

**ALL DEPOSITORIES, NOMINEES, BROKERS AND OTHERS:
PLEASE FACILITATE THE TRANSMISSION OF THIS NOTICE
TO ALL BENEFICIAL OWNERS. ADDITIONAL COPIES OF
THIS NOTICE ARE AVAILABLE FOR THIS PURPOSE UPON
REQUEST AT THE ADDRESS SET FORTH BELOW.**

**NOTICE OF (I) EVENTS OF DEFAULT, (II) FAILURE TO MAKE
FEBRUARY 1, 2018 INTEREST PAYMENTS, (III) DEVELOPMENTS
RELATING TO THE PROMESA OVERSIGHT BOARD AND (IV)
DEVELOPMENTS RELATING TO THE PROPOSED GDB DEBT
RESTRUCTURING**

**TO THE HOLDERS (THE “HOLDERS”) OF
GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
SENIOR NOTES
(THE “NOTES”)**

Affected CUSIP Nos.: See Appendix A*

Ladies and Gentlemen:

Wilmington Trust, N.A., is the successor trustee (the “Trustee”) under that certain indenture dated as of February 17, 2006 (the “Base Indenture”) by and among the Trustee and the Government Development Bank for Puerto Rico (“GDB” or the “Bank”), a public corporation and government instrumentality for the Commonwealth of Puerto Rico. Capitalized terms used but not defined herein have the respective meanings given to them in the Indenture (defined herein).

Events of Default

The above-referenced Notes were issued pursuant to the Base Indenture, as supplemented by those certain supplemental indentures relating to each series of Notes (the Base Indenture, as so supplemented, the “Indenture”).

The Trustee previously notified you of the occurrence and continuance of certain Events of Default arising from the GDB’s failure to make scheduled payments of principal and/or interest on May 1, 2016, August 1, 2016, September 1, 2016, October 1, 2016, November 1, 2016, December 1, 2016, January 1, 2017, February 1, 2017, March 1, 2017, April 1, 2017, May

1, 2017, June 1, 2017, July 1, 2017, August 1, 2017, September 1, 2017, October 1, 2017, November 1, 2107 and December 1, 2017. Please refer to the Trustee's prior notices for more information regarding those Events of Default.

The Trustee hereby notifies you of the occurrence and continuance of additional Events of Default arising from the GDB's failure to cure the January 1, 2018 interest payment (the "January 1 Payment") default within thirty days.

Additional Defaults

The Trustee hereby further notifies you that GDB failed to pay the interest due and owing as of February 1, 2018. Appendix A attached hereto identifies the specific notes affected by and the dates of the above-mentioned defaults.

Extension of Moratorium on Payment of Covered Obligations

As you were previously notified, on April 30, 2017, Governor Rossello issued an executive order extending to August 1, 2017 the emergency period declared by the Puerto Rico Financial Emergency and Fiscal Responsibility Act (the "Debt Compliance Act"). In extending the emergency period, the Governor also extended for the same period the effectiveness of the moratorium on the payment of all of GDB's "covered obligations" except deposits and interest obligations that do not require payments in cash (the "moratorium"), including payment on the Notes identified on Appendix A hereto, established pursuant to certain executive orders issued under the April 6, 2016 Puerto Rico Emergency Moratorium and Financial Rehabilitation Act (the "Moratorium Act").

On December 28, 2017, pursuant to the authority granted to him under the amended Debt Compliance Act, Governor Rossello issued Executive Order No. OE-2017-076 extending the emergency period and the moratorium through June 30, 2018.

PROMESA Oversight Board

As you were previously notified, on June 30, 2016, former President Obama signed the Puerto Rico Oversight, Management and Economic Stability Act ("PROMESA") into law. Among other measures, PROMESA mandates the creation of a seven-member Finance Oversight and Management Board (the "Oversight Board"), tasked with managing Puerto Rico's debt restructuring. On August 31, 2016, former President Obama announced appointment of the seven (7) members of the Oversight Board.

