ranks 4th among U.S. States, Territories, and Federal Entities for doses of COVID-19 vaccine administered per 100k people.

**Economic Development Spotlight: Tourism Impact**

- Lodging revenue in 2021 was 37% higher than 2019 and, for the first time ever, surpassed $1 billion.
- In June 2021, Puerto Rico’s travel spending was 28% higher than in 2019.
- Highest hotel demand since before Hurricane Maria.

Notes: (1) As of December 31, 2021 - Pandemicoversight.gov. (2) Centers for Disease Control and Prevention as of May 27, 2022.
Puerto Rico has disbursed $962.7 million in CSFRF funds to date, focused on priorities related to Economic Development, Public Health, Infrastructure, and Government Operations.

**ARP Act – Coronavirus State Fiscal Recovery Fund Priorities**

**CORONAVIRUS STATE FISCAL RECOVERY FUND PRIORITIES ($ IN MILLIONS)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Disbursed</th>
<th>Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Life</td>
<td>519</td>
<td>677</td>
</tr>
<tr>
<td>Government of Excellence</td>
<td>314</td>
<td>625</td>
</tr>
<tr>
<td>Future Projects</td>
<td>112</td>
<td>573</td>
</tr>
<tr>
<td>Economic Development</td>
<td>17</td>
<td>141</td>
</tr>
</tbody>
</table>

**Notes:** Allocations as of May 20, 2022. Source: https://www.aafaf.pr.gov/fondos-federales-covid-19/
The impact of Hurricanes Irma and Maria in 2017, and a magnitude 6.4 earthquake in 2020, resulted in damage to infrastructure, the economy, and communities.

In 2021, COR3 updated its Priorities and Strategic Goals to align them with Governor Pierluisi’s Public Policy and FEMA’s established direction and expected outcomes.

- The Federal Government has allocated over $79 billion to assist Puerto Rico’s in its recovery and rebuilding efforts.
- As illustrated below, the Government has rapidly and transparently utilized federal funds efficiently.

The Federal Government has allocated over $79 billion to assist Puerto Rico’s in its recovery and rebuilding efforts.

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2022 Goals: Execution, Compliance and Transparency
The CDBG-PR Program funds Puerto Rico received after Hurricanes Irma and María address the long-term recovery needs of communities and cover unmet recovery needs for Housing, Infrastructure Restoration, Economic Revitalization and Planning.

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 9, 2018</td>
<td>FEDERAL REGISTER</td>
<td>$1.5 Billion</td>
</tr>
<tr>
<td>August 14, 2018</td>
<td>FEDERAL REGISTER</td>
<td>$8.2 Billion</td>
</tr>
<tr>
<td>January 27, 2020</td>
<td>UNMET NEEDS</td>
<td>$0.3 Billion</td>
</tr>
<tr>
<td>Pending</td>
<td>POWER GRID</td>
<td>$1.9 Billion</td>
</tr>
<tr>
<td>Pending</td>
<td>MITIGATION</td>
<td>$8.3 Billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$20.2 Billion</strong></td>
</tr>
</tbody>
</table>
Puerto Rico Is Positioned For Economic Growth
Strategic Framework for Economic Development

**Global and Diversified Economy** – Focus on increasing R&D activities, promoting key segments of knowledge economy

**21st Century Workforce Initiative** – Academy meets Industry. Increasing skilled labor force to be successful in knowledge economy growth

**Ease of Doing Business** – Improving all aspects that impact business formation and job creation to attract capital and create the conditions for private sector growth

**Digital Government** – Continuous digitization of Government and data will enhance transparency, trust and agility

**Advanced Infrastructure** – Opportunity to impact infrastructure in a significant way: Roads, Energy, Water, Education, Health

**Unprecedented Support** from the federal government to invest in our infrastructure and people

Ser la isla PReferida del mundo
The Government’s role is to create the conditions to allow the private sector to thrive, grow, create jobs and foster economic opportunities for all.

