

**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
APRIL 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, December 1, 2017, January 1, 2018, and February 1, 2018. 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 March 1, 2018 interest payment (the "March 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 April 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 Financial 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.

As you were previously notified, on January 24, 2018, the Rossello Administration and AAFAF submitted a revised Fiscal and Economic Growth Plan for Puerto Rico (the "Commonwealth Fiscal Plan"), with respect to which the Oversight Board delivered a violations notice on February 5, 2018, listing provisions not in compliance with PROMESA's requirements. On March 23, 2018, the Rossello Administration and AAFAF submitted a further revised Commonwealth Fiscal Plan. By letter dated March 28, 2018, the Oversight Board

identified certain additional revisions to the Commonwealth Fiscal Plan required by the Oversight Board as a condition to certifying the plan as compliant with PROMESA § 201(b)(1). On April 5, 2018, the Rossello Administration submitted a further revised Commonwealth Fiscal Plan. On March 23, 2018, the Oversight Board announced the postponement of the deadline to certify a revised Commonwealth Fiscal Plan; since that date, no new deadline has been established for certifying a revised Commonwealth Fiscal Plan.

As you were previously notified, GDB submitted a revised fiscal and economic growth plan (the “Revised Fiscal Plan”) to the Oversight Board on March 21, 2018. The Revised Fiscal Plan was made public on March 27, 2018. The deadline for the Oversight Board to certify GDB’s Revised Fiscal Plan remains April 20, 2018. A copy of the Revised Fiscal Plan is available on the special website established by the Trustee’s counsel described below.

On March 20, 2018, the Oversight Board announced that it would hold its twelfth public meeting on Monday, March 26, 2018, in San Juan, Puerto Rico. The meeting was subsequently postponed, and a new date for the twelfth public meeting has not been set.

On April 5, 2018, the independent investigator (the “Independent Investigator”) retained by the Oversight Board to carry out a comprehensive investigation of Puerto Rico’s debt and its relation to the fiscal crisis issued its second interim report (the “Second Interim Report”). The Second Interim Report indicates that the Independent Investigator now expects to deliver its final report during the summer of 2018, subject to certain evidence recovery and review, litigation and privilege issues. The Second Interim Report indicates that the Independent Investigator’s final report will include findings on how twelve discrete issues may have contributed to the fiscal crisis, including “GDB’s independence or lack thereof from the administration,” “possible conflicts of interest between . . . issuers and members of . . . bond teams,” “factors that contributed to the delay in financial disclosures,” “the timing of GDB’s implementation of formal risk disclosure policies and protocols” and “the impact of the Commonwealth’s historical exemption from certain regulatory requirements.” A copy of the Independent Investigator’s second interim report is available on the special website established by the Trustee’s counsel described below. On April 9, 2018, the Independent Investigator also hosted a public conference call to discuss the progress of its investigation and its interim findings and to respond to selected inquiries from the public.

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

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.

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.

The Trustee refers holders to prior Trustee notices for additional information regarding the RSA, including the conditional certification of the RSA by the Oversight Board as a Qualifying Modification, the enactment of the GDB Debt Restructuring Act to implement the Proposed Restructuring, and the First and Second Amendments to the RSA. (Capitalized terms used in this paragraph and not otherwise defined herein shall have the meaning ascribed to them in the respective notices.)

Fourth Amendment to RSA

As you were also previously notified, on March 27, 2018, AAFAF and GDB released a draft Fourth Amendment to the RSA (the “Fourth Amendment”) extending the milestones for completing solicitation of the Qualifying Modification and for entry of an approval order by the U.S. District Court to June 8, 2018 and June 28, 2018, respectively, and attaching a revised Restructuring Term Sheet.

The Trustee hereby notifies you that on April 9, 2017, AAFAF and GDB announced that the requisite number of holders of Participating Bond Claims (as defined in the RSA) had signed the Fourth Amendment and that the Fourth Amendment had become effective pursuant to its terms on April 6, 2018. A copy of the Fourth Amendment is available on the special website established by the Trustee’s counsel described below.

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.

As you were also previously notified, 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”) the amended complaint. Briefing on the Motions to Dismiss has not yet been completed.

On April 9, 2018, in light of the release of the Fourth Amendment, San Juan filed a motion with the District Court requesting that all currently pending motions, including the Motions to Dismiss, be held in abeyance unless and until San Juan moves to restore the motions to the court's calendar (the "Abeyance Motion"). The District Court has set April 18, 2018 as the deadline to file any responses to the Abeyance Motion.

Other Law Suits Involving GDB and/or Funds Held by GDB

Cooperativa de Ahorro y Credito Abraham Rosa, et al. v. Commonwealth of Puerto Rico, et al., Adv. Pro. No. 18-00028-LTS

On March 22, 2018, seven state-chartered Puerto Rico credit unions, known as cooperativas (the "Cooperatives"), filed an adversary complaint in the jointly administered Title III proceedings of the Commonwealth and four of its instrumentalities against the Commonwealth, the Oversight Board, AAFAF, GDB, the GDB Debt Recovery Authority, the Public Corporation for the Supervision and Insurance of Cooperatives of Puerto Rico ("COSSEC") and others. Among other things, the complaint alleges that the defendants maliciously, in a calculated way and under false pretenses, offered and sold to the plaintiff Cooperatives unsound Puerto Rico Debt Securities, including debt securities issued by GDB, which sales constituted a taking of the plaintiff Cooperatives' capital and their liquidity reserves, resulted in an undue concentration of unsound Puerto Rico Debt Securities in the Cooperatives' portfolios and created systemic risk for the Cooperatives and the Cooperative Financial System. The complaint further alleges that the Commonwealth, GDB, COSSEC, AAFAF and Oversight Board defendants have acted with reckless disregard of their statutory, ministerial, fiduciary and/or equitable duties to safeguard the stability of the Cooperatives and the Cooperative Financial System and that the implementation of the RSA "implies the materialization of significant losses" which will "erode [the Cooperatives'] regulatory capital and heighten[] systemic risks." The complaint seeks (1) declaratory relief that plaintiffs' claims against the Commonwealth are non-dischargeable and unimpaired by the filing of the Title III Proceeding (due to the alleged false representations, defalcation in fiduciary duties and actual fraud of the Commonwealth and certain of its instrumentalities), (2) injunctive relief and (3) compensatory damages. It appears that no summonses have yet been issued in this adversary proceeding.

Siemens Transportation Partnership Puerto Rico, S.E. v. Puerto Rico Highways and Transportation Authority, et al., Adv. Pro. No. 18-00030-LTS

GDB was also named as a defendant in a Title III adversary proceeding commenced by Siemens Transportation Partnership Puerto Rico, S.E. ("Siemens"), on March 26, 2018, in which Siemens seeks, among other things, the release to it of \$13 million held in an account at GDB and which GDB contends cannot be released because of the strictures imposed by the Moratorium Act and certain related executive orders issued by the Governor. The other defendants in the adversary proceeding include the Oversight Board, AAFAF and the Title III debtor, Puerto Rico Highways and Transportation Authority, which incurred the \$13 million debt in connection with the settlement of certain payment disputes relating to a construction project.

The deadline for the defendants in this adversary proceeding to file an answer or other responsive pleading is currently April 27, 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: April __, 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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018

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, 3/1/2018, 4/1/2018
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, 3/1/2018, 4/1/2018
745177FQ3	2013B-1	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-1	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, 3/1/2018, 4/1/2018
745177FS9	2013B-1	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, 3/1/2018, 4/1/2018
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