The Trustee hereby notifies you that on January 24, 2018, the Rossello Administration and AAFAF submitted a revised Fiscal and Economic Growth Plan for Puerto Rico (the "Commonwealth Fiscal Plan"). By letter dated February 5, 2018, the Oversight Board gave notice to the Commonwealth of the provisions of the Commonwealth Fiscal Plan that were not compliant with PROMESA's requirements and directed the Commonwealth to submit a revised version of the Commonwealth Fiscal Plan by February 12, 2018. The Oversight Board has

stated that its goal is to certify a new fiscal plan for the Commonwealth by February 23, 2018. The deadlines for GDB to submit a revised Fiscal and Economic Growth Plan and for the Oversight Board to certify GDB's revised fiscal plan remain March 9, 2018 and April 20, 2018, respectively.

In response to AAFAF's December 18, 2017 disclosure that an initial review of bank account balances at all Puerto Rico government entities showed a balance of nearly \$6.9 billion as of November 30, 2017, the Oversight Board (i) conducted on January 19, 2018, an investigative hearing regarding the liquidity of Puerto Rico and all its instrumentalities and entities, including examining the sources, uses of and legal restrictions on the funds in the Government bank accounts and (ii) announced on February 6, 2018, that it has retained Duff & Phelps, LLC to conduct an independent forensics analysis of the recently published Government bank accounts.

Webcasts of the Oversight Board's public meetings and other information regarding the Oversight Board's activities are available on the Oversight Board's website: <http://www.juntasupervision.pr.gov/Oversightboard1/Pages/default.aspx>.

GDB Restructuring Support Agreement

As you were previously notified, on May 15, 2017, GDB, the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF")¹ and certain holders of the Notes entered into a Restructuring Support Agreement (the "RSA") pursuant to which the parties have agreed to undertake a financial restructuring of GDB (the "Proposed Restructuring") on the terms and conditions set forth in a Restructuring Term Sheet attached to the RSA (the "Term Sheet"). The parties to the RSA intend for the Proposed Restructuring to be effected through a Qualifying Modification pursuant to Title VI of PROMESA, which provides a mechanism for a territorial issuer and its creditors to effect a voluntary restructuring of the issuer's bond debt.

As you were also previously notified, on June 19, 2017, GDB and AAFAF announced that parties representing over 50% of GDB's Participating Bond Claims had signed the RSA and that the RSA had become effective pursuant to its terms on May 17, 2017. Pursuant to the RSA, "Participating Bond Claims" include (i) all claims for principal and accrued interest in respect of the bonds (including the Notes that are the subject of this notice) issued pursuant to the Base Indenture, as supplemented from time to time, (ii) certain deposit claims against GDB identified on Schedule 1 to the Term Sheet, (iii) claims in respect of certain outstanding letters of credit issued by GDB as set forth on Schedule 2 to the Term Sheet, and (iv) claims in respect of certain outstanding guarantees issued by GDB as set forth on Schedule 3 to the Term Sheet.

The Oversight Board conditionally certified the RSA as a Qualifying Modification pursuant to Section 602(g) of PROMESA on July 14, 2017 and authorized GDB to pursue the Proposed Restructuring under Title VI of PROMESA. During a special legislative session in

¹ Pursuant to Act 2-2017, AAFAF has been given the sole responsibility to renegotiate, restructure and/or reach an agreement with creditors on all or part of the debt issued by any government instrumentality of the Commonwealth.

August 2017, the Puerto Rico Legislative Assembly passed legislation to implement the Proposed Restructuring (the "GDB Debt Restructuring Act").

As you were previously notified, on October 20, 2017, AAFAF and GDB entered into a First Amendment to the RSA (the "First Amendment"), extending by sixty (60) days certain milestones in the RSA, including the deadline to complete solicitation of the Qualifying Modification and the deadline for entry of an order approving the Qualifying Modification by the U.S. District Court for the District of Puerto Rico (the "U.S. District Court"). As you were also previously notified, AAFAF and GDB entered into a Second Amendment to the RSA dated as of December 15, 2017 (the "Second Amendment"), extending by an additional ninety (90) days the RSA deadlines for completing solicitation of the Qualifying Modification and for entry of an order approving the Qualifying Modification by the U.S. District Court. Copies of the First Amendment and Second Amendment are available on the special website established by the Trustee's counsel described below.

In court filings in early January 2018 in the RSA Law Suit (defined below), GDB and AAFAF confirmed that GDB had not begun to solicit votes from creditors with respect to the RSA.

