



San Juan, Puerto Rico

FOR IMMEDIATE RELEASE**Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc. - Distribution/dividend information**

Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc., a closed-end management investment company registered as an investment company under the Puerto Rico Investment Companies Act, today announced that the Fund's Board of Directors has declared a dividend from net investment income of \$0.03917 (\$0.01939 exempt and \$0.01978 taxable) per share of common stock. The dividend was paid on September 12, 2016 to common shareholders of record as of August 31, 2016.

On October 1, 2013, UBS Asset Managers of Puerto Rico (a division of UBS Trust Company of Puerto Rico), implemented a partial waiver of its investment advisory and administration fees, reducing its investment advisory fee to 0.40% and administration fee to 0.10%, both based on average weekly gross assets. Effective December 1, 2014, UBS Asset Managers of Puerto Rico will scale back this partial waiver. Accordingly, investment advisory and administration fees will be reinstated to 0.50% and 0.15%, respectively, both based on the Fund's average weekly gross assets.

Under normal circumstances, the Fund is required to invest at least 67% of its total assets in securities issued by Puerto Rico issuers. The Fund has obtained a waiver from the Office of the Commissioner of Financial Institutions (the "OCFI") with respect to this 67% Puerto Rico-issued assets requirement, through January 31, 2017 (which waiver may be extended by the OCFI). Shares of common stock of the Fund may only be offered to individuals who have their principal residence, or to business organizations that have their principal office and place of business, in Puerto Rico.

SHARE REPURCHASE PROGRAM. On August 27, 2015, the Board of Directors approved an extension of the Fund's existing share repurchase program for the acquisition of up to 60% of the Fund's issued Shares. The Repurchase Program is intended to enhance shareholder value by providing additional liquidity to Fund shareholders. Only record owners may tender their Shares for repurchase. Beneficial owners must contact their respective broker-dealers to indicate their interest in participating in any future open-market repurchase of Shares. As of August 31, 2016 the Fund has repurchased 10,134,758 Shares of common stock in the open market, which represent 48.92% of the aggregate number of Shares issued by the Fund (net of Shares acquired for dividend reinvestment purposes and which remain outstanding).

Portfolio statistics (% of total portfolio assets) as of August 31, 2016¹:

Portfolio Summary		Characteristics	
Total Assets	\$89.9 million	Initial Public Offering Yield ³	4.70%
Outstanding Shares	10,615,228	Avg. Last 12-Month Dividend	\$0.04202
Net Asset Value	\$4.58		
Leverage ²	45.10%	PR Assets	63.68%
Initial Public Offering Price (2004)	\$10.00	US Assets	<u>36.32%</u>
August 2016 Dividend	\$0.03917	Total ⁴	100.00%

Contact

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¹ The Fund's portfolio is actively managed and its composition will vary over time.

² As a percentage of total assets.

³ IPO yield is calculated by multiplying the current month's distribution by twelve and dividing by the initial offering price of \$10. Prices and yields may vary. Past performance is no guarantee of future results.

⁴ For details of US and PR assets please refer to holdings report posted in: www.ubs.com/prfunds