Subject: Maximum Interest **Effective Period: June 1 – 30, 2012**

Introduction: The Government Financing Contracts Regulations, approved by the Board of Directors of the Government Development Bank (the Bank), through Resolution No. 8146 of January 21, 2004, sets forth the norms that govern the procedures for the approval of the award or assignment of any leasing contract or financing contract, subject to the provisions on Act No. 265 of September 2, 2003.

Definition: In agreement with the provisions of Article 3, Definitions, Section K, of said Regulations, the Maximum Interest is:

- The Maximum Interest Rate allowed for Financing Contracts, as set by the Bank from time to time. Said interest rate shall be set by the Bank periodically.

Maximum Interest Applicable: The Investment and Treasury Area recommends the following maximum interest rates for financing contract transactions.

Maturity (years)	Maximum Interest (%)
2	3.60
3	3.70
4	3.90
5	4.15

These maximum interests shall be in effect during one month, valid from **June 1st through the 30, 2012**, subject to changes at the discretion of the Investment and Treasury Area, depending on overall shifts in the interest rate markets.

For the maximum interest applicable on transactions that do not have 2, 3, 4, and 5 years to maturity, please contact an official at the Investment Desk of the Bank at (787) 722-2525, extensions 5840 or 5841.

Our recommendation pertains solely and exclusively to the applicable interest rate for financing contract proposals and we are not passing any judgment on the leasing company, or on the terms and conditions of any specific transaction.