In furtherance of the proposed GDB Restructuring and pursuant to the authority granted in the GDB Debt Restructuring Act, (i) in late January 2018 AAFAF initiated the process for selecting a collateral monitor, whose duties would include monitoring the activities of the servicer for and reviewing and delivering semiannual reports on the performance of the collateral for the proposed new Restructuring Bonds to be issued by the GDB Debt Recovery Authority (the "Recovery Authority") and (ii) on February 6, 2018, Governor Rossello appointed the three-member board of trustees of the Recovery Authority.

Also, in late January 2018, GDB President Christian Sobrino announced that GDB would be closing down in March 2018.

Status of Municipality of San Juan's Law Suit Challenging the Proposed Restructuring

As you were previously notified, on July 26, 2017, the Municipality of San Juan ("San Juan") commenced a law suit against the Oversight Board, GDB and AAFAF in the U.S. District Court alleging, among other things, that the Proposed Restructuring fails to comply with the requirements of PROMESA and the U.S. Constitution (Case No. 3:17-cv-2009-LTS (D.P.R.)) (the "RSA Law Suit").

Seven (7) other Commonwealth municipalities have been granted leave to intervene in the RSA Law Suit, subject to certain conditions.

On December 1, 2017, San Juan filed an amended complaint in the RSA Law Suit. The Trustee refers holders to prior Trustee notices for more information regarding the specific relief requested by San Juan in its amended complaint. On January 8, 2018, the defendants in the RSA Law Suit filed motions to dismiss (the "Motions to Dismiss") San Juan's amended complaint,

arguing, among other things, that the GDB Restructuring Act divested all Puerto Rico municipalities of authority to challenge the RSA and that several of San Juan's claims challenging the RSA are not ripe for adjudication because they depend on uncertain and contingent events, including solicitation of the votes of GDB's creditors with respect to the RSA and an additional certification by the Oversight Board that such solicitation complied with the requirements of Title VI of PROMESA. On January 25, 2018, the U.S. District Court entered an order granting the parties' consensual motion to extend the deadline for San Juan and the other intervening municipalities to respond to the Motions to Dismiss to March 2, 2018.

Direction to the Trustee

The Indenture provides that the holders of a majority in principal amount of each series Notes currently outstanding have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all proceedings by the Trustee to be taken in connection with the enforcement of the Noteholders' or the Trustee's rights and remedies under the Indenture, provided such direction is in accordance with law and the provisions of the Indenture. The Noteholders' ability to direct the Trustee is further subject to the requirements of the Indenture (including, *inter alia*, Section 603 of the Indenture), which, among other things, state that the Trustee shall be under no obligation to institute any suit or to take any remedial action under the Indenture or any other documents relating to the Notes until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements and against all liability.

Trustee Reservation of Rights

No delay or forbearance by the Trustee to exercise any right or remedy accruing upon the occurrence of a default, or otherwise under the terms of the Indenture or other documentation relating thereto or under applicable law, shall impair any such right or remedy or constitute a waiver thereof or acquiescence therein.

Website for Accessing Certain Publicly Available Information

Certain publicly available information which may be of interest to Noteholders, as well as prior notices given to Noteholders by the Trustee, is available to Noteholders through a special link on the website of the Trustee's counsel. Noteholders wishing to access this information should go to the following web page: <http://www.drinkerbiddle.com/capabilities/services/bondholders/government-development-bank>.

Notice of Further Developments

The Trustee will continue to provide information concerning this matter to the holders as it becomes available. In order to establish an orderly process for providing to you information concerning developments relating to the Notes and to receive input from you as such developments take place, we ask, if you have not already done so or your holdings of Notes have changed, that you please provide us with the information requested on the attached questionnaire

and return the completed questionnaire to the Trustee at the address provided on the attached questionnaire.

Retention of Counsel

The Trustee has retained the law firm of Drinker Biddle & Reath LLP and specifically, Kristin Going of that firm, to represent it in connection with the subject matter of this notice and the Notes generally. Ms. Going's address is Drinker Biddle & Reath LLP, 1177 Avenue of the Americas, 41st Floor, New York, New York 10036-2714 and her telephone number is 212-348-3273.

