PRESS RELEASE

Office of the Secretary

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PUERTO RICO TREASURY DEPARTMENT CONFIRMS DORAL FINANCIAL CORPORATION'S REQUESTED TAX REFUND NOT PROPER IN LAW

Treasury Department has no authority to pay refund based on an agreement it deems null

Today, Puerto Rico Treasury Secretary Melba Acosta Febo informed Doral Financial Corporation ("Doral" or "DFC") that, after a thorough accounting and legal analysis of the information submitted by Doral and its subsidiaries in connection with an overpayment agreement signed on March 26, 2012, the Treasury Department has reached the conclusion Doral's request for a refund is not proper in law. Doral has been informed of this decision and its right to object and protest the Treasury's decision within 30 days.

Acosta Febo explained that the 2012 Final Agreement, executed by and between Doral and then Treasury Secretary Jesús F. Méndez Rodríguez, represented by Deputy Secretary Blanca Álvarez, was rendered null and void. The agreement was intended to create a right to a refund for a tax overpayment in the amount of $229,884,087 (equal to an account receivable against the Commonwealth). This overpayment never took place. Acosta Febo categorically denied Doral's public contention that the Government declared the Agreement null due to Puerto Rico's fiscal situation.

The evidence and supporting documents Treasury requested from Doral to support its claim that it overpaid $230 million in taxes, as stated in the Final Agreement, failed to show that the payments should be refunded for several reasons, including the fact that at the time the agreement was executed in 2012 the alleged refunds were barred by statute of limitations under the Internal Revenue Code.

The Treasury was forced to revise the findings and conclusions of the 2012 Final Agreement because certain peculiarities were found, including the fact that at the closing of fiscal year 2012 the agreement had not been recognized in the accounting books of the Commonwealth. Further, the agreement referred to an amount well above typical agreements negotiated by the Treasury Department.

Ms. Acosta Febo said: "The Agreement was intended to turn possible tax savings, resulting from deducting the amortization of an asset, into a tax overpayment in the amount of $229,884,087, which could be requested by Doral as refund to be paid within five years. Treasury records did not show that DFC, or its subsidiaries, had overpaid taxes in that amount. Doral's request is akin to taking the future depreciation of an asset and having the Treasury Department pay in the present for possible tax savings that may be obtained from that depreciation."

The Treasury Department does not make comments about taxpayers, but Doral's public statements and insinuations as to the rationale behind Treasury's decision have required the Secretary to address this matter publicly.

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