<table>
<thead>
<tr>
<th>Reform Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human capital and welfare reform</strong></td>
<td>Promoting participation in the labor force through incentives (EITC, NAP reform) and workforce development opportunities.</td>
</tr>
<tr>
<td><strong>K-12 education reform</strong></td>
<td>Transforming K-12 education system to improve student outcomes and bolster their long-term contribution to the workforce.</td>
</tr>
<tr>
<td><strong>Ease of doing business reform</strong></td>
<td>Reducing obstacles to starting and sustaining businesses and establishing best practices to attract investment and increase tourism.</td>
</tr>
<tr>
<td><strong>Power sector reform</strong></td>
<td>Providing affordable, cleaner, and reliable energy through PREPA’s transformation, establishment of an independent energy regulator, and development of renewable energy sources.</td>
</tr>
<tr>
<td><strong>Infrastructure reform</strong></td>
<td>Integrating transit assets under PRITA, so it can act as a unitary transit authority (e.g., managing buses, ferries, Tren Urbano), and reforming the public transportation sector.</td>
</tr>
</tbody>
</table>
Return to Economic Growth – Clear and Measurable Goals

OUR FOCUS FOR COMPETITIVENESS

- Logistics
- Energy
- Tax & Incentive Policy
- Talent
- Ease of Doing Business
- Innovation Capabilities
  - R&D
  - Technology
  - Access to Capital

...committed to creating long-lasting value for Puerto Rico
Return to Economic Growth – Puerto Rico Labor Market

The on-Island labor and economic activity has continued to see a strong recovery since December 2020 with a large pick up in labor participation rate and decreased unemployment.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>JUN. 2016</th>
<th>DEC. 2020</th>
<th>DEC. 2021</th>
<th>APR. 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate(^3)</td>
<td>11.9%</td>
<td>9.3%</td>
<td>7.5%</td>
<td>5.8(^4)%</td>
</tr>
<tr>
<td>The on-Island labor markets has seen strong improvement with additional progress to be made.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Force Participation Rate(^1)</td>
<td>39.6%</td>
<td>40.5%</td>
<td>45.3%</td>
<td>44.1%</td>
</tr>
<tr>
<td>The labor participation rate on-Island continues to improve year-over-year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Activity Index(^1)</td>
<td>124.9</td>
<td>118.8</td>
<td>124.4</td>
<td>125.4</td>
</tr>
<tr>
<td>Economic activity has increased ~3.8% in the past year as measured by the Puerto Rico EDB Activity Index. By December 2021, employment was 1% above the pre-pandemic level, reaching the highest level in 5 years. (^2) Since then, the unemployment rate has declined by 1.1%, from 7.5% in December 2021 to 6.4% in April 2022.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Return to Economic Growth – Ease of Doing Business

<table>
<thead>
<tr>
<th>VISION</th>
<th>BECOME A GLOBAL TOP COMPETITOR FOR DOING BUSINESS</th>
<th>INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>PR Rank</strong></td>
<td><strong>Driving Variables</strong>¹</td>
</tr>
<tr>
<td>Starting a Business</td>
<td>59</td>
<td># Of Procedures</td>
</tr>
<tr>
<td>Getting Electricity</td>
<td>92</td>
<td>Reliability Index</td>
</tr>
<tr>
<td>Construction permits</td>
<td>143</td>
<td>Days</td>
</tr>
<tr>
<td>Paying taxes</td>
<td>163</td>
<td>Hours</td>
</tr>
<tr>
<td>Registering a Property</td>
<td>161</td>
<td>Days</td>
</tr>
</tbody>
</table>

**INITIATIVES**
- PRITS efforts in integrating systems
- OGPe re-engineering in process
- Educational material on website
- Steering committee meeting weekly to address roadblocks

**OUTCOMES**
- Simplify document submission for users
- Improved operation and accountability
- Reduced permit submission errors and time to process
- Define initiatives & out of the box solutions
  - Completely transform and rethink permits policy and management

Puerto Rico views tourism and the visitor’s economy as one of the most important pillars for our economic development and job creation.