Communications with Trustee

If you have any questions concerning this notice, inquiries may be directed to Jay Smith at Wilmington Trust, N.A. at (410) 545-2193 or jhsmith@wilmingtontrust.com, or to the Trustee's counsel: Kristin Going and Marita Erbeck at Drinker Biddle & Reath LLP at (212) 248-3273 (Going)/(973) 549-7076 (Erbeck) or Kristin.Going@dbr.com/Marita.Erbeck@dbr.com. The Trustee may conclude, however, that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. Holders should not rely upon the Trustee as their sole source of information. This notice is provided for informational purposes only. The Trustee gives no legal, financial or tax advice regarding the Notes or the matters described herein. Holders should consult their own professionals regarding the Notes and the events described above.

Wilmington Trust, N.A., as Successor
Trustee

Dated: February 14, 2018

* The Trustee makes no representation as to the accuracy of the CUSIP number provided and used herein.

Appendix A

<u>CUSIP Number</u>	<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Scheduled Debt Service Payment Dates for Which Payment Was Not Received</u>
745177CH6	2006B	5.00%	12/1/2016	12/1/2016
745177CJ2	2006B	5.00%	12/1/2017	12/1/2016, 6/1/2017, 12/1/2017
745177EN1	2010A	5.50%	8/1/2020	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177ET8	2010C	5.40%	8/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FB6	2011H	4.15%	8/1/2017	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017
745177FC4	2011H	4.50%	8/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FD2	2011H	4.90%	8/1/2021	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FE0	2011H	4.95%	8/1/2022	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FF7	2011H	5.00%	8/1/2023	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018

745177FH3	2011H	5.20%	8/1/2026	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FK6	2011I	4.35%	8/1/2018	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FQ3	2013B-I	8.00%	12/1/2017	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017
745177FR1	2013B-I	8.00%	12/1/2018	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177FS9	2013B-I	8.00%	12/1/2019	8/1/2016, 9/1/2016, 10/1/2016, 11/1/2016, 12/1/2016, 1/1/2017, 2/1/2017, 3/1/2017, 4/1/2017, 5/1/2017, 6/1/2017, 7/1/2017, 8/1/2017, 9/1/2017, 10/1/2017, 11/1/2017, 12/1/2017, 1/1/2018, 2/1/2018
745177EP6	2010B	5.75%	8/1/2025	8/1/2016, 11/1/2016, 2/1/2017, 5/1/2017, 8/1/2017, 11/1/2017, 2/1/2018
745177EU5	2010D	5.75%	8/1/2025	8/1/2016, 11/1/2016, 2/1/2017, 5/1/2017, 8/1/2017, 11/1/2017, 2/1/2018
745177EX9	2011B	4.70%	5/1/2016	5/1/2016
745177FM2	2012A	3.88%	2/1/2017	8/1/2016, 2/1/2017
745177FN0	2012A	4.38%	2/1/2019	8/1/2016, 2/1/2017, 8/1/2017, 2/1/2018

**Government Development Bank for Puerto Rico Senior Notes
(the "Notes")**

NOTE HOLDER QUESTIONNAIRE

Holder Legal Name(s) and Current Note Holdings. *Please provide full legal name(s) of each holder of Notes and list the amount(s) (expressed in dollars) of each holding. If more than one holder, please list each holding separately.*

<u>Name(s) of Holder(s) and DTC Participant #</u>	<u>Series of Notes Held</u>	<u>Amount(s) of Holding(s):</u>
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Contact Information of Individual(s) Representing Note Holder(s). *Please provide a current mailing address, telephone number, and email address for the individual(s) who may be contacted by the Trustee or its counsel concerning the bankruptcy proceedings relating to the Notes and who are authorized to represent the Holder. If you wish to provide information for more than one individual, please identify which individuals will serve as primary and secondary contacts for which holdings. If you have holdings under more than one legal name, and it is necessary for us to contact separate individuals for each holding, please indicate this in your response.*

Note Holder Representative(s):

Contact Information:

Please Return to:

Wilmington Trust, National Association
Attn: Jay Smith IV – Government Development Bank for Puerto Rico
Senior Notes due May 1, 2016
25 South Charles Street-11th Floor
Mail Code: MD2-CS58
Baltimore, MD 21201
JHSmith@wilmingtontrust.com