### Return to Economic Growth – Promote Puerto Rico Projects

- **Continue to PROMOTE Puerto Rico as a tourist destination.**
- **REVITALIZE natural tourist attractions.**
- **Promote LOCAL tourism.**
- **Promote Puerto Rico as a DESTINATION for conventions and events.**
- **Market Puerto Rico as an INVESTMENT OPPORTUNITY for foreign investors and to attract new businesses to the island.**
Discover Puerto Rico is transforming our tourism sector, which is powering sustainable economic growth through visitors who are more likely to visit, stay longer and spend more on their visits to Puerto Rico.

**Tourism Sector – Impact on Economy**

- **Record Tourism Performance in 2021**
  - Estimated $886.8 million in tax revenue, a 16% increase from 2019
  - Lodging revenues 35% higher than previous record in 2019

- **Capture Short-Term Opportunities**
  - 3x increase in onsite sales and promotional visits
  - Loyalty program for Travel Advisors
  - Partnership (cooperative) marketing and sales promotion

- **Elevating National Profile**
  - National advertising campaign
  - Expand brand positioning to new markets and national audience

- **Expanding Domestic Reach**
  - Expand presence 2-3x in primary and secondary markets via advertising, activations and earned media
  - Expand use of industry-specific group targeting based on research and trend analysis

- **Enhancing Competitiveness of Industry**
  - Grow digital business referrals
  - Leverage private sector investment through unlocking additional funding
Achieving Concrete Results
Achieving Concrete Results in Puerto Rico

- **Honeywell**
  - **AEROSPACE** is the fastest growing industry during the past decade.

- **MANUFACTURING** represents the largest sector of PR GDP with 46.3%. A source of highly skilled, bilingual talent.

- **UNIVERSITIES** graduate >30K students each year: ~10K STEM degrees | 1K+ engineers
  - PR has 2 of the top 35 LARGEST ENGINEERING SCHOOLS in the nation.

- **evertect**
  - Entered into a share purchase agreement to acquire 100% of the outstanding shares of BBR SpA ("BBR"), a Santiago, Chile based payment solutions and business technology company with operations in Peru.

  "The acquisition of BBR complements our existing technology and product portfolio in Chile and opens the Peruvian market. With this acquisition, we continue expanding our footprint and solidifying our position as a leading Latin American payment processing company."

  – Mac Schuessler, Evertec’s President and Chief Executive Officer

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- **CooperVision**
  - The owners from CooperVision invested close to $30 million in the construction of a cogeneration project that will allow it to produce efficient energy and chilled water by using natural gas as fuel.

  "The purpose of the project is very simple; we want to be self-sufficient, resilient and we want to have greater stability in the use of electricity and chilled water."

  – Javier Enrique Pellicer, manager of Manufacturing area in Juana Diaz

- **OcyonBio**
  - OcyonBio has invested $158 million in a facility in Aguadilla to create a laboratory center for research and development of cellular treatments.

  Robert Salcedo, Co-Founder and CEO, states that OcyonBio will rise as a headquarters for treatments and cures against different types of cancer, blindness and degenerative diseases such as Alzheimer’s.
Conclusion
Concluding Remarks

- After a long and arduous process, we completed the largest and most complex municipal bankruptcy in US history reducing claims against the central government by 78% and setting Puerto Rico on a path to regaining access to the capital markets.
- We are committed to completing all pending debt restructurings as soon as practicable, including HTA, PREPA and PRIDCO, and achieving a sustainable capital structure for all public instrumentalities.
- We have led the way among states disbursing $2.17 billion (or 97%) of Coronavirus Relief Funds and $963 million in ARPA funds allocated to Puerto Rico.
- We are well under way in the disbursement of the almost $50 billion of pending federal funds for recovery and reconstruction efforts.
- We are doubling our efforts on economic development, improving government services, exercising prudent financial management and reestablishing our relationship with the capital markets.
“Despite our challenges, the strength, courage and hopeful optimism of the people of Puerto Rico have been on full display for the world to see. In spite of difficult circumstances, the Island has become a shining example of resiliency and recovery. The past year may have been a testing one, but it has produced extraordinary opportunities which have led to unprecedented successes.”

Governor Pedro R. Pierluisi
May 25